

State of New Mexico  
Energy, Minerals and Natural Resources Department

Susana Martinez  
Governor

John H. Bemis  
Cabinet Secretary

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

HOBBS OCD  
NOV 12 2013  
RECEIVED

Jami Bailey, Division Director  
Oil Conservation Division



NOTICE OF VIOLATION

November 12, 2013

CrownQuest Operating, LLC.  
P.O. Box 53310  
Midland, TX 79710

RE: Violation of Rules and Regulations  
New Mexico Oil Conservation Division (NMOCD)  
Rule 19.15.7.14 "Sundry Notices and Reports on Wells"  
Rule 19.15.26.11 "Injection Testing & Monitoring –Mechanical Integrity"  
**State 27, #2, S27-T14s-R32e, API # 30-025-22932, Salt Water Disposal**

Dear Operator:

A visual inspection was performed on November 12, 2013 and September 24, 2013 by an OCD Field Inspector. Our findings show that the well has been disconnected from all known surface disposal connections and equipment. Thus resulting in the conclusion that this well has been inactive for several months.

A C103 Notice of Intent was submitted 10/04/2012 and approved 10/09/2012 requesting approval for a workover to be performed on this well, due to a possible casing leak.

On October 29, 2012, Jeremy Devine, representative for Crownquest, called in and stated he would be moving in and rigging up on this well for repairs. As of this date we have not received any Subsequent Reports/Sundry C103, regarding a successful workover and/or a Pressure Test justifying mechanical integrity.

In addition, after further review of Operator's C115 Production/Injection Reports, there has been water injection volumes submitted as of December 2012 through July, 2013 for the State 27, #2.

Please find attached all documentation regarding the statements above, if you have any questions or to set up a Pressure Test please contact Maxey G. Brown at 575-370-3179, at least 24 hours prior to testing.

NOV 13 2013

*Note: Per a conversation between David Kuhnert of Crownquest on 11/12/2013 @ 2:23 pm and Sylvia A. Dickey, the operator is utilizing the field procedure of disposing water down the tubing directly from a pump truck. This procedure has been used for past several months due to pump failure. An MIT was requested by OCD.*

Sincerely,



**FOR RECORD ONLY**

SYLVIA A. DICKEY

Field Compliance Officer

Hobbs OCD District I Office

575-370-3188

575-393-6161 x112

Attachments



Submit 1 copy to appropriate District Office  
District I - (575) 393-6161  
1625 N. French Dr., Hobbs, NM 88240  
District II - (575) 748-1283  
811 S. First St., Artesia, NM 88210  
District III - (505) 334-6178  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV - (505) 476-3460  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources

Form C-103  
Revised August 1, 2011

RECEIVED

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

OCT 09 2012  
HOBBSUCD

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30 025 22932
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> - disposal		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator CrownQuest Operating, LLC		6. State Oil & Gas Lease No. L 522
3. Address of Operator Box 53310, Midland, TX 79710		7. Lease Name or Unit Agreement Name State 27
4. Well Location Unit Letter <u>P</u> <u>660</u> feet from the <u>South</u> line and <u>660</u> feet from the <u>East</u> line Section <u>27</u> Township <u>14S</u> Range <u>32E</u> NMPM Lea County		8. Well Number <u>2-SWD</u>
1.1. Elevation (Show whether DR, RKB, RT, GR, etc.): 4302' GR		9. OGRID Number <u>213190</u>
		10. Pool name or Wildcat SWD; Penn

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☒ PLUG AND ABANDON ☐  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐  
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMINGLED INJECTION ☒ Per Underground Injection Control Program Manual  
CASING/CEMENT JOB ☐  
**11.6 C Packer shall be set within or less than 1 feet of the uppermost injection perfs or open hole.**

OTHER:

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Last mechanical integrity test 9-11-08, passed.

9/27/12: Possible casing leak, RIH w/5 1/2 rental compression packer to 9706', set & loaded casing w/22 bbls, pressured up to 500#, csg pressure did not hold. Moved up hole and tested @ 8607', 7962', 6988', 6350' and 6092' - tested good for 30 minutes. Set @ 6124' and test failed.

Intend to repair casing in well with squeeze job - anticipated @ 6094-6124" w/sufficient cement, WOC. Will contact NMOCDC 24 prior to cement job. CrownQuest Field Contact is Jeremy Divine @ jdivine@crownquest.com.

**Condition of Approval: notify**

**OCD Hobbs office 24 hours**

**prior of running MIT Test & Chart**

**The Oil Conservation Division**

Spud Date **MUST BE NOTIFIED 24 Hours**

Rig Release Date:

**Prior to the beginning of operations**

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Ann Ritchie TITLE Regulatory DATE 10/04/2012

Type or print name Ann Ritchie E-mail address: ann.wtor@gmail.com PHONE: 432 6846381

**For State Use Only**

APPROVED BY [Signature] TITLE Dist. Mgr. DATE 10-9-2012

Conditions of Approval (if any):

