

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

HOBBS OCD

JAN 16 2014

RECEIVED

Jami Bailey, Division Director
Oil Conservation Division



***Response Required - Deadline**

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

15-Jan-14

CHEVRON USA INC
ATTN: REGULATION & COMPLIANCE
P.O. BOX 2100
HOUSTON, TX 77252

**LETTER OF VIOLATION and SHUT-IN
DIRECTIVE Failed Mechanical Integrity Test**

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(s) 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 notify the proper district office of the Division at least 48 hours prior to the date and time that the well(s) will be retested so the test may be witnessed by a field representative.

MECHANICAL INTEGRITY TEST DETAIL SECTION

CENTRAL VACUUM UNIT No.045

30-025-25720-00-00

C-31-17S-35E

Active Injection - (All Types)

Test Date:	10/28/2013	Permitted Injection PSI:		Actual PSI:	
Test Reason:	5-year Test	Test Result:	F	Repair Due:	1/28/2014
Test Type:	Std. Annulus Pres. Test	FAIL TYPE:	Other Internal Failure	FAIL CAUSE:	
Comments on MIT:	FAILED PT; UNABLE TO STABLIZE PRODUCTION CASING FOR PRESSURE TEST; CONTINUOUS FLOW ON CASING STRING; ***OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 ***				

CENTRAL VACUUM UNIT No.070

30-025-25726-00-00
E-36-17S-34E

Active Injection - (All Types)

Test Date:	10/24/2013	Permitted Injection PSI:		Actual PSI:	
Test Reason:	5-year Test	Test Result:	F	Repair Due:	1/27/2014
Test Type:	Std. Annulus Pres. Test	FAIL TYPE:	Other Internal Failure	FAIL CAUSE:	
Comments on MIT:	FAILED PT 10/24/2013; **OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11***				

CENTRAL VACUUM UNIT No.028

30-025-25816-00-00
P-25-17S-34E

Active Injection - (All Types)

Test Date:	10/25/2013	Permitted Injection PSI:		Actual PSI:	
Test Reason:	5-year Test	Test Result:	F	Repair Due:	1/28/2014
Test Type:	Std. Annulus Pres. Test	FAIL TYPE:	Other Internal Failure	FAIL CAUSE:	
Comments on MIT:	FAILED PT; **OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11**				

CENTRAL VACUUM UNIT No.141

30-025-26001-00-00
M-36-17S-34E

Active Injection - (All Types)

Test Date:	11/6/2013	Permitted Injection PSI:		Actual PSI:	
Test Reason:	5-year Test	Test Result:	F	Repair Due:	2/9/2014
Test Type:	Std. Annulus Pres. Test	FAIL TYPE:	Other Internal Failure	FAIL CAUSE:	
Comments on MIT:	FAILED MIT DUE TO (BHT) BRADENHEAD TEST RESULTS ON CASING; PRESSURE TEST ON 11/06/2013 RESULTED IN A 20# LOSS OF PRESSURE DURING TEST; BHT 11/06/2013 NOTES ON CASING STRING 750#. *OPERATOR PLEASE VERIFY IF THE CASING IS BUILDING BACK UP. ***OPERATOR PLEASE MONITOR AND REPORT CASING PRESSURE BY FEBRUARY 15, 2014; ***OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11***				

VACUUM GLORIETA WEST UNIT No.060

30-025-30716-00-00
B-36-17S-34E

Active Oil (Producing)

Test Date:	11/14/2013	Permitted Injection PSI:		Actual PSI:	
Test Reason:	Annual IMIT	Test Result:	F	Repair Due:	2/17/2014
Test Type:	Bradenhead Test	FAIL TYPE:	Other Internal Failure	FAIL CAUSE:	
Comments on MIT:	FAILED BHT; OPERATOR CONCEDES WELL WILL NOT PASS BHT; **OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11***				

NEW MEXICO O STATE NCT-1 No.040

30-025-38140-00-00
J-36-17S-34E

Active Salt Water Disposal Well

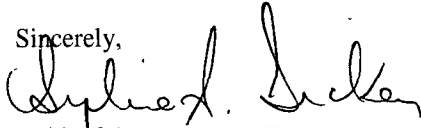
Test Date:	11/27/2013	Permitted Injection PSI:		Actual PSI:	
Test Reason:	5-year Test	Test Result:	F	Repair Due:	3/2/2014
Test Type:	Std. Annulus Pres. Test	FAIL TYPE:	Other Internal Failure	FAIL CAUSE:	
Comments on MIT:	PT FAILURE; PUMPED 90 BBLS WELL WOULD NOT PRESSURE UP AND HOLD; OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11***				

January 15, 2014

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In the event that a satisfactory response is not received to this letter of direction by the "Repair Due:" date shown above, or if the well(s) are not immediately shut-in, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

Sincerely,



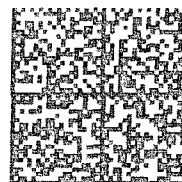
Hobbs OCD District Office

COMPLIANCE OFFICER

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.



EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



HASLER
015H14150977
\$0.46
01/16/14
Mailed From 88240
US POSTAGE

CHEVRON USA INC
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P.O. BOX 2100
HOUSTON, TX 77252