State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

Ken McQueen

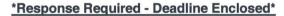
Cabinet Secretary

Matthias Sayer

Deputy Cabinet Secretary

David Catanach

Division Director



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

25-Sep-17

MATADOR PRODUCTION COMPANY

One Lincoln Centre 5400 LBJ Freeway, Ste 1500 Dallas TX 75240-5240

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

NORTHEAST KEMNITZ No.001

30-025-01911-00-00 M-15-16S-34E

Approved TA Gas (Producing)

Permitted Injection PSI: Actual PSI: Test Date: 9/22/2017

Test Reason: **TA Status Test Test Result:** Repair Due: 12/26/2017

Test Type: FAIL TYPE: Other Internal Failure **FAIL CAUSE:** Std. Annulus Pres. Test

Comments on MIT: T/A TEST FAILED, RULE: 19.15.26.11, (1ST CHART 580 TO 520 IN 9 MIN), (2ND CHART 600 TO 540

IN 9 MIN), CHARTS IN WELL FILE.

NORTHEAST KEMNITZ No.008

Test Date:

30-025-28230-00-00 Approved TA Gas (Producing) K-16-16S-34E

Permitted Injection PSI: Actual PSI: 9/22/2017

Test Reason: TA Status Test Test Result: Repair Due: 12/26/2017

FAIL TYPE: Other Internal Failure **Test Type: FAIL CAUSE:** Std. Annulus Pres. Test

T/A TEST FAILED. RULE: 19.15.26.11, (1ST CHART 570 TO 500 IN 8 MIN), (2ND CHART 600 TO **Comments on MIT:**

510 IN 10 MIN).

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, Lary Robenson

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.

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



#ASLER
FIRST-CLASS MAIL
\$000.46⁰
09/25/2017 ZIP 88240
012E14642224

MATADOR PRODUCTION COMPANY
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DALLAS, TX 75240-5240