

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 Lavironment"

01-Jun-10

RANGER 40 PETROLEUM, LLC 1004 COLLIER CENTER WAY #206 NAPLES FL 34110

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.

| | | INSPECTIO | N DETAIL | L SECTION | | |
|---------------------------------|------------------|----------------------------|---|--|--|--------------------|
| LANGLIE , Inspection Date | JAL UNIT No.(| Inspector | Violation? | P-31-24S-37E *Significant Non-Compliance? | 30-025-11297-00- Corrective Action Due By: | 00 Inspection No. |
| 05/24/2010 | Bradenhead | Sylvia Dickey | Yes | No | 8/27/2010 | iSAD1014436952 |
| Comments | on Inspection: | PRESSURE TEST DUE (5 YEAR | TEST DUE) | | | |
| LANGLIE , Inspection Date | JAL UNIT No.(| 17 Inspector | Violation? | J-31-24S-37E *Significant Non-Compliance? | 30-025-11301-00- Corrective Action Due By: | .00 Inspection No. |
| 05/24/2010 | Bradenhead | Sylvia Dickey | Yes | No | 8/27/2010 | iSAD1014437610 |
| Comments | on Inspection: | BHT FAILURE PRESSURE TEST | DUE (5 YEA | AR TEST DUE | | |
| LANGLIE , Inspection Date | 001 Inspector | Violation? | B-31-24S-37E *Significant Non-Compliance? | 30-025-11304-00- Corrective Action Due By: | 00 Inspection No. | |
| 05/24/2010 | Bradenhead | Sylvia Dickey | Yes | No | 8/27/2010 | iSAD1014431669 |
| Comments | on Inspection: | WELL SIGN NEEDS TO BE CORI | RECTED TO | SHOW CURRENT (| OPERATOR | |

LANGLIE JAL UNIT No.025 N-32-24S-37E 30-025-11307-00-00 Inspection *Significant Corrective Date Type Inspection Inspector Violation? Inspection No. Non-Compliance? Action Due By: 05/24/2010 Bradenhead Sylvia Dickey Yes No 8/27/2010 iSAD1014440386 Comments on Inspection: PRESSURE TEST DUE (5 YEAR TEST DUE) LANGLIE JAL UNIT No.009 F-32-24S-37E 30-025-11310-00-00 Inspection *Significant Corrective Type Inspection Inspector Date Violation? Inspection No. Non-Compliance? Action Due By: 05/24/2010 Bradenhead Sylvia Dickey Yes No 8/27/2010 iSAD1014432912 Comments on Inspection: NEED TO PRESSURE TEST (5 YEAR TEST DUE) LANGLIE JAL UNIT No.003 D-32-24S-37E 30-025-11311-00-00 Inspection *Significant