

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 MIDCONTINENT L.P.
ATTN: REGULATION & COMPLIANCE
15 SMITH ROAD
MIDLAND, TX 79705

**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

LOVINGTON PADDOCK UNIT No.031

30-025-03775-00-00
L-36-16S-36E

Active Injection - (All Types)

Test Date: 10/14/2013	Permitted Injection PSI:	Actual PSI:
Test Reason: 5-year Test	Test Result: F	Repair Due: 1/17/2014
Test Type: Std. Annulus Pres. Test	FAIL TYPE: Operational Violation	FAIL CAUSE:
Comments on MIT: **PRESSURE TEST UNACCEPTABLE** CHART SHOULD REACH A MINIMUM AMOUNT OF 300#; PRESSURE TEST CHART DATED 10/14/2013 SHOWS BEGINNING PRESSURE OF 290#. ***OPERATOR IN VIOLATION OF NMOCDD RULE 19.16.26.11***OPERATOR PLEASE PERFORM AND SUBMIT NEW PRESSURE TEST THAT MEETS RULE REQUIREMENTS***		

LOVINGTON PADDOCK UNIT No.016

30-025-03798-00-00
D-36-16S-36E

Active Injection - (All Types)

Test Date: 10/14/2013	Permitted Injection PSI:	Actual PSI:
Test Reason: 5-year Test	Test Result: F	Repair Due: 1/17/2014
Test Type: Std. Annulus Pres. Test	FAIL TYPE: Operational Violation	FAIL CAUSE:
Comments on MIT: **PRESSURE TEST UNACCEPTABLE** CHART SHOULD REACH A MINIMUM AMOUNT OF 300#; PRESSURE TEST CHART DATED 10/14/2013 SHOWS BEGINNING PRESSURE OF 290#. ***OPERATOR IN VIOLATION OF NMOCDD RULE 19.16.26.11***OPERATOR PLEASE PERFORM AND SUBMIT NEW PRESSURE TEST THAT MEETS RULE REQUIREMENTS***		

Kz

January 15, 2014

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LOVINGTON SAN ANDRES UNIT No.047

30-025-03810-00-00

Active Injection - (All Types)

K-1-17S-36E

Test Date: 10/15/2013 Permitted Injection PSI: Actual PSI:
Test Reason: 5-year Test Test Result: F Repair Due: 1/18/2014
Test Type: Std. Annulus Pres. Test FAIL TYPE: Operational Violation FAIL CAUSE:
Comments on MIT: **FAILED PRESSURE TEST 10/15/2013** TEST RESULTS SHOW OVER 10% INCREASE
ALLOWED BY STATE OF NEW MEXICO; BEGINNING 300#, ENDING 335# ***OPERATOR
IN VIOLATION OF NMOC D RULE 19.16.26.11***

LOVINGTON PADDOCK UNIT No.059

30-025-03826-00-00

Active Injection - (All Types)

G-1-17S-36E

Test Date: 10/15/2013 Permitted Injection PSI: Actual PSI:
Test Reason: 5-year Test Test Result: F Repair Due: 1/18/2014
Test Type: Std. Annulus Pres. Test FAIL TYPE: Operational Violation FAIL CAUSE:
Comments on MIT: **PRESSURE TEST UNACCEPTABLE** CHART SHOULD REACH A MINIMUM AMOUNT
OF 300#; PRESSURE TEST CHART DATED 10/15/2013 SHOWS BEGINNING PRESSURE OF
280#. ***OPERATOR IN VIOLATION OF NMOC D RULE 19.16.26.11***OPERATOR PLEASE
PERFORM AND SUBMIT NEW PRESSURE TEST THAT MEETS RULE REQUIREMENTS***

LOVINGTON SAN ANDRES UNIT No.030

30-025-03836-00-00

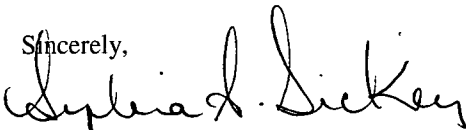
Active Injection - (All Types)

D-1-17S-36E

Test Date: 10/18/2013 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 1/21/2014
Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: PER OPERATOR; BHT SURVEY FORM STATES THAT WELL FAILED MECHANICAL INTEGRITY
TEST; WELL IS SHUT IN;***LETTER FOR RECORD ONLY***, NOI C103 SUBMITTED BY OPERATOR
STATES INTENT TO REPAIR, APPROVED 12/30/2013***OPERATOR IN VIOLATION OF NMOC D RULE
19.15.26.11***

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.

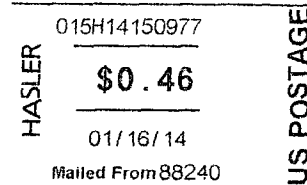
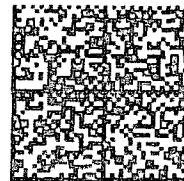
Sincerely,



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



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15 SMITH ROAD
MIDLAND, TX 79705