

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



September 13, 2018

Hilcorp Energy Company
Attn: Jodi-Lyn Curtis
1111 Travis Street
Houston TX, 77002

Re: Well Status
Well: San Juan 28-7 Unit #155, ULK, Sec 22, TWN 27N, RNG 7W,
API# 30-039-20430, Rio Arriba County, New Mexico

Dear Ms. Curtis,

A tracer survey was required on the San Juan 28-7 Unit #155 on April 6, 2018. After not receiving the tracer as required by rule 19.15.7.16.A NMAC it was specifically requested on August 7, 2018. A review of the log identified tracer behind the casing up to 4505' which is 328' above the approved interval. This discrepancy was not reported when the log was performed on May 17, 2018. The tracer extending substantially higher than the perforated interval identifies the possibility that the completion report Form 3160-4 and sundry form C-104 may not accurately depict the current well condition.

A review of the log revealed an abnormality in the CCL (casing collar locator) portion of the log at 4692-4694 and the casing interval above abnormality has more logged fluctuations between the collars. Prior to the completion there was a CBL and CCL performed on the well which did not identify the abnormality or fluctuations. The abnormality and fluctuations in the CCL indicate potential casing integrity issues in the well post completion. In April 2002 a hole in the casing was discovered at ~4175' which is near the interval of concern.

It is concerning these issues were not reported by Hilcorp after the log was performed in May 2018, so the issue could have been promptly reviewed and addressed. Hilcorp violated Rule 19.15.7.16.A. by not submitting the log within the required time.

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Rule 19.15.7.16.A states "Within 45 days following the completion or recompletion of a well, the operator shall file form C-105 with the appropriate division district office accompanied by a summary of special tests conducted on the well, including drill stem tests. **In addition, the operator shall file a copy of electrical and radio-activity logs run on the well with form C-105.** If the division does not receive form C-105 with attached logs and summaries within the specified 45-day period, the division shall withhold the allowable for the well until the operator has complied with 19.15.7.16 NMAC." (emphasis added)

By December 11, 2018, Hilcorp is directed to run a Casing Integrity log and perform a Mechanical Integrity Test on the casing from 3143' to 4783'. Hilcorp is required to file the appropriate notice of intent sundries by October 12, 2018, detailing how the testing and work will be performed.

The OCD is opting **NOT** to issue a NOTICE OF VIOLATION at this time for the failure to comply with OCD Rule 19.15.7.16.A NMAC. However, be advised that if this well is not brought into compliance as directed the well may be subject to formal enforcement action.

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

Sincerely yours,



Brandon Powell
Inspection and Enforcement Supervisor
District III - Aztec
CC: Well File