



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

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Director

Oil Conservation Division

*Underground Injection Control Program
"Protecting Our Most Important Source of Drinking Water"*

21-Dec-07

ENERGEN RESOURCES CORPORATION

605 21ST STREET NORTH

BIRMINGHAM AL 35203-2707

NOTICE of Failed Mechanical Integrity

Dear Operator:

The bradenhead test(s) reported on the following well or wells failed to meet mechanical integrity standards of the New Mexico Oil Conservation Division. 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 you and/or an OCD Compliance Officer employed by the Oil Conservation Division. Additional testing during the repair operation may be necessary to properly identify the full 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 a Compliance Officer may witness the test.

MECHANICAL INTEGRITY TEST DETAIL SECTION

EUL CANYON SWD No.001

30-039-26214-00-00

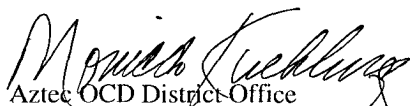
Active Salt Water Disposal Well

M-24-32N-6W

Test Date:	12/18/2007	Permitted Injection PSI:		Actual PSI:	
Test Reason:	Annual IMIT	Test Result:	F	Repair Due:	3/22/2008
Test Type:	Bradenhead Test	FAIL TYPE:	Other Internal Failure	FAIL CAUSE:	
Comments on MIT:	bradenhead blew down in 30 seconds through 1/4 in valve - bradenhead started bubbling in 15 minutes then blurred chemical rest of test - shut-in pressure was 10 lbs - casing rose 60 lbs while test running 35 minutes - blew casing down to see if affected tubing - did not - tubing went from 138 to 160 by end of blow down of casing (Dan (foreman) and Darby (pumper) said bradenhead had had a gel squeeze since the test in June performed by Halliburton (maybe 10 gallons of gel mix went into bradenhead) prior to this test injection was shut-in at 3 a.m. Operator told to monitor casing (will put gauge on wellhead) 12-19 Henry and Charlie failed bradenhead test (told by Dan Button that Energen would be unable to get rig into well until April 1 2008 - asked operator to make top of list to get worked on as soon as gates were opened. (Asked operator to monitor bradenhead and casing)				

In the event that a satisfactory response is not received to this letter of direction by the "Repair Due:" date shown above, enforcement action will occur. Such enforcement may include this office issuing a NOTICE OF VIOLATION with a penalty and/or 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 for your violation of OCD rules.

Sincerely,


Aztec OCD District Office

Note: Bradenhead Tests are performed every 3 years. 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.

CC: Well file
D.T.M.