Corrective Type Inspection Inspector Date Violation? Non-Compliance? Inspection No. Action Due By: 05/24/2010 Bradenhead Sylvia Dickey Yes No 8/27/2010 iSAD1014432639 Comments on Inspection: No Well Sign (Rule 103). LANGLIE JAL UNIT No.020 K-32-24S-37E 30-025-11313-00-00 Inspection *Significant Corrective Type Inspection Date Inspector Violation? Inspection No. Non-Compliance? Action Due By: 05/24/2010 Bradenhead Sylvia Dickey Yes No 8/27/2010 iSAD1014435737 Comments on Inspection: PRESSURE TEST DUE (5 YEAR TEST DUE) LANGLIE JAL UNIT No.021 J-32-24S-37E 30-025-11315-00-00 Inspection *Significant Corrective Type Inspection Date Inspector Violation? Inspection No. Non-Compliance? Action Due By: 05/24/2010 Bradenhead Sylvia Dickey Yes No 8/27/2010 iSAD1014435416 Comments on Inspection: BHT FAILURE VACUUM ON TUBING AND CASING ****PRESSURE TEST DUE LAST PT DONE IN 2006**** LANGLIE JAL UNIT No.005 B-32-24S-37E 30-025-11320-00-00 Inspection *Significant Corrective Type Inspection Date Inspector Violation? Non-Compliance? Inspection No. Action Due By: 05/24/2010 Sylvia Dickey Bradenhead Yes No 8/27/2010 iSAD1014433724 Comments on Inspection: NEED TO PRESSURE TEST (5 YEAR TEST DUE) LANGLIE JAL UNIT No.026 M-32-24S-37E 30-025-11322-00-00 Inspection *Significant Corrective Type Inspection Date Inspector Violation? Inspection No. Non-Compliance? Action Due By: 05/24/2010 Bradenhead Sylvia Dickey Yes No 8/27/2010 iSAD1014440087 Comments on Inspection: PRESSURE TEST DUE (5 YEAR TEST DUE) LANGLIE JAL UNIT No.019 L-32-24S-37E 30-025-11323-00-00 Inspection *Significant Corrective Type Inspection Date Inspector Violation? Non-Compliance? Inspection No. Action Due By: 05/24/2010 Bradenhead Sylvia Dickey Yes No 8/27/2010 iSAD1014436148 Comments on Inspection: PRESSURE TEST DUE (5 YEAR TEST DUE) LANGLIE JAL UNIT No.061 L-4-25S-37E 30-025-11435-00-00 Inspection *Significant Corrective Date Type Inspection Inspector Violation? Non-Compliance? Inspection No. Action Due By: 05/24/2010 Bradenhead Sylvia Dickey Yes No 8/27/2010 iSAD1014444690 Comments on Inspection: PRESSURE TEST DUE (5 YR TEST DUE)

