

NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E. Duector

Oil Conservation Division

24-Jun-09

GMX RESOURCES, INC.

9400 N. BROADWAY, SUITE 600 OKLAHOMA CITY OK 73114-

LETTER OF VIOLATION - Inactive Well(s)

Dear Operator:

A review of our records and recent inspection(s) indicate that the subject well(s) has been shut-in for an extended period of time. Rule 201 of the Rules and Regulation of the Oil Conservation Division provides that a well may be shut-in no longer than sixty days after suspension of drilling operations, upon determining that ther well is no longer usable (e.g., a dry hole), or one year after last production. To comply with guidelines as established in the Rules and Regulations, corrective actions must be taken immediately and the well(s) brought into compliance.

The detail section below indicates preliminary findings and/or probable nature of the violation.

The following options are available:

- 1 Immediately restore the well(s) to production, injection or disposal as applicable.
- 2. Request 'Temporary Abandoned' status pursuant to Rule 203, which requires that you set a plug and conduct a mechanical integrity test
- 3. Submit a proposal to 'Plug and Abandon' the well(s) pursuant to Rule 202, proceed with plugging procedures on a timely basis after the proposal has been evaluated, amended and/or approved.

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.

IDLE WELL INSPECTION DETAIL SECTION

SUNRAY 682 LTD 003 H-36-9S-33E 30-025-22946-00-00 Inspection No. iMGB0917556567 Inspection Date: 6/24/2009 3:42:47 PM Corrective Action Due by: 9/27/2009 Type Inspection Inspector Violation? *Significant Non-Compliance? Routine/Periodic Maxey Brown Yes No Comments on Inspection: Idle Well (Rule 19.15 25.8) NO PROD REPORTED IN 139 MONTHS. NEED TO RETURN TO PROD., T/A, OR P/A WELL ALSO NEED CURRENT OPERATOR ON SIGN (RULE 19 15.16.8) NEED TO REMOVE SURPLUS EQUIPMENTAND CONNECTIONS FROM LOCATION. (RULE 19 15 10 8) THIS IS 1ST LETTER OF NON-COMPLIANCE TWITTY BHF STATE 001

J-36-9S-33E

30-025-37466-00-00

Inspection No. iMGB0917555467

6/24/2009 3 24 27 PM Inspection Date: Corrective Action Due by: 9/27/2009

*Significant Non-Compliance? Type Inspection Violation? Inspector

Routine/Periodic

Maxey Brown

Yes

Comments on Inspection:

No

Idle Well (Rule 19 15 25 8)NO PROD REPORTED IN 34 MONTHS. NEED TO RETURN TO

PROD, T/A, OR P/A WELL. ALSO NEED CURRENT OPERATOR ON SIGN. (RULE

19 15 16.8) THIS IS 1ST LETTER OF NON-COMPLIANCE.

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,

Hobbs OCD District Office

COMPLIANCE OFFICER

* Significant Non-Compliance events are reported directly to the U.S. Environmental Protection Agency, Region VI, Dallas, Texas

EMNRD OIL CONSERVATION DIVISION 1625 N FRENCH DRIVE HOBBS NM 88240



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GMX RESOURCES, INC. 9400 N. BROADWAY, SUITE 600 OKLAHOMA CITY OK 73114