

5/19/17 ✓

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David Catanach
Division Director



Response Required - Deadline Enclosed

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

18-May-17

~~LLANO DISPOSAL, L.L.C.~~
~~798 H STATE HIGHWAY 483~~
LOVINGTON NM 88260-

*P.O. DRAWER 1599
C/O Patrick B. McMahon*

**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

SIRINGO ACS STATE No.001

Plugged (SITE RELEASED) Miscellaneous

30-025-30701-00-00
D-26-17S-36E

Test Date: 5/18/2017

Permitted Injection PSI:

Actual PSI:

Test Reason: Initial Test

Test Result: F

Repair Due: 8/21/2017

Test Type: Std. Annulus Pres. Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: CAVERN MIT-FAILURE. WELL IS SHUT IN,

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

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.

Bower, George, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, May 18, 2017 11:01 AM
To: Marvin
Cc: Griswold, Jim, EMNRD; Sanchez, Daniel J., EMNRD; Brown, Maxey G, EMNRD; Whitaker, Mark A, EMNRD; Bower, George, EMNRD
Subject: BW-35 (Llano Disposal, L.L.C. Siringo ACS State Brine Well No.1 API# 30-025-30701): Failed Cavern MIT

Mr. Burrows, et al.:

Good morning. The New Mexico Oil Conservation Division (OCD) is following up on the "failed" Cavern MIT from this morning. Llano Disposal, LLC (Llano) experienced difficulty pressuring up to the 300 psi well MIT pressure requirement this morning, which constitutes a failed MIT.

OCD hereby requires Llano to **shut-in** the above subject brine well until further notice. No fluids shall be injected and no brine shall be produced from the salt cavern.

OCD requires Llano to investigate the source(s) of the well leakage problem and reschedule a Casing and/or a Cavern MIT on or before the next 90 days from today's date. Please contact Mark A. Whitaker at (575) 393-6161 Ext. #120 or Cell at (575) 399-3202 with the OCD Hobbs District Office to reschedule the MIT.

Please acknowledge receipt and compliance with this message and provide Llano's schedule for completing the above within 5 working days. OCD appreciates Llano's cooperation in this matter.

Thank you.

Mr. Carl J. Chavez, CHMM (#13099)
New Mexico Oil Conservation Division
Energy Minerals and Natural Resources Department
1220 South St Francis Drive
Santa Fe, New Mexico 87505
Ph. (505) 476-3490
E-mail: CarlJ.Chavez@state.nm.us

"Why not prevent pollution, minimize waste to reduce operating costs, reuse or recycle, and move forward with the rest of the Nation?" (To see how, go to: <http://www.emnrd.state.nm.us/OCD> and see "Publications")

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240

2/Ano

P.O. Drawer 1599
c/o Patrick B. McMahon
Lovington, NM 88260



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