| • | JAL UNIT No. | .041 | | | B-4-25S-37E | 30-025-11437-00- | 00 |
|-------------------------|-----------------|--------------|------------------|------------|---------------------------------------|---------------------------------|---|
| Inspection Date | Type Inspection | 1 | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 05/24/2010 | Bradenhead | | Sylvia Dickey | Yes | Non-Comphance: | 8/27/2010 | iSAD1014443659 |
| Comments | on Inspection: | PRESSURE TE | EST DUE (5 YR TE | | 110 | 3/2//2010 | 13/1014443039 |
| | - | | | | | | |
| LANGLIE . | JAL UNIT No. | .039 | | | D-4-25S-37E | 30-025-11442-00- | 00 |
| Date | Type Inspection | ı | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 05/24/2010 | Bradenhead | | Sylvia Dickey | Yes | No | 8/27/2010 | iSAD1014442701 |
| Comments | on Inspection: | PRESSURE TE | ST DUE (5 YR TE | ST DUE) | | | |
| - | | | | | | | |
| | JAL UNIT No. | 044 | | | E-4-25S-37E | 30-025-11443-00- | 00 |
| Inspection Date | Type Inspection | 1 | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 05/24/2010 | Bradenhead | | Sylvia Dickey | Yes | No. | 8/27/2010 | iSAD1014444355 |
| Comments | on Inspection: | PRESSURE TE | ST DUE (5 YR TE | | 110 | 0/2//2010 | 101111111111111111111111111111111111111 |
| | | | | | | | |
| | JAL UNIT No. | 064 | | | O-5-25S-37E 30-025-11450-00-00 | | |
| Inspection Date | Type Inspection | 1 | Inspector | Violation? | *Significant | Corrective | Inspection No. |
| 05/24/2010 | Bradenhead | | Sylvia Dickey | Yes | Non-Compliance? No | Action Due By: 8/27/2010 | iSAD1014454309 |
| | on Inspection: | PRESSURE TE | ST DUE (5 YR TE | | 140 | 0/2//2010 | ISAD1014434309 |
| | · | | ST BOB (3 TR TEX | | | | |
| LANGLIE. | JAL UNIT No. | 036 | | | C-5-25S-37E | 30-025-11452-00-0 | 00 |
| Inspection | m * | | _ | | *Significant | Corrective | |
| Date | Type Inspection | l | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 05/24/2010 | Bradenhead | | Sylvia Dickey | Yes | No | 8/27/2010 | iSAD1014439643 |
| Comments | on Inspection: | PRESSURE TE | ST DUE (5 YEAR | TEST DUE) | | | |
| LANCÉTE | JAL UNIT No. | 046 | | | C 5 250 275 | 20 025 11 152 00 1 | 2.0 |
| Inspection | JAL UNII NO. | 040 | | | G-5-25S-37E *Significant | 30-025-11453-00-0 Corrective | 00 |
| Date | Type Inspection | ŀ | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 05/24/2010 | Bradenhead | | Sylvia Dickey | Yes | No | 8/27/2010 | iSAD1014441819 |
| Comments | on Inspection: | PRESSURE TE | ST DUE (5 YR TES | ST DUE) | | | |
| ¥ 1370¥ *** | | | | | | | |
| Inspection | JAL UNIT No. | 059 | | | J-5-25S-37E | 30-025-11454-00-0 | 00 |
| Date | Type Inspection | | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 05/24/2010 | Bradenhead | | Sylvia Dickey | Yes | No | 8/27/2010 | iSAD1014459018 |
| Comments | on Inspection: | PRESSURE TE | ST DUE (5 YR TES | ST DUE) | | | 101.107010 |
| | | | | | | | |
| | JAL UNIT No. | 035 | | | D-5-25S-37E | 30-025-11455-00-0 | 00 |
| Inspection Date | Type Inspection | | Inspector, | Violation? | *Significant | Corrective | Ingrestion No. |
| 05/24/2010 | Bradenhead | | Sylvia Dickey | Yes | Non-Compliance? No | Action Due By: 8/27/2010 | Inspection No. iSAD1014439186 |
| | on Inspection: | PRESSURE TE | ST DUE (5 YEAR ' | | 110 | 8/2//2010 | 13AD1014439180 |
| | | | | | | | |
| LANGLIE JAL UNIT No.037 | | | | | B-5-25S-37E | 30-025-11456-00-00 | |
| Inspection | | | ¥ . | *77 1 | *Significant | Corrective | |
| Date 05/24/2010 | Type Inspection | | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 05/24/2010 | Bradenhead | DD MOSTITE " | Sylvia Dickey | Yes | No | 8/27/2010 | iSAD1014441590 |
| Comments | on Inspection: | PRESSURE TE | ST DUE (5 YR TES | ST DUE) | | | |

