

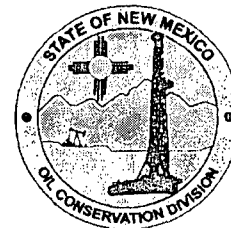
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



June 10, 2013

Mr. Travis White
Canyon E&P Company
911 Lake Carolyn Pkwy
Suite 104
Irving, TX 75039

Dear Mr. White,

According to Oil Conservation Division (OCD) records, the authority to inject into the attached list of injection wells **has terminated** pursuant to Division Rule 19.15.26.12.C NMAC. Division records show Canyon E&P Company, OGRID # 269864 (Canyon) as the operator of record of the well.

Division Rule 19.15.26.12.C NMAC states:

C. Abandonment of injection operations.

- (1) Whenever there is a continuous one year period of non-injection into all wells in an injection or storage project or into a salt water disposal well or special purpose injection well, the division shall consider the project or well abandoned, and the authority for injection shall automatically terminate ipso facto.

Canyon is out of compliance with ACO-270 and ACOI-250. Once the deadline was reached for ACOI-250, (June 15th 2012) without being fulfilled by the operator, Canyon was instructed to shut-in all of their injection wells. Inspector Inge met Mr. Meyers on location on June 19th to begin testing of their injection wells. Mr. Meyers informed Mr. Inge that the repair of the wells had not been completed. Mr. Inge instructed Mr. Meyers to shut-in and disconnect all injection wells. An LOV was issued on June 27th, 2012 reiterating this directive. As of this date, the OCD has not been contacted by Canyon to indicate that the well repairs have been made. There has been one continuous year period of non-injection.

Therefore, based upon the requirement to cease injection into their injection wells and Canyon not complying with ACOI250, the authority to inject into their wells has terminated pursuant to Division Rule 19.15.26.12.C NMAC.

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Canyon must submit a plugging procedure for these wells by July 15, 2013. The plugging procedure must set forth how the wells are going to be plugged and a timeline for completion of the plugging.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Sanchez", with a long horizontal stroke extending to the right.

Daniel Sanchez

New Mexico Underground Injection Control Program Director
Compliance and Enforcement Manager

Encl: Injection well list

CC: Terry Warnell, State Land Office
E.L. Gonzales, District I
Randy Dade, District II

Canyon E&P			6/12/2013
API#	Well Name	#	Comments
30015009410000	ARTESIA METEX UNIT	006	Lost Authority - must P&A
30015009440000	ARTESIA METEX UNIT	008	Lost Authority - must P&A
30015019640000	ARTESIA METEX UNIT	012	Lost Authority - must P&A
30015009420000	ARTESIA METEX UNIT	016	Lost Authority - must P&A
30015011960000	ARTESIA METEX UNIT	020	Lost Authority - must P&A
30015021400000	ARTESIA METEX UNIT	032	Lost Authority - must P&A
30015009630000	ARTESIA METEX UNIT	035	Lost Authority - must P&A
30015009540000	ARTESIA METEX UNIT	040	Lost Authority - must P&A
30015021360000	ARTESIA METEX UNIT	041	Lost Authority - must P&A
30015009590000	ARTESIA METEX UNIT	045	Lost Authority - must P&A
30015021410000	ARTESIA METEX UNIT	049	Lost Authority - must P&A
30015009600000	ARTESIA METEX UNIT	052	Lost Authority - must P&A
30015009560000	ARTESIA METEX UNIT	054	Lost Authority - must P&A
30015009870000	ARTESIA METEX UNIT	056	Lost Authority - must P&A
30015009910000	ARTESIA METEX UNIT	058	Lost Authority - must P&A
30005601610000	DOUBLE L QUEEN UNIT	003	Lost Authority - must P&A
30005601640000	DOUBLE L QUEEN UNIT	004	Lost Authority - must P&A
30005601270000	DOUBLE L QUEEN UNIT	001H	Lost Authority - must P&A
30005203070000	DOUBLE L QUEEN UNIT	001I	Lost Authority - must P&A
30005600780000	DOUBLE L QUEEN UNIT	001K	Lost Authority - must P&A
30005601170000	DOUBLE L QUEEN UNIT	001R	Lost Authority - must P&A
30005600840000	DOUBLE L QUEEN UNIT	001Y	Lost Authority - must P&A
30005203080000	DOUBLE L QUEEN UNIT	002H	Lost Authority - must P&A
30005203480000	DOUBLE L QUEEN UNIT	002I	Lost Authority - must P&A
30005203460000	DOUBLE L QUEEN UNIT	003L	Lost Authority - must P&A
30005203380000	DOUBLE L QUEEN UNIT	003Q	Lost Authority - must P&A
30005601530000	DOUBLE L QUEEN UNIT	003Y	Lost Authority - must P&A
30005600800000	DOUBLE L QUEEN UNIT	004G	Lost Authority - must P&A
30005203390000	DOUBLE L QUEEN UNIT	004Q	Lost Authority - must P&A
30005203950000	DOUBLE L QUEEN UNIT	009Q	Lost Authority - must P&A
30005605800000	KUCHEMANN	002	Lost Authority - must P&A
30015047940000	NORTHEAST SQUARE LAKE PREMIER UNIT	003	Lost Authority - must P&A
30015047880000	NORTHEAST SQUARE LAKE PREMIER UNIT	005	Lost Authority - must P&A

