



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

Underground Injection Control Program

"Protecting Our Underground Sources of Drinking Water"

04-Feb-10

SANDRIDGE EXPLORATION AND PRODUCTION, LLC
123 ROBERT S. KERR AVENUE
OKLAHOMA CITY OK 73102-6406

SANDRIDGE EXPL. & PROD. LLC.
3504 W. COUNTY RD.
HOBBS, NM 88240

LETTER OF VIOLATION and SHUT-IN DIRECTIVE
Failed Mechanical Integrity Test

Dear Operator:

The following test(s) were performed on the listed dates on the following well(s) shown below in the test detail section.

The test(s) indicates that the well or wells failed to meet mechanical integrity standards of the New Mexico Oil Conservation Division. To comply with guidelines established by the U.S. Environmental Protection Agency, the well(s) must be shut-in immediately until it is successfully repaired. The test detail section which follows indicates preliminary findings and/or probable causes of the failure. This determination is based on a test of your well or facility by an inspector employed by the Oil Conservation Division. Additional testing during the repair operation may be necessary to properly identify the nature of the well failure.

Please notify the proper district office of the Division at least 48 hours prior to the date and time that the well(s) will be retested so the test may be witnessed by a field representative.

MECHANICAL INTEGRITY TEST DETAIL SECTION

MALJAMAR GRAYBURG UNIT No.012

30-025-00445-00-00

Active Injection - (All Types)

O-3-17S-32E

Test Date: 2/2/2010

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 5/8/2010

Test Type: Std. Annulus Pres. Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: PER OPERATOR WELL IS SHUT IN; WILL NOT PASS MECHANICAL INTEGRITY TEST; PRIOR YEAR FAILURE: ****OPERATOR IS IN VIOLATION OF NMOCD RULE 19.15.26.10 OPERATIONS AND MAINTENANCE OF INJECTION WELL; *****OPERATOR IS IN VIOLATION OF NMOCD RULE 19.15.26.11 TESTING AND MONITORING OF INJECTION WELL *****

MALJAMAR GRAYBURG UNIT No.011**30-025-00446-00-00****Active Injection - (All Types)****N-3-17S-32E**

Test Date: 1/27/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 5/2/2010
Test Type: Bradenhead Test FAIL TYPE: Equipment - Specify in Co FAIL CAUSE:
Comments on MIT: UNABLE TO CHECK TUBING PRESSURE; FAULTY VALVES; UNABLE TO CHECK SURFACE
DUE TO OPEN VALVE NOT ABLE TO CLOSE AND OPEN; OPERATOR NEEDS TO REPLACE
SURFACE VALVE AND TUBING VALVES;****OPERATOR IS IN VIOLATION OF NMOCD RULE
19.15.26.10 OPERATION AND MAINTENANCE OF INJECTION WELL; *****OPERATOR IS IN
VIOLATION OF NMOCD RULE 19.15.26.11 TESTING AND MONITORING OF INJECTION
WELL*****

MALJAMAR GRAYBURG UNIT No.021**30-025-00454-00-00****Active Injection - (All Types)****K-4-17S-32E**

Test Date: 1/27/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 5/2/2010
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: WELL WOULD NOT HOLD PRESSURE; ****OPERATOR IS IN VIOLATION OF NMOCD RULE
19.15.26.10 OPERATIONS AND MAINTENANCE OF INJECTION WELL; *****OPERATOR IS IN
VIOLATION OF NMOCD RULE 19.15.26.11 TESTING AND MONITORING OF INJECTION
WELL*****

MALJAMAR GRAYBURG UNIT No.017**30-025-00464-00-00****Active Injection - (All Types)****G-4-17S-32E**

Test Date: 1/27/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 5/2/2010
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: WELL WOULD NOT HOLD PRESSURE; ****OPERATOR IS IN VIOLATION OF NMOCD RULE
19.15.26.10 OPERATIONS AND MAINTENANCE OF INJECTION WELL; *****OPERATOR IS IN
VIOLATION OF NMOCD RULE 19.15.26.11 TESTING AND MONITORING OF INJECTION
WELL*****

CAPROCK MALJAMAR UNIT No.049**30-025-00662-00-00****Active Injection - (All Types)****H-24-17S-32E**

Test Date: 2/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 5/8/2010
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: OPERATOR FINDS WELL TO BE DEFECTIVE; CASING HAS GAS AND FLUID; ****OPERATOR IS
IN VIOLATION OF NMOCD RULE 19.15.26.10 OPERATIONS AND MAINTENANCE OF INJECTION
WELL; *****OPERATOR IS IN VIOLATION OF NMOCD RULE 19.15.26.11 TESTING AND
MONITORING OF INJECTION WELL*****

CAPROCK MALJAMAR UNIT No.036**30-025-00664-00-00****Active Injection - (All Types)****A-24-17S-32E**

Test Date: 2/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 5/8/2010
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: FAILED PT;****OPERATOR IS IN VIOLATION OF NMOCD RULE 19.15.26.10 OPERATIONS AND
MAINTENANCE OF INJECTION WELL; *****OPERATOR IS IN VIOLATION OF NMOCD RULE
19.15.26.11 TESTING AND MONITORING OF INJECTION WELL*****

CAPROCK MALJAMAR UNIT No.006**30-025-01439-00-00****Active Injection - (All Types)****A-17-17S-33E**

