

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



May 21, 2008

Platinum Exploration Inc.
550 West Texas Avenue Suite 500
Midland Tx 79701

Dear Operator:

After reviewing the well files for the Helen C. Kendrick #1, API #30-025-07138 and M. M. Harris #3, API #30-025-07169, Platinum Exploration Inc shows to be operator of record. I am unable to find a C-145 Change of Operator to indicate that ownership has been transferred.

At this time both wells have compliance issues that need to be addressed. Please refer to enclosed Letter of Violation.

Thank you for your cooperation in this matter.

Respectfully,

A handwritten signature in black ink that reads "Maxey G. Brown".

Maxey G. Brown
Deputy Inspector/Compliance Officer
OCD District 1 Hobbs

cc: Chris Williams/OCD
Nelson Patton/Saber Resources, LLC





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"

21-May-08

PLATINUM EXPLORATION INC
550 WEST TEXAS AVENUE SUITE 500
MIDLAND TX 79701

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

HELEN C. KENDRICK #1

O-5-12S-38E

30-025-07138-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/21/2008	Routine/Periodic	Maxey Brown	Yes	No	6/24/2008	iMGB0814242174
Violations						
Idle well (Rule 201)						

Comments on Inspection: NEED TO RETURN TO PROD., T/A, OR P/A WELL. RULE 201. ALSO NEED TO CLOSE OPEN PIT. RULE 50. SUBMIT PIT CLOSURE C-144 TO LARRY JOHNSON FOR APPROVAL. 575-393-6161 EXT 111. THIS IS 2ND LETTER OF NON-COMPLIANCE.

M. M. HARRIS #3

E-8-12S-38E

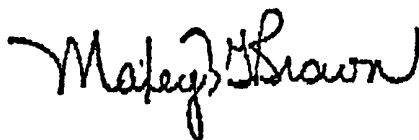
30-025-07169-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/21/2008	Drill / Deepen / Re-Entry	Maxey Brown	Yes	No	6/24/2008	iMGB0814237455

Comments on Inspection: Idle Well (Rule 201). WELL NEEDS TO BE RETURNED TO PRODUCTION, T/A'D OR P/A'D. WELLHEAD FLANGE NOT CAPPED OFF, OPEN TO THE AIR. NEED WELL SIGN, RULE 103. THIS IS 1ST LETTER OF NON-COMPLIANCE. MGB.

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,

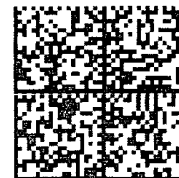


COMPLIANCE OFFICER

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



HASLER

014H15215335

\$0.420

05/22/2008

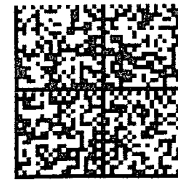
Mailed From 88240

US POSTAGE

ATTENTION:
MR. NELSON PATTON

SABER RESOURCES LLC
400 W ILLINOIS AVE SUITE 950
MIDLAND TX 79701

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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