



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Response Required – Deadline Enclosed
Underground Injection Control Program
"Protecting Our Underground Sources of Drinking Water"

22-Mar-10

OXY USA INC
PO BOX 4294
HOUSTON TX 77210

LOV NO. 02-09-140

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

LIGHTFOOT No.001

30-015-24452-00-00

J-14-24S-28E

Test Date:	11/24/2009	Expired TA Gas (Producing)	Permitted Injection PSI:	Actual PSI:	
Test Reason:	TA Status Test	Test Result:	F	Repair Due:	2/27/2010
Test Type:	Std. Annulus Pres. Test	FAIL TYPE:	Other Internal Failure	FAIL CAUSE:	
Comments on MIT:	Fluid came out of the surface valve when pressuring up.				

INSPECTION DETAIL SECTION

LIGHTFOOT No.001

J-14-24S-28E

30-015-24452-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/22/2010	File and Compliance Review	Richard Inge	Yes	No	4/22/2010	iREI1008133230

Comments on Inspection: On 11/24/09, this well was tested for TA status. Fluid came out of the surface valve when pressuring up on the casing. This well was to have been repaired by 2/27/2010.

On 1/05/10, a notice of intent to P&A the well was received by the OCD and approved provided the work was completed by 3/14/2010. This date has passed.

Please submit form c103 immediately with your plans to P&A or repair the well with the work to be done by 4/22/2010.



March 22, 2010

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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. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,

A handwritten signature in black ink that reads "Richard Inge". The signature is written in a cursive, slightly slanted style.

Artesia 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.