

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



April 22, 2016

Certified Mail Return Receipt#: 7013 1090 0001 7318 4388

Grace Hans
Anderson Oil LTD., LLP
5005 Woodway Suite 300
Houston, TX 77056

Re: Well Name Federal #3, UL N Sec 30 Twn 31N Rge 13W,
API # 30-045-23620

Dear Ms. Hans:

The 2016 Bradenhead test on the above well indicates a failure. In order to comply with Rule 19.15.16.11, prevent waste and protect fresh water, you are hereby directed to provide a course of action to this office before **May 23, 2016** and initiate remedial activity before **July 22, 2016**. Initial Surface Casing psi was 67. Initial Production Casing psi was 70. During the test the Production Casing pressure dropped while Bradenhead was open. The test shows there is communication between the casing strings.

Please note, our records do not match the wellbore diagram submitted. The diagram shows cement circulated on both stages. Our records show there were fluids and mud circulated during cementing, but failed to indicate cement was circulated. Our records do indicate a Cement Bond log (CBL) was ran on 11-28-1979. If Anderson is going to work on this well the 1979 CBL will need to be submitted or new CBL will be required.

The wellbore schematic and gas analysis have been received.

Reference: RBDMS MPK1610439339 on future correspondence for this issue.

Notify the Aztec OCD 24 hours before work is initiated.

If you have any questions, please call me at 505-334-6178, ext. 116.

Sincerely yours,

Brandon Powell
I&E Supervisor
District III - Aztec

CC: Well File