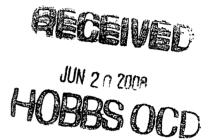


12808 Lorien Way • Oklahoma City, Oklahoma 73170 Office (405) 735-5645 • Fax (405) 735-8497



June 9, 2008

Buddy Hill Oil Conservation Division 1625 N French Drive Hobbs, NM 88240

RE: Letter of Violation

This letter is in response to your inspection of St 1-1, State 2-2, and St 35-1 dated March 13, 2008. The leases mentioned have been attended to and are ready for inspection.

Thank you

Kellye Jones

encls

Not Ready.



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"

13-Mar-08

ASHER ENTERPRISES LTD. CO. 12808 LORIEN WAY

OKLAHOMA CITY OK 73170

Dear Operator:

Sent to

LETTER OF VIOLATION - Inspection

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								
STATE 1 No.001					E-2-24S-34E *Significant	30-025-24319-00- Corrective		
Inspection Date	Type Inspection		Inspector	Violation?	Non-Compliance?	Action Due By:	Inspection No. iLWH0807248900	
03/12/2008	Routine/Peri	odic	Buddy Hill	Yes	No	6/15/2008	IL W 11000 / 240 / 00	
AND @ DATTEDV ARE				NE/SW" NEEDS CHANGED TO "SW/NW", ALL LEGALS ON WELL SIGN ARE WRONGNEW SIGN MUST ALSO HAVE API#ALSO, OILLY DE OF IDLE HEATER TREATER AND UN-USED TANKS SHOULD BE				
		SOIL ON E	AST SIDE OF IDLE I),,FIRST NOTICE	HEATER TRE	ATER AND UN-US	SED TANKS SHOULI) DE	

30-025-24414-00-00 K-2-24S-34E STATE 2 No.002 Corrective *Significant Inspection No. Inspection Action Due By: Violation? Non-Compliance? Inspector Type Inspection Date iLWH0807248605 6/15/2008 No Yes **Buddy Hill** Routine/Periodic 03/12/2008 **Violations** ready for inspection Absent Well Identification Signs (Rule 103) WELL SIGN HAS WRONG 1/4-1/4...HAS"SW/NW", NEEDS CHANGED TO "NE/ SW",,ALSO Comments on Inspection: BATTERY SIGN IS ALL WRONG, FIRST NOTICE

新E 35 No.001

K-35-23S-34E

30-025-24517-00-00

Inspection

Date

Type Inspection Routine/Periodic Inspector Buddy Hill Violation?

*Significant Non-Compliance? No

Corrective Action Due By: 6/15/2008

Inspection No. iLWH0807249468

03/12/2008 Violations

Absent Well Identification Signs (Rule 103)

Yes

Comments on Inspection:

WELL SIGN NEEDS CORRECT "R-34-E" NOT "33"..FIRST NOTICE

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 Divison 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.

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.