



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Response Required – Deadline Enclosed

Field Inspection Program

"Preserving the Integrity of Our Environment"

11-Mar-08

STEPHENS & JOHNSON OP CO

PO BOX 2249

WICHITA FALLS TX 76307

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

| DENTON NORTH WOLFCAMP UNIT No.009 | | | | C-35-14S-37E | 30-025-05183-00-00 | |
|---|------------------|--|------------|------------------------------|---------------------------|----------------|
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 03/10/2008 | Routine/Periodic | Mark Whitaker | Yes | No | 4/18/2008 | iMAW0807054053 |
| Violations | | | | | | |
| Absent Well Identification Signs (Rule 103) | | | | | | |
| Comments on Inspection: | | Location and equipment OK. Well sign not legible (see Rule 103). NEED TO INSTALL NEW WELL SIGN WITH ALL REQUIRED INFORMATION AS LISTED IN RULE 103. 1st letter of non-compliance. MW | | | | |

| DENTON NORTH WOLFCAMP UNIT No.633 | | | | G-35-14S-37E | 30-025-33090-00-00 | |
|-----------------------------------|------------------|---|------------|------------------------------|---------------------------|----------------|
| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 03/10/2008 | Routine/Periodic | Mark Whitaker | Yes | No | 3/21/2008 | iMAW0807051819 |
| Violations | | | | | | |
| Exceeded Allowable Inj. Pressures | | | | | | |
| Comments on Inspection: | | Location and equipment OK. Tbg on ground north of wellhead. 2650 psi on tbg guage. Injecting above approved pressure (RULE 703/704b). As per order issued November 8, 2000, surface injection pressure is not to exceed 1834 psi. REDUCE SURFACE INJECTION PRESSURE IMMEDIATELY. MW | | | | |

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

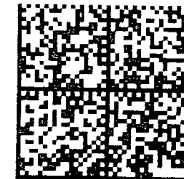
Sincerely,


COMPLIANCE OFFICER

Hobbs OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.
*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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\$0.410
03/11/2008
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