NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor Joanna Prukop Cabinet Secretary

Lori Wrotenbery Director Oil Conservation Division

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

04-Apr-03

MCQUADRANGLE, LC 7008 SALEM AVENUE Lubbock, TX 79424

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 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.

This well must be brought into compliance on or before July 6, 2003.

MECHANICAL INTEGRITY TEST DETAIL SECTION

Permitted Injection PSI:

Test Result:

SOUTH RED LAKE GRAYBURG UNIT 018

Annual IMIT

30-015-00627-00-00 J-35-17S-27E

Active Injection - (All Types)

Actual PSI:

FAIL CAUSE:

7/6/2003 Repair Due:

Bradenhead Test FAIL TYPE: Casing Test Type: **Comments on MIT:**

4/2/2003 11:36:46 AM

Test Date:

Test Reason:

SHUT-IN. Failed 2000 MIT

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 well bore. 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.

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