



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

6/4/2002

G P II Energy Inc
PO Box 50682
Midland, Tx 79710

Dear Operator:

On April 5, 2002 a letter from this office advised you that the following wells were out of compliance for the reason indicated. As of this date no response has been received from your office.

- Burnham Grayburg San Andres Unit Tr 1 #3 30-015-04058 Failed 2000 MIT
- Federal Q #1 30-015-04068 Failed 2000 MIT
- Featherstone #5 30-015-05034 Failed 2000 MIT
- Federal KK #1 30-015-20315 Failed 2000 MIT

The following NMDCD Rule is quoted for you information:

19.15.9.703 OPERATION AND MAINTENANCE

A. Injection wells shall be equipped, operated, monitored, and maintained to facilitate periodic testing and to assure continued mechanical integrity which will result in no significant leak in the tubular goods and packing materials used and no significant fluid movement through vertical channels adjacent to the well bore.

B. Injection project, including injection wells and producing wells and all related surface facilities shall be operated and maintained at all times in such a manner as will confine the injected fluids to the interval or intervals approved and prevent surface damage or pollution resulting from leaks, breaks, or spills.

C. Failure of any injection well, producing well, or surface facility, which failure may endanger underground sources of drinking water, shall be reported under the "Immediate Notification" procedure of Rule 116.

D. Injection well or producing well failures requiring casing repair or cementing are to be reported to the Division prior to commencement of workover operations.

E. Injection wells or projects which have exhibited failure to confine injected fluids to the authorized injection zone or zones may be subject to restriction of injection volume and pressure, or shutin, until the failure has been identified and corrected.

[7-1-81...2-1-96; 19.15.9.703 NMAC - Rn, 19 NMAC 15.1.703, 11-30-00]

This letter comprises the **Second Notice** of violation and requires your immediate attention. Failure to comply with this notice on or before **June 19, 2002** will result in further enforcement action. This action may include application to the Division for a show cause hearing to determine if the well should be permanently plugged and abandoned and civil penalties assessed.

Gerry Guye
Compliance Officer
District II - Artesia