



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph. D.
Acting Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Response Required – Deadline Enclosed
Underground Injection Control Program
"Protecting Our Underground Sources of Drinking Water"

03-Jun-11

SANDRIDGE EXPL. & PROD. LLC.
2130 W. BENDER
HOBBS, NM 88240

, LLC

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: | 5/24/2011 | Permitted Injection PSI: | Actual PSI: |
| Test Reason: | Annual IMIT | Test Result: | F |
| Test Type: | Bradenhead Test | FAIL TYPE: | Other Internal Failure |
| Comments on MIT: | *****PRIOR 2 YEAR VIOLATION****; WELL REMAINS SHUT IN; UNSUCCESSFUL WORKOVER PERFORMED IN 3/2011; ****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11****3RD NOTICE OF VIOLATION**** | | |

MALJAMAR GRAYBURG UNIT No.021

30-025-00454-00-00

Active Injection - (All Types)

K-4-17S-32E

| | | | |
|------------------|---|--------------------------|------------------------|
| Test Date: | 5/24/2011 | Permitted Injection PSI: | Actual PSI: |
| Test Reason: | Annual IMIT | Test Result: | F |
| Test Type: | Bradenhead Test | FAIL TYPE: | Other Internal Failure |
| Comments on MIT: | ***PRIOR YEAR VIOLATION***WELL IS SHUT IN; UNSUCCESSFUL WORKOVER PERFORMED IN 3/2011***OPERATOR IN VIOLATION OF NMOCD RULE 19.16.26.11**** ***2ND NOTICE OF VIOLATION*** | | |

Oil Conservation Division * 1625 N. French Dr.*

* Hobbs, New Mexico 88240

* Phone: (575) 393-6161 * Fax (575) 393-0720* <http://www.emnrd.state.nm.us>



MALJAMAR GRAYBURG UNIT No.017

30-025-00464-00-00

Active Injection - (All Types)

G-4-17S-32E

Test Date: 5/24/2011 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 8/27/2011
Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: ***PRIOR YEAR VIOLATION***WELL IS SHUT IN***UNSUCCESSFUL WORKOVER
PERFORMED 2/2011; ***OPERATOR IN VIOLATION OF NMOC D RULE 19.15.26.11***
2ND NOTICE OF VIOLATION**

CAPROCK MALJAMAR UNIT No.014

30-025-00527-00-00

Active Injection - (All Types)

I-13-17S-32E

Test Date: 5/24/2011 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 8/27/2011
Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: ***OPERATOR HAS CONCEDED THAT WELL WILL NOT PASS MECHANICAL
INTEGRITY*** WELL IS SHUT IN AT THIS TIME***OPERATOR IN VIOLATION OF NMOC D
RULE 19.15.26.11****

CAPROCK MALJAMAR UNIT No.049

30-025-00662-00-00

Active Injection - (All Types)

H-24-17S-32E

Test Date: 5/24/2011 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 8/27/2011
Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: ***PRIOR YEAR VIOLATION; **WELL IS SHUT IN** UNSUCCESSFUL WORKOVER 4/2011;
CONTINUED VIOLATION OF NMOC D RULE 19.15.26.11*2ND NOTICE OF
VIOLATION*****

CAPROCK MALJAMAR UNIT No.006

30-025-01439-00-00

Active Injection - (All Types)

A-17-17S-33E

Test Date: 5/25/2011 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 8/28/2011
Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: ***PRIOR YEAR FAILURE** WELL IS SHUT IN; UNSUCCESSFUL WORKOVER PERFORMED
3/2011; ***OPERATOR IN VIOLATION OF NMOC D RULE 19.15.26.11****2ND NOTICE OF
VIOLATION*****

CAPROCK MALJAMAR UNIT No.070

30-025-01490-00-00

Active Injection - (All Types)

J-20-17S-33E

Test Date: 5/25/2011 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 8/28/2011
Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: ****PRIOR 2 YEAR FAILURE***WELL IS SHUT IN***OPERATOR IN VIOLATION OF
NMOC D RULE 19.15.26.11***3RD NOTICE OF VIOLATION*****

CAPROCK MALJAMAR UNIT No.083

30-025-01493-00-00

Active Injection - (All Types)

O-20-17S-33E

Test Date: 5/25/2011 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 9/5/2011
Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: ***OPERATOR CONCEDES WELL WILL NOT HOLD MECHANICAL INTEGRITY***BHT
SHOWS 100# ON INTERMEDIATE CASING WILL NOT BLEED DOWN***OPERATOR IN
VIOLATION OF NMOC D RULE 19.15.26.11****

CAPROCK MALJAMAR UNIT No.084

30-025-01494-00-00

Active Injection - (All Types)

P-20-17S-33E

| | | | |
|------------------|---|--------------------------|------------------------|
| Test Date: | 5/25/2011 | Permitted Injection PSI: | Actual PSI: |
| Test Reason: | Annual IMIT | Test Result: | F |
| Test Type: | Bradenhead Test | FAIL TYPE: | Other Internal Failure |
| Comments on MIT: | ***PRIOR 2 YEAR FAILURE***WELL IS SHUT IN** UNSUCCESSFUL WORKOVER PERFORMED IN 3/2011***OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11**** ***3RD NOTICE OF VIOLATION**** | | |

CAPROCK MALJAMAR UNIT No.069

30-025-01496-00-00

Active Injection - (All Types)

K-20-17S-33E

| | | | |
|------------------|---|--------------------------|------------------------|
| Test Date: | 5/25/2011 | Permitted Injection PSI: | Actual PSI: |
| Test Reason: | Annual IMIT | Test Result: | F |
| Test Type: | Bradenhead Test | FAIL TYPE: | Other Internal Failure |
| Comments on MIT: | ***OIL ON CASING WILL NOT BLEED DOWN*** FAILED BHT***OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11*** | | |

CAPROCK MALJAMAR UNIT No.058

30-025-01509-00-00

Active Injection - (All Types)

E-21-17S-33E

| | | | |
|------------------|---|--------------------------|------------------------|
| Test Date: | 5/25/2011 | Permitted Injection PSI: | Actual PSI: |
| Test Reason: | Annual IMIT | Test Result: | F |
| Test Type: | Bradenhead Test | FAIL TYPE: | Other Internal Failure |
| Comments on MIT: | ***PRIOR YEAR FAILURE 2007; NO REMEDIAL WORK PERFORMED ON FILE***WELL IS SHUT IN; ***OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11***2ND NOTICE OF VIOLATION***** | | |

CAPROCK MALJAMAR UNIT No.093

30-025-01526-00-00

Active Injection - (All Types)

L-28-17S-33E

| | | | |
|------------------|---|--------------------------|------------------------|
| Test Date: | 5/25/2011 | Permitted Injection PSI: | Actual PSI: |
| Test Reason: | Annual IMIT | Test Result: | F |
| Test Type: | Bradenhead Test | FAIL TYPE: | Other Internal Failure |
| Comments on MIT: | ***PRIOR YEAR FAILURE***SUBSEQUENT REPORT SHOWING WELL IS TA'D NOT REPORTED/RECEIVED BY OCD DISTRICT I OFFICE****VERBAL FROM RON RAGLAND OF WORKOVER 1/2011 ONLY****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11, ****WELL IS SHUT IN***3RD NOTICE OF VIOLATION***** | | |

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.

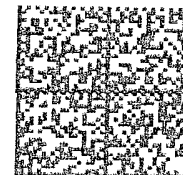
Sincerely,

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.

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
Oil Conservation Division
1625 N. French Drive
Hobbs, NM 88240



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US POSTAGE

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HOBBS, NM 88240