

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 21 2014

RECEIVED

Jami Bailey, Division Director
Oil Conservation Division



Response Required - Deadline

Field Inspection Program
"Preserving the Integrity of Our Environment"

21-Jan-14

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

LETTER OF VIOLATION -

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated. Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

| | | | | | |
|---|------------------------|-----------------------|-------------------|------------------------|-------------------------|
| VACUUM GLORIETA WEST UNIT No.068 | | | | H-36-17S-34E | 30-025-31839-00- |
| Inspection | | | | *Significant | Corrective |
| Date | Type Inspection | Inspector | Violation? | Non-Compliance? | Action Due By: |
| 01/21/2014 | Bradenhead | Sylvia Dickey | Yes | No | 4/26/2014 |
| Comments on Inspection: | | Inspection No. | | | |
| | | iSAD1402135102 | | | |
| FAILED BHT INSPECTION: ***PER BHT TEST 12/01/2013 OPERATOR REPORTED 150# ON CASING; OPERATOR DOES NOT STATE THAT CASING BLED DOWN TO 0#; **OPERATOR PLEASE RECHECK CASING AND INSURE THAT THE CASING PRESSURE IS ZERO AND PRESSURE IS NOT BUILDING BACK UP. ***SUBMIT RESULTS TO OCD HOBBS DISTRICT OFFICE MAXEY G. BROWN @ 575-370-3179 OR SYLVIA A. DICKEY @ 575-370-3188 BY FEBRUARY 18, 2014*** | | | | | |
| VACUUM GLORIETA WEST UNIT No.106 | | | | O-36-17S-34E | 30-025-31874-00- |
| Inspection | | | | *Significant | Corrective |
| Date | Type Inspection | Inspector | Violation? | Non-Compliance? | Action Due By: |
| 01/21/2014 | Bradenhead | Sylvia Dickey | Yes | No | 4/26/2014 |
| Comments on Inspection: | | Inspection No. | | | |
| | | iSAD1402130544 | | | |
| FAILED BHT INSPECTION: ***PER BHT TEST 12/01/2013 OPERATOR REPORTED 150# ON CASING; OPERATOR DOES NOT STATE THAT CASING BLED DOWN TO 0#; **OPERATOR PLEASE RECHECK CASING AND INSURE THAT THE CASING PRESSURE IS ZERO AND PRESSURE IS NOT BUILDING BACK UP. ***SUBMIT RESULTS TO OCD HOBBS DISTRICT OFFICE MAXEY G. BROWN @ 575-370-3179 OR SYLVIA A. DICKEY @ 575-370-3188 BY FEBRUARY 18, 2014*** | | | | | |

WEST VACUUM UNIT No.057

P-34-17S-34E

30-025-33599-00-

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--------------------|-----------------|---------------|------------|---------------------------------|------------------------------|----------------|
| 01/21/2014 | Bradenhead | Sylvia Dickey | Yes | No | 4/26/2014 | iSAD1402142634 |

Comments on Inspection:

BHT INSPECTION VIOLATION 11/07/2013; OPERATOR REPORTED 310# ON CASING DOES NOT SHOW BLED DOWN; **OPERATOR PLEASE RECHECK CASING PRESSURE AND VERIFY AMOUNT OF 310# PRESSURE REPORTED; PLEASE INSURE CASING BLEEDS TO 0 PSI. **NOTE: PRIOR YEAR HISTORY CASING HAS SHOWN GAS PRESSURE**SUBMIT RESULTS TO OCD DISTRICT I OFFICE BY FEBRUARY 18, 2014** REPORT RESULTS TO MAXEY G. BROWN @ 370-3179 OR SYLVIA A. DICKEY @ 575-370-3188.***

WEST VACUUM UNIT No.060

I-34-17S-34E

30-025-33765-00-

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--------------------|-----------------|---------------|------------|---------------------------------|------------------------------|----------------|
| 01/21/2014 | Bradenhead | Sylvia Dickey | Yes | No | 4/26/2014 | iSAD1402140605 |

Comments on Inspection:

BHT INSPECTION VIOLATION 11/07/2013; REPORTED INJECTION 2000# ***OPERATOR INJECTING OVER LIMIT***PER IPI 123 APPROVED PRESSURE LIMIT IS 1890 PSI.

NORTH VACUUM ABO WEST UNIT No.029

O-21-17S-34E

30-025-34668-00-

| Inspection Date | Type Inspection | Inspector | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|--------------------|-----------------|---------------|------------|---------------------------------|------------------------------|----------------|
| 01/21/2014 | Bradenhead | Sylvia Dickey | Yes | No | 4/26/2014 | iSAD1402135497 |

Comments on Inspection:

BHT INSPECTION VIOLATION 11/07/2013; ***PRIOR HISTORY OF WELL RESULTS, SHOW PRESSURE ON TUBING;***OPERATOR PLEASE RECHECK TUBING PRESSURE AND VERIFY AMOUNT OF "0" PRESSURE REPORTED; SUBMIT RESULTS TO OCD DISTRICT I OFFICE BY FEBRUARY 18, 2014**REPORT RESULTS TO MAXEY G. BROWN @ 575- 370-3179 OR SYLVIA A. DICKEY @ 575-370-3188.

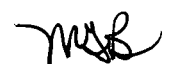
In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner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

Sincerely,

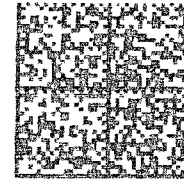


Hobbs OCD District Office

COMPLIANCE OFFICER



EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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| HASLER | 015H14150977 | US POSTAGE |
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ATTN: REGULATORY & COMPLIANCE
P.O. BOX 2100
HOUSTON, TX 77252