



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Field Inspection Program

"Preserving the Integrity of Our Environment"

15-Nov-07

RECEIVED

JAN 23 2008

SABER RESOURCES LLC

400 W ILLINOIS AVE SUITE 950

MIDLAND TX 79701

HOBBS OCD

LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

PRIEST No.005

C-1-15S-37E

30-025-09866-00-00

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|-----------------------------|-------------|------------|------------------------------|---------------------------|----------------|
| 11/15/2007 | Plugged Well Surface Restor | Maxey Brown | Yes | No | 2/18/2008 | iMGB0731956047 |
| Comments on Inspection: DO NOT RELEASE. NEED TO REMOVE 2-PILES OF DIRT FROM LOCATION AND RETURN TO NATURAL CONTOUR. ALSO REMOVE 2 FIBERGLASS RODS, JUNK WELLHEAD, WOODEN BOARDS, WELL SIGN AND FRAMES, AND BROKEN PIECES OF CONCRETE FROM NORTHSIDE OF LOCATION. NEED TO CUT BOLTS OFF OF CONCRETE BASES. (RULE 202) THIS IS 1ST LETTER OF NON-COMPLIANCE. | | | | | | |

1/18/08

Dirt piles leveled & returned to natural contour. All junk removed from location & cement bases removed. Location is ready for re-inspection.