

NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor Joanna Prukop Cabinet Secretary

Mark Fesmire Director Oil Conservation Division

Underground Injection Control Program

"Protecting Our Underground Sources of Drinking Water"

07-Jun-04

GRUY PETROLEUM MANAGEMENT CO.

PO BOX 140907

IRVING

TX 75014-0907

NOTICE 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

AMOCO FEDERAL

No.001

Active Salt Water Disposal Well

30-015-24466-00-00

Test Date:

6/7/2004

Permitted Injection PSI:

Actual PSI:

I-27-26S-29E

Test Reason:

730

Test Type:

Annual IMIT

Test Result:

Repair Due: 6/30/2004

Bradenhead Test

FAIL TYPE: No Company Rep to Witn FAIL CAUSE:

Comments on MIT: No company representative to witness test (Second Attempt).