State of New Mexico Energy, Minerals and Natural Resources Department

HOBBS OCD

Susana Martinez Governor

APR 1 7 2013

RECEIVED

John H. Bemis Cabinet Secretary

Brett F. Woods, Ph.D. Deputy Cabinet Secretary Jami Bailey, Division Director Oil Conservation Division



Response Required - Deadline Enclosed

Underground Injection Control Program "Protecting Our Underground Sources of Drinking

17-Apr-13

APACHE CORPORATION ATTN: REGULATORY MANAGER 303 VETERANS AIRPARK LANE STE. 3000 MIDLAND, TX 79705-4561

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

NORTH MON	30-025-04053-00-00		
		Active Injection - (All Types)	N-25-19S-36E
Test Date:	3/7/2013	Permitted Injection PSI:	Actual PSI:
Test Reason:	Annual IMIT	Test Result: F	Repair Due: 6/10/2013
Test Type:	Bradenhead Test	FAIL TYPE: Other Internal Failure	FAIL CAUSE:
Comments on	MIT: **FAILED BHT-	WELL HAS HISTORY OF PRESSURE ON CAS	ING; NO RECORD OF WORK
	PERFORMED S	INCE CONVERSION IN 2000**OPERATOR IN V	IOLATION OF NMOCD
	RULE 19.15.26.1	****	
NORTH MON	30-025-04060-00-00		
		Active Injection - (All Types)	G-25-19S-36E
Test-Date:	-3/7/2013	Permitted Injection PSI:	Actual PSI:
Test Reason:	Annual IMIT	Test Result: F	Repair Due: 6/10/2013
Test Type:	Bradenhead Test	FAIL TYPE: Other Internal Failure	FAIL CAUSE:
Comments on	MIT: ***BHT FAILUF	RE***CASING PRESSURE 650# ON CASING, 72	5# ON TUBING; POSSIBLE
	COMMUNICAT	ION BETWEEN CASING AND TUBING;**OPEF	ATOR IN VIOLATION OF NMOCD
	RULE 19.15.26.1	1***	

	UMENT (G/SA UNIT No.003			30-025-05629-00-00		
			Active Injection - (All Types)		C-18-19S-37E		
Test Date:	3/6/2013		Permitted Injection PSI:	Actual PSI:			
Test Reason:	Annual II	MIT	Test Result: F	Repair Due:	6/9/2013		
Test Type:	Bradenhe			FAIL CAUSE:			
Comments on N		BHT FAILURE***36	0# ON INTERMEDIATE CASING AND 300	# ON PRODU	CTION CASING;		
			ATION BETWEEN INTERMEDIATE AND				
	***	*OPERATOR IN VIO	LATION OF NMOCD RULE 19.15.26.11***	*			
NORTH MON	IMENT (G/SA UNIT No.011			30-025-05636-00-00		
nonimion		J/5A 01111 10,011	Active Injection - (All Types)		K-18-19S-37E		
Test Date:	3/6/2013		Permitted Injection PSI:	Actual PSI:	R to the other		
Test Reason:	Annual II		Test Result: F	Repair Due:	6/9/2013		
Test Type:	Bradenhe		FAIL TYPE: Other Internal Failure	FAIL CAUSE:	01912010		
Comments on N					TUBING. POSSIBLE		
Comments on MIT: ***BHT FAILURE***600# OF PRESSURE SHOW OF OIL ON CASING, 720# ON TUBING. POSSIBLE COMMUNICATION BETWEEN TUBING AND CASING**OPERATOR IN VIOLATION OF NMOCD							
		LE 19.15.26.11***					
NORTH MON	IMENT	G/SA UNIT No.005			30-025-05727-00-00		
nokinimon	UNIENT .	5/5A 0111 110.005	Active Injection - (All Types)		E-29-19S-37E		
Test Date:	3/8/2013		Permitted Injection PSI:	Actual PSI:	127 196 STE		
Test Bate. Test Reason:	Annual I		Test Result: F	Repair Due:	6/11/2013		
Test Type:	Bradenhe			FAIL CAUSE:	0/11/2015		
Comments on N			0# PRESSURE -OIL ON CASING (NO WOR		ED IN HISTORY SINCE		
			VIOLATION OF NMOCD RULE 19.15.26.				
NODTH MON		G/SA UNIT No.013			30-025-05752-00-00		
NUKTHIMUN	UNENI	JA UNII NU.UIJ	Active Injection - (All Types)		M-30-19S-37E		
Test Date:	3/8/2013		Permitted Injection PSI:	Actual PSI:	WI-JU-17J-J7L		
Test Bate: Test Reason:	Annual I		Test Result: F	Repair Due:	6/11/2013		
Test Type:	Bradenhe			FAIL CAUSE:	0/11/2015		
Comments on N							
	AIT• ***	BHT FAILURF***60	0# PRESSURE SHOW OF OIL ON CASING	1 //3#08 1136	SING PRESSURE:		
Comments on 1			0# PRESSURE SHOW OF OIL ON CASING ATION BETWEEN TUBING AND CASING				
	POS		ATION BETWEEN TUBING AND CASING				
	POS NM	SSIBLE COMMUNIC OCD RULE 19.15.26.	ATION BETWEEN TUBING AND CASING		OR IN VIOLATION OF		
	POS NM	SSIBLE COMMUNIC	ATION BETWEEN TUBING AND CASING		OR IN VIOLATION OF 30-025-05755-00-00		
NORTH MON	POS NM UMENT (SSIBLE COMMUNIC OCD RULE 19.15.26. G /SA UNIT No.015	ATION BETWEEN TUBING AND CASING 11**** Active Injection - (All Types)	G, ***OPERAT	OR IN VIOLATION OF		
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1625 N. French Drive • Hobbs, New Mexico 88240 Phone (575) 393-6161 • Fax (575) 393-0720 • www.emnrd.state.nm.us/ocd

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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, OCD District Office CE UFFICER

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



APACHE CORP. ATTN: JIM ELLISON/LOU PHILLIPS 17 HESS LANE MONUMENT, NM 88265

EMNRD OIL CONSERVATION DIVISION 1625 N FRENCH DRIVE HOBBS NM 88240



APACHE CORPORATION ATTN: REGULATORY MANAGER 303 VETERANS AIRPARK LANE STE. 3000 MIDLAND, TX 79705-4561