| LANGLIE JAL UNIT No.045 | | | | H-5-25S-37E | 30-025-11461-00-00 | | |
|-------------------------|------------------|-----------------|------------------|-------------|---------------------------------|---------------------------------|----------------|
| Inspection Date | Type Inspection | 1 | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 05/24/2010 | Bradenhead | | Sylvia Dickey | Yes | No | 8/27/2010 | iSAD1014442223 |
| Comments | on Inspection: | PRESSURE TE | ST DUE (5 YR TE | | | 0/2//2010 | 10.101444222 |
| LANCLIE | JAL UNIT No. | Λ21 | | | D (050 27F | 20.025.44.55.00 | 0.0 |
| Inspection | JAL UNII NO. | 031 | | | D-6-25S-37E *Significant | 30-025-11475-00- Corrective | 00 |
| Date | Type Inspection | ı | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 05/24/2010 | Bradenhead | | Sylvia Dickey | Yes | No | 8/27/2010 | iSAD1014458105 |
| Comments | on Inspection: | PRESSURE TE | ST DUE (5 YR TE | ST DUE) | | | |
| LANGLIE | JAL UNIT No. | 055 | | | J-6-25S-37E | 20 025 11477 00 | 00 |
| Inspection | | | | | *Significant | 30-025-11476-00- Corrective | 00 - |
| Date | Type Inspection | 1 | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 05/24/2010 | Bradenhead | | Sylvia Dickey | Yes | No | 8/27/2010 | iSAD1014456598 |
| Comments | on Inspection: | PRESSURE TE | ST DUE (5 YR TES | ST DUE) | | | |
| LANGLIE , | JAL UNIT No. | 033 | | | B-6-25S-37E | 30-025-11480-00- | 00 |
| Inspection Date | Type Inspection | i | Inspector | Violation? | *Significant | Corrective | T M |
| 05/24/2010 | Bradenhead | • | Sylvia Dickey | Yes | Non-Compliance? No | Action Due By: 8/27/2010 | Inspection No. |
| | on Inspection: | PRESSURE TE | ST DUE (5 YEAR ' | | 140 | 6/2//2010 | iSAD1014437756 |
| | - Inspection. | TRESSURE TE | ST DOE (S TEAK | TEST DUE) | | | - |
| L'ANGLIE | JAL UNIT No. | 085 | | | P-8-25S-37E | 30-025-11493-00- | 00 |
| Inspection Date | Type Inspection | | Inspector | Violation? | *Significant | Corrective | Y Xt |
| 05/24/2010 | Bradenhead | | Sylvia Dickey | Yiolation: | Non-Compliance? | Action Due By: 8/27/2010 | Inspection No. |
| | on Inspection: | SURFACE UNA | ABLE TO CHECK I | | | 6/2//2010 | iSAD1014451233 |
| | • | | | | DI DI CE VILVE. | | |
| | JAL UNIT No. | 072 | | | C-8-25S-37E | 30-025-11506-00-0 | 00 |
| Inspection Date | Type Inspection | | Inspector | Violation? | *Significant | Corrective | Increation No. |
| 05/24/2010 | Bradenhead | | Sylvia Dickey | Yes | Non-Compliance? No | Action Due By: 8/27/2010 | Inspection No. |
| | on Inspection: | PRESSIDE TE | • | | ECTION LINE LEAK | | iSAD1014445510 |
| | on mapeenon. | TRESSURE TE | 31 DOE (3 1K 1E3 | ST DUE) INJ | ECTION LINE LEAK | | |
| | JAL UNIT No. | 075 | | | D-9-25S-37E | 30-025-11510-00-0 | 00 |
| Inspection Date | Type Inspection | | Inspector | Violation? | *Significant Non-Compliance? | Corrective | Inspection No. |
| 05/24/2010 | Bradenhead | | Sylvia Dickey | Yes | No | Action Due By: 8/27/2010 | iSAD1014453400 |
| Comments | on Inspection: | No Well Sign (R | • | | 1.0 | 0/2//2010 | 1011014435400 |
| LANCITE | IAT TINITT NI. 1 | 012 | | | F 21 245 255 | | |
| Inspection | IAL UNIT No. | 013 | | | F-31-24S-37E | 30-025-23865-00-0 | 00 |
| Date | Type Inspection | | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 05/24/2010 | Bradenhead | | Sylvia Dickey | Yes | No | 8/27/2010 | iSAD1014458530 |
| Comments | on Inspection: | PRESSURE TES | ST DUE (5 YR TES | ST DUE) | | | |
| LANGITE | IAL UNIT No. | 123 | | | D 20 048 275 | 20.025.22966.00 | 10 |
| Inspection | WILLIAM | JEJ | | | P-32-24S-37E *Significant | 30-025-23866-00-(Corrective | JU |
| Date | Type Inspection | | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 05/24/2010 | Bradenhead | | Sylvia Dickey | Yes | No | | iSAD1014440997 |
| Comments | on Inspection: | PRESSURE TES | ST DUE (5 YR TES | ST DUE) | | | |