Test Date: 2/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 5/8/2010
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: WOULD NOT HOLD PRESSURE DURING TEST; ****OPERATOR IS IN VIOLATION OF NMOCD
RULE 19.15.26.10 OPERATIONS AND MAINTENANCE OF INJECTION WELL; *****OPERATOR
IS IN VIOLATION OF NMOCD RULE 19.15.26.11 TESTING AND MONITORING OF INJECTION
WELL*****

CAPROCK MALJAMAR UNIT No.003**30-025-01442-00-00****Active Injection - (All Types)****D-17-17S-33E**

Test Date: 2/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 5/8/2010
Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: FAILED BHT COMMUNICATION BETWEEN TUBING AND CASING; ****OPERATOR IS IN VIOLATION OF NMOCD RULE 19.15.26.10 OPERATIONS AND MAINTENANCE OF INJECTION WELL; *****OPERATOR IS IN VIOLATION OF NMOCD RULE 19.15.26.11 TESTING AND MONITORING OF INJECTION WELL*****

CAPROCK MALJAMAR UNIT No.017**30-025-01460-00-00****Active Injection - (All Types)****J-18-17S-33E**

Test Date: 2/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 5/8/2010
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: PER OPERATOR WELL IS SHUT IN; WILL NOT PASS MECHANICAL INTEGRITY TEST; NO CHART; ****OPERATOR IS IN VIOLATION OF NMOCD RULE 19.15.26.10 OPERATOR AND MAINTENANCE OF INJECTION WELL; *****OPERATOR IS IN VIOLATION OF NMOCD RULE 19.15.26.11 TESTING AND MONITORING OF INJECTION WELL*****

CAPROCK MALJAMAR UNIT No.001**30-025-01462-00-00****Active Injection - (All Types)****B-18-17S-33E**

Test Date: 2/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 5/8/2010
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: FAILED PT; WELLHEAD STARTED TO LEAK AROUND FLANGE WHILE PRESSURING UP; NO CHART; ****OPERATOR IS IN VIOLATION OF NMOCD RULE 19.15.26.10 OPERATIONS AND MAINTENANCE OF INJECTION WELL; *****OPERATOR IS IN VIOLATION OF NMOCD RULE 19.15.26.11 TESTING AND MONITORING OF INJECTION WELL*****

CAPROCK MALJAMAR UNIT No.084**30-025-01494-00-00****Active Injection - (All Types)****P-20-17S-33E**

Test Date: 1/27/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 5/2/2010
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: DID NOT ATTEMPT TO TEST; PRIOR YEAR FAILURE NOT REPAIRED: ****OPERATOR IS IN VIOLATION OF NMOCD RULE 19.15.26.10 OPERATIONS AND MAINTENANCE OF INJECTION WELL; *****OPERATOR IS IN VIOLATION OF NMOCD RULE 19.15.26.11 TESTING AND MONITORING OF INJECTION WELL*****

CAPROCK MALJAMAR UNIT No.093**30-025-01526-00-00****Active Injection - (All Types)****L-28-17S-33E**

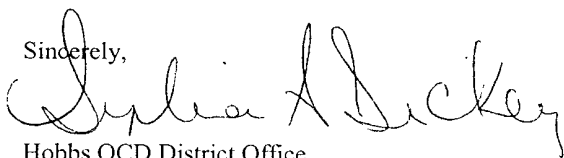
Test Date: 1/27/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 5/2/2010
Test Type: Std. Annulus Pres. Test FAIL TYPE: Operational Violation FAIL CAUSE:
Comments on MIT: UNABLE TO TEST; FLANGE ON WELLHEAD IS LEAKING; SALT WATER CRYSTAL RESIDUE ON WELLHEAD; PRIOR YEAR FAILURE NOT REPAIRED: ****OPERATOR IS IN VIOLATION OF NMOCD RULE 19.15.26.10 OPERATIONS AND MAINTENANCE OF INJECTION WELL; *****OPERATOR IS IN VIOLATION OF NMOCD RULE 19.15.26.11 TESTING AND MONITORING OF INJECTION WELL*****

CAPROCK MALJAMAR UNIT No.094**30-025-01531-00-00****Active Injection - (All Types)****K-28-17S-33E**

Test Date: 1/27/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 5/2/2010
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: PRIOR YEAR FAILURE STILL NOT REPAIRED: ****OPERATOR IS IN VIOLATION OF NMOCD RULE 19.15.26.10 OPERATIONS AND MAINTENANCE OF INJECTION WELL; *****OPERATOR IS IN VIOLATION OF NMOCD RULE 19.15.26.11 TESTING AND MONITORING OF INJECTION WELL*****

In the event that a satisfactory response is not received to this letter of direction by the "Repair Due:" date shown above, or if the well(s) are not immediately shut-in, 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,



Hobbs OCD District Office
COMPLIANCE OFFICER

Note: Pressure Tests are performed prior to initial injection, after repairs and otherwise, every 5 years; Bradenhead Tests are performed annually. Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data. "Failure Type" and "Failure Cause" and any Comments are not to be interpreted as a diagnosis of the condition of the wellbore. Additional testing should be conducted by the operator to accurately determine the nature of the actual failure. * 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



SANDRIDGE EXPL. & PROD. LLC
123 ROBERT S. KERR AVENUE
OKLAHOMA CITY, OK 73102-6406

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



SANDRIDGE EXPL. & PROD. LLC.
3504 W. COUNTY RD.
HOBBS, NM 88240