

State of New Mexico  
Energy, Minerals and Natural Resources Department

Susana Martinez  
Governor

HOBBS OCD

David Martin  
Cabinet Secretary

JUL 01 2014

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

RECEIVED

Jami Bailey, Division Director  
Oil Conservation Division



**\*Response Required - Deadline Enclosed\***

*Field Inspection Program*

*"Preserving the Integrity of Our Environment"*

01-Jul-14

**CHEVRON U S A INC**

ATTN: SANDY STEDMAN-DANIEL 1400 SMITH  
HOUSTON TX 77002

**LETTER OF VIOLATION - Inspection**

Dear Operator:

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***

| WEST DOLLARHIDE DRINKARD UNIT No.042 |                 |   |            | A-32-24S-38E                 | 30-025-12321-00-00        |                |
|--------------------------------------|-----------------|---|------------|------------------------------|---------------------------|----------------|
| Inspection Date                      | Type Inspection | Inspector   | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 07/01/2014                           | Bradenhead      | Sylvia Dickey   | Yes        | No                           | 10/4/2014                 | iSAD1418249617 |
| Comments on Inspection:              |                 | BHT 05/13/2014; ANNUAL UIC TESTING; ***OPERATOR IN VIOLATION OF NMOCED RULE 19.15.5.11***ENFORCEABILITY OF PERMITS AND ADMINISTRATIVE ORDERS***PER WFX-646 OPERATOR'S APPROVED INJECTION PRESSURE IS 1316 PSIG*** |            |                              |                           |                |

| WEST DOLLARHIDE DRINKARD UNIT No.056 |                 |   |            | E-33-24S-38E                 | 30-025-12349-00-00        |                |
|--------------------------------------|-----------------|---|------------|------------------------------|---------------------------|----------------|
| Inspection Date                      | Type Inspection | Inspector   | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
| 07/01/2014                           | Bradenhead      | Sylvia Dickey   | Yes        | No                           | 10/4/2014                 | iSAD1418249919 |
| Comments on Inspection:              |                 | BHT 05/13/2014; ANNUAL UIC TESTING; ***OPERATOR IN VIOLATION OF NMOCED RULE 19.15.26.11***INJECTING OVER PRESSURE LIMIT PER INJECTION PRESSURE INCREASE 11/3/1994 APPROVED PRESSURE LIMIT IS 1413 PSIG*** |            |                              |                           |                |

**WEST DOLLARHIDE DRINKARD UNIT No.122**

K-32-24S-38E

**30-025-31489-00-00**

| Inspection Date   | Type Inspection | Inspector     | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|-----------------|---------------|------------|------------------------------|---------------------------|----------------|
| 07/01/2014  | Bradenhead      | Sylvia Dickey | Yes        | No                           | 10/4/2014                 | iSAD1418250374 |
| <b>Comments on Inspection:</b> BHT 06/4/2014; ANNUAL UIC TESTING; ***OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 ***INJECTING OVER PRESSURE LIMIT PER INJECTION PRESSURE INCREASE 4/20/1994 APPROVED PRESSURE LIMIT IS 1560 PSIG*** |                 |               |            |                              |                           |                |

**WEST DOLLARHIDE DRINKARD UNIT No.130**

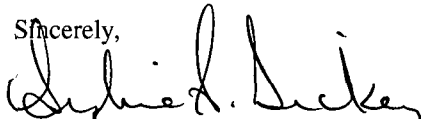
G-32-24S-38E

**30-025-32015-00-00**

| Inspection Date   | Type Inspection | Inspector     | Violation? | *Significant Non-Compliance? | Corrective Action Due By: | Inspection No. |
|---|-----------------|---------------|------------|------------------------------|---------------------------|----------------|
| 07/01/2014  | Bradenhead      | Sylvia Dickey | Yes        | No                           | 10/4/2014                 | iSAD1418250488 |
| <b>Comments on Inspection:</b> BHT 06/4/2014; ANNUAL UIC TESTING; ***OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 ***INJECTING OVER PRESSURE LIMIT PER INJECTION PRESSURE INCREASE 4/20/1994 APPROVED PRESSURE LIMIT IS 1580 PSIG*** |                 |               |            |                              |                           |                |

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,



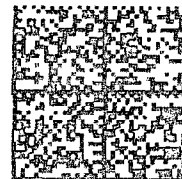
Hobbs OCD District Office

**COMPLIANCE OFFICER**

**Note:** Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

\*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      | US POSTAGE |
|        | <b>\$0.48</b>     |            |
|        | 07/01/14          |            |
|        | Mailed From 88240 |            |

CHEVRON USA INC.  
ATTN: SANDY STEDMAN-DANIEL  
1400 SMITH ROAD  
HOUSTON, TX 77002