

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

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Cabinet Secretary

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Director

Oil Conservation Division

*Underground Injection Control Program
"Protecting Our Underground Sources of Drinking Water"*

05-Apr-02

G P II ENERGY INC

PO BOX 50682

MIDLAND, TX 79710-

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 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 be advised that failure to comply with this directive will result in an application for an order to Show Cause why the bond should not be forfeited, the well plugged and civil penalties assessed.

Please notify the proper district office of the Division at least 48 hours prior to the date and time that repairs will be attempted so that such operations may be witnessed by a field representative.

MECHANICAL INTEGRITY TEST DETAIL SECTION

BURNHAM GRAYBURG SAN ANDRES UNIT 003A

Active Injection - (All Types)

30-015-04058-00-00

H-2-17S-30E

Test Date: 3/27/2002 1:15:56 PM

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 5/27/2002

Test Type: Bradenhead Test

FAIL TYPE: Tubing

FAIL CAUSE:

Comments on MIT: Failed 2000 MIT.

FEDERAL Q 001

Active Injection - (All Types)

30-015-04068-00-00

4-3-17S-30E

Test Date: 3/27/2002 12:37:08 PM

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 5/27/2002

Test Type: Bradenhead Test

FAIL TYPE: Tubing

FAIL CAUSE:

Comments on MIT: Failed 2000 MIT.

FEATHERSTONE 005

Active Injection - (All Types)

30-015-05034-00-00

3-2-17S-31E

Test Date: 3/27/2002 1:24:06 PM

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 5/27/2002

Test Type: Bradenhead Test

FAIL TYPE: Casing

FAIL CAUSE:

Comments on MIT: Failed 2000 MIT

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FEDERAL JJ 002

Test Date: 3/27/2002 12:29:00 PM	Active Injection - (All Types)	30-015-20314-00-00
Test Reason: Annual IMIT	Permitted Injection PSI:	L-3-17S-30E
Test Type: Bradenhead Test	Test Result: F	Actual PSI:
Comments on MIT: Failed 2000 MIT and no repairs.	FAIL TYPE: Tubing	Repair Due: 6/30/2002
		FAIL CAUSE:

FEDERAL KK 001

Test Date: 3/27/2002 12:48:07 PM	Active Injection - (All Types)	30-015-20315-00-00
Test Reason: Annual IMIT	Permitted Injection PSI:	P-3-17S-30E
Test Type: Bradenhead Test	Test Result: F	Actual PSI:
Comments on MIT: Failed 2000 MIT.	FAIL TYPE: Tubing	Repair Due: 5/27/2002
		FAIL CAUSE:

LOCO HILLS A FEDERAL 006

Test Date: 3/27/2002 11:54:25 AM	Active Injection - (All Types)	30-015-20611-00-00
Test Reason: Annual IMIT	Permitted Injection PSI:	D-15-17S-30E
Test Type: Bradenhead Test	Test Result: F	Actual PSI: 1550
Comments on MIT: Injection pressure over limit.	FAIL TYPE: Other Internal Failure	Repair Due: 4/12/2002
		FAIL CAUSE:

LOCO HILLS B FEDERAL 007

Test Date: 3/27/2002 11:36:47 AM	Active Injection - (All Types)	30-015-20674-00-00
Test Reason: Annual IMIT	Permitted Injection PSI:	N-9-17S-30E
Test Type: Bradenhead Test	Test Result: F	Actual PSI:
Comments on MIT: Failed 2000 MIT. No injection line.	FAIL TYPE: Casing	Repair Due: 6/30/2002
		FAIL CAUSE:

Thank you for your prompt attention to this matter and your efforts in helping to protect our ground water

Sincerely,

Oil Conservation Division, District II

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.