| Inspection Date 05/24/2010 | JAL UNIT No. Type Inspection Bradenhead on Inspection: | 1 | Inspector Sylvia Dickey ST DUE (5 YR TE | Violation? Yes ST DUE) | N-31-24S-37E *Significant Non-Compliance? No | 30-025-23867-00- Corrective Action Due By: 8/27/2010 | 00 Inspection No. iSAD1014457574 |
|---|---|-------------|--|--------------------------------|---|--|--|
| LANGLIE J | IAL UNIT No. | 071 | | | D-8-25S-37E *Significant | 30-025-23869-00- Corrective | 00 |
| Date | Type Inspection | 1 | Inspector | Violation? | Non-Compliance? | Action Due By: | Inspection No. |
| 05/24/2010 | Bradenhead | | Sylvia Dickey | Yes | No | 8/27/2010 | iSAD1014455950 |
| Comments | on Inspection: | PRESSURE TE | ST DUE (5 YR TE | ST DUE) | | | |
| LANGLIE JAL UNIT No.043 Inspection Date Type Inspection Inspector Violation? | | | | | F-4-25S-37E *Significant Non-Compliance? | 30-025-23882-00- Corrective Action Due By: | 00 Inspection No. |
| 05/24/2010 | Bradenhead | | Sylvia Dickey | Yes | No | 8/27/2010 | iSAD1014443201 |
| Comments o | n Inspection: | PRESSURE TE | ST DUE (5 YR TE | ST DUE) | | | |
| Inspection Date 05/24/2010 | AL UNIT No. Type Inspection Bradenhead on Inspection: | ı | Inspector Sylvia Dickey ST DUE (5 YR TES | Violation? Yes ST DUE) | F-5-25S-37E *Significant Non-Compliance? No | 30-025-23883-00- Corrective Action Due By: 8/27/2010 | 00 Inspection No. iSAD1014441316 |
| LANGLIE J Inspection Date 05/24/2010 | AL UNIT No. Type Inspection Bradenhead | | Inspector Sylvia Dickey | Violation? Yes | L-5-25S-37E *Significant Non-Compliance? | 30-025-23884-00-0 Corrective Action Due By: | Inspection No. |
| | n Inspection: | PRESSURE TE | ST DUE (5 YEAR ' | | No | 8/27/2010 | iSAD1014438823 |
| Inspection Date 05/24/2010 | AL UNIT No. Type Inspection Bradenhead n Inspection: | 022 | Inspector Sylvia Dickey ST DUE (5 YEAR 1 | Violation? Yes | I-32-24S-37E *Significant Non-Compliance? No | 30-025-24478-00-(Corrective Action Due By: 8/27/2010 | Inspection No. iSAD1014434982 |
| Inspection Date 05/24/2010 | AL UNIT No.0 Type Inspection Bradenhead n Inspection: | | Inspector Sylvia Dickey ST DUE (5 YR TES | Violation? Yes ST DUE) | O-32-24S-37E *Significant Non-Compliance? No | 30-025-24479-00-(Corrective Action Due By: 8/27/2010 | Inspection No. |
| Inspection Date 05/24/2010 | AL UNIT No.0 Type Inspection Bradenhead n Inspection: | | Inspector Sylvia Dickey ST DUE (5 YR TES | Violation? Yes ST DUE) | A-5-25S-37E *Significant Non-Compliance? No | 30-025-24484-00-0 Corrective Action Due By: 8/27/2010 | Inspection No. iSAD1014442384 |
| LANGLIE J Inspection Date 05/24/2010 Comments of | AL UNIT No.0 Type Inspection Bradenhead n Inspection: | | Inspector Sylvia Dickey ST DUE (5 YEAR 1 | Violation? Yes FEST DUE) | G-32-24S-37E *Significant Non-Compliance? No | 30-025-24839-00-0 Corrective Action Due By: 8/27/2010 | Inspection No. iSAD1014433978 |

LANGLIE JAL UNIT No.034

A-6-25S-37E

30-025-24889-00-00

Inspection Date

05/24/2010

Type Inspection
Bradenhead

Inspector

Violation? Yes *Significant Non-Compliance? No Corrective Action Due By:

Inspection No. iSAD1014438029

Comments on Inspection:

Sylvia Dickey Yes
PRESSURE TEST DUE (5 YEAR TEST DUE)

8/27/2010

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.

Hobbs OCD District Office

COMPLIANCE OFFICER

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



RANGER 40 PETROLEUM, LLC. 1004 COLLIER CENTER WAY #206 NAPLES, FL 34110