OCT 09 2012

Injection Pool(s)	Wtr Inj	CO2 Inj	Gas Inj	Other Inj	Days Inj	Prod Date	Rpt Inj psi
SWD;PENN	0	0	0	0	0	01-Aug-12	0
SWD;PENN	0	0	0	0	0	01-Sep-12	0
SWD;PENN	0	0	0	0	0	01-Oct-12	0
SWD;PENN	0	0	0	0	0	01-Nov-12	0
SWD;PENN	390	0	0	0	0	01-Dec-12	0
SWD;PENN	390	0	0	0	0	01-Jan-13	0
SWD;PENN	390	0	0	0	0	01-Feb-13	0
SWD;PENN	410	0	0	0	0	01-Mar-13	0
SWD;PENN	1150	0	0	0	0	01-Apr-13	0
SWD;PENN	1497	0	0	0	0	01-May-13	0
SWD;PENN	1055	0	0	0	0	01-Jun-13	0
SWD;PENN	1100	0	0	0	0	01-Jul-13	0
SWD;PENN	0	0	0	0	0	01-Aug-13	0

Go to Incidents/Spills

# Well Inspections

Date Mod: 09/24/2013

API Well No. 30-025-22932-00-00 Owner CROWNQUEST OPERATING, LLC County Lea  
Well Name STATE 27 Number 002 Inspect No. IMGB1326757196  
Well Type Salt Water Dispo UL STR P - 27 - 14S - 32E Status Active Fac/Proj NA

Directions

Purpose

Normal Routine Activity

Type

Routine/Periodic

Notification Type

Field Visit or Inspection

Date Performed 9/24/2013

Date NOV

Date Extension

Date Passed

Compliance Status

Violation Found? ☐

Significant NC? ☐

Well Hole in Year? ☐

Check Global Compliance

Insp/MIT Incident

Write Compliance

Current Type: S Status: A Type: Status:

Respondant Change ONGARD to:

NOTES

INJ LINE IS DISCONNECT MGB.

Comply #

Incident No

Inspector

Maxey Brown

Duration

Generate Inspection Reports from [REPORTS] / [INSP].

API Well No. 30-025-22932-00-00 Owner CROWNQUEST OPERATING, LLC County Lea  
Well Name STATE 27 Number 002 Inspect No. ISAD1228553627  
Well Type Salt Water Dispo UL STR P - 27 - 14S - 32E Status Active Fac/Proj NA

Directions

Purpose

Normal Routine Activity

Type

Phone call

Notification Type

Operator Reported

Date Performed 10/29/2012

Date NOV

Date Extension

Date Passed

Compliance Status

Violation Found? ☐

Significant NO? ☐

Well Idle > 1 Year? ☐

Check Global Status

Insp/MIT Incident

Write Compliance

Current Type: S Status: A Type: Status

Respondant Change ONGARD to: 213190

N  
O  
T  
E  
S  
OPERATOR MIRU AND REPAIRED WELL; TEST  
10/29/2012 JEREMY DEVINE W/CROWNQUEST  
CALLED IN TEST: SAD

Comply #

Incident No.

Inspector

Sylvia Dickey

Duration

Generate Inspection Reports from [REPORTS] / [INSP]

API Well No: 30-025-22932-00-00 Owner: CROWNQUEST OPERATING, LLC County: Lea  
Well Name: STATE 27 Number: 002 Inspect No: IMGB1228454914  
Well Type: Salt Water Dispo UL STR P - 27 - 14S - 32E Status: Active Fac/Pro: NA

Directions

Purpose

Normal Routine Activity

Type

Routine/Periodic

Notification Type

Field Visit or Inspection

Date Performed: 10/10/2012

Date NOV

Date Extension

Date Passed

Compliance Status

Violation Found? ☐

Significant? ☐

Well Idle > 1 Year? ☐

Check Global Compliance

Insp/MIT Incident

Take Action

Write Compliance

Current Type: S Status: A Type Status

Respondant Change ONGARD to:

NOTES

TBG ON RACKS. SOME TBG LAYING SW OF WELL  
INJ LINE IS DISCONNECTED. MGB.

Comply #

Incident No

Inspector

Maxey Brown

Duration

Generate Inspection Reports from [REPORTS] / [INSP]

API Well No: 30-025-22932-00-00 Owner: CROWNQUEST OPERATING, LLC County: Lea  
Well Name: STATE 27 Number: 002 Inspect No: ISAD1227828277  
Well Type: Salt Water Dispo UL STR P - 27 - 14S - 32E Status: Active Fac/Proj: NA

Directions

Purpose

Normal Routine Activity

Type

Bradenhead

Notification Type

Field Visit or Inspection

Date Performed: 8/16/2012

Date NOV

Date Extension

Date Passed

Compliance Issue

Violation Found? ☐

Significant NC? ☐

Wait Idle for Year? ☐

Check Global Count

Insp/MIT Incident

Failure Item

Write Compliance

Current Type: S Status: A Type Status

Respondant Change ONGARD to

NOTES

pump down well not being used

Comply #

Incident No

Inspector

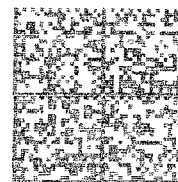
Sylvia Dickey

Duration

Generate Inspection Reports from [REPORTS] / [INSP]



EMNRD  
OIL CONSERVATION DIVISION  
1625 N FRENCH DRIVE  
HOBBS NM 88240



015H14150977  
HASLER  
\$0.66  
11/12/13  
Mailed From 88240  
US POSTAGE

Crownquest Operating LLC  
P O Box 53310  
Midland, TX 79710