30015047850000	NORTHEAST SQUARE LAKE PREMIER UNIT	008	Lost Authority - must P&A
30015048310000	NORTHEAST SQUARE LAKE PREMIER UNIT	012	Lost Authority - must P&A
30015048370000	NORTHEAST SQUARE LAKE PREMIER UNIT	021	Lost Authority - must P&A
30015048450000	NORTHEAST SQUARE LAKE PREMIER UNIT	025	Lost Authority - must P&A
30005621920000	O'BRIEN P	001	Lost Authority - must P&A
30005620700000	TWIN LAKES SAN ANDRES UNIT	001	Lost Authority - must P&A
30005606480000	TWIN LAKES SAN ANDRES UNIT	002	Lost Authority - must P&A
30005605790000	TWIN LAKES SAN ANDRES UNIT	004	Lost Authority - must P&A
30005605960000	TWIN LAKES SAN ANDRES UNIT	006	Lost Authority - must P&A
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30005605630000	TWIN LAKES SAN ANDRES UNIT	011	Lost Authority - must P&A
30005605580000	TWIN LAKES SAN ANDRES UNIT	013	Lost Authority - must P&A
30005625650000	TWIN LAKES SAN ANDRES UNIT	015	Lost Authority - must P&A
30005600390000	TWIN LAKES SAN ANDRES UNIT	017	Lost Authority - must P&A
30005605600000	TWIN LAKES SAN ANDRES UNIT	019	Lost Authority - must P&A
30005606580000	TWIN LAKES SAN ANDRES UNIT	021	Lost Authority - must P&A
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30005605210000	TWIN LAKES SAN ANDRES UNIT	027	Lost Authority - must P&A
30005607950000	TWIN LAKES SAN ANDRES UNIT	032	Lost Authority - must P&A
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30005600260000	TWIN LAKES SAN ANDRES UNIT	035	Lost Authority - must P&A
30005606960000	TWIN LAKES SAN ANDRES UNIT	040	Lost Authority - must P&A
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30005602910000	TWIN LAKES SAN ANDRES UNIT	046	Lost Authority - must P&A
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30005611350000	TWIN LAKES SAN ANDRES UNIT	057	Lost Authority - must P&A
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30005609200000	TWIN LAKES SAN ANDRES UNIT	061	Lost Authority - must P&A
30005625630000	TWIN LAKES SAN ANDRES UNIT	063	Lost Authority - must P&A
30005610070000	TWIN LAKES SAN ANDRES UNIT	068	Lost Authority - must P&A
30005608850000	TWIN LAKES SAN ANDRES UNIT	070	Lost Authority - must P&A

30005602480000	TWIN LAKES SAN ANDRES UNIT	074	Lost Authority - must P&A
30005608090000	TWIN LAKES SAN ANDRES UNIT	076	Lost Authority - must P&A
30005609950000	TWIN LAKES SAN ANDRES UNIT	078	Lost Authority - must P&A
30005609930000	TWIN LAKES SAN ANDRES UNIT	081	Lost Authority - must P&A
30005607940000	TWIN LAKES SAN ANDRES UNIT	086	Lost Authority - must P&A
30005610060000	TWIN LAKES SAN ANDRES UNIT	088	Lost Authority - must P&A
30005607900000	TWIN LAKES SAN ANDRES UNIT	091	Lost Authority - must P&A
30005611070000	TWIN LAKES SAN ANDRES UNIT	095	Lost Authority - must P&A
30005611050000	TWIN LAKES SAN ANDRES UNIT	100	Lost Authority - must P&A
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30005611040000	TWIN LAKES SAN ANDRES UNIT	107	Lost Authority - must P&A
30005617720000	TWIN LAKES SAN ANDRES UNIT	109	Lost Authority - must P&A
30005614530000	TWIN LAKES SAN ANDRES UNIT	111	Lost Authority - must P&A
30005616040000	TWIN LAKES SAN ANDRES UNIT	113	Lost Authority - must P&A
30005617360000	TWIN LAKES SAN ANDRES UNIT	118	Lost Authority - must P&A
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