



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

09-Apr-10

SAGEBRUSH OIL & GAS COMPANY, LLC

400 W ILLINOIS, SUITE 950

MIDLAND TX 79701-

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 the 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.

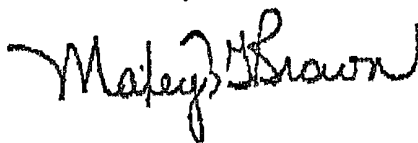
In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner 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

ROBERTS 001	D-9-7S-33E	30-041-20416-00-00	Inspection No. iMGB1009840706
Inspection Date:	4/8/2010 11:18:26 AM	Corrective Action Due by: 7/12/2010	
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 79 MONTHS. NEED TO RETURN TO PROD, T/A OR P/A WELL. ALSO NEED CURRENT OPERATOR ON WELL SIGN. (RULE 19.15.16.8). ALSO NEED TO SUBMIT C-144 (19.15.17.13) FOR APPROVAL TO CLOSE OPEN WORKOVER PIT. 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,

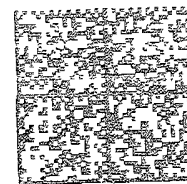
A handwritten signature in black ink, appearing to read "M. J. Brown". The signature is fluid and cursive, with the first name "M" being particularly large and stylized.

COMPLIANCE OFFICER

Hobbs OCD District Office

* 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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SAGEBRUSH OIL & GAS COMPANY, LLC
400 W ILLINOIS, SUITE 950
MIDLAND TX 79701