State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez Governor

David Martin Cabinet Secretary

Brett F. Woods, Ph.D. Deputy Cabinet Secretary David Catanach, Director Oil Conservation Division



Response Required - Deadline Enclosed

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

30-Mar-16

MEMORIAL PRODUCTION OPERATING, LLC 500 DALLAS SUITE 1800 HOUSTON TX 77002-

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, <u>the well(s) must be shut-in</u> <u>immediately</u> 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.

BURNHAM (30-015-04049-00-0			
		Active Injection - (All Types)		P-2-17S-30E
Test Date:	3/22/2016	Permitted Injection PSI:	Actual PSI:	
Test Reason:	5-year Test	Test Result: F	Repair Due:	6/25/2016
Test Type:	Std. Annulus Pres. Test	FAIL TYPE: Other Internal Failure	FAIL CAUSE:	
Comments on	MIT: Informed by operator, v	well will not pass MIT.		
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URNHAM G	RAYBURG SAN ANDRES			30-015-04056-00-00
SURNHAM G	RAYBURG SAN ANDRES			30-015-04056-00-0 F-2-17S-30E
BURNHAM G Test Date:	RAYBURG SAN ANDRES	S UNIT No.001D	Actual PSI:	30-015-04056-00-0(F-2-17S-30E
		S UNIT No.001D Active Injection - (All Types)	Actual PSI: Repair Due:	
Test Date:	3/23/2016	S UNIT No.001D Active Injection - (All Types) Permitted Injection PSI:	•	F-2-17S-30E

Active Injection - (All Types) P-19-16S-31E Test Date: 3/23/2016 Permitted Injection PSI: Actual PSI: Test Reason: Post Workover Test Test Result: F Repair Due: 6/26/2016 Test Type: Sid. Annulus Pres. Test FAIL TYPE: Permit Violation FAIL CAUSE: 02000 Comments on MIT: Repaired? Failure on 2/10/15 5/19/15 - intend to P&A. Well not plugged. No c103 subsequent. 30-015-10322-00-00 NORTH SQUARE LAKE UNIT No.005 Active Injection - (All Types) I-20-16S-31E Test Date: 3/23/2016 Permitted Injection PSI: Actual PSI: Test Result: F Repair Due: 6/26/2016 Test Type: Std. Annulus Pres. Test FAIL TYPE: Permit Violation FAIL CAUSE: Comments on MIT: Repaired? Failure on 2/10/15 5/19/15 - intend to P&A Weil not plugged. Shut-in. looks like it might have been repaired. No c103 subsequent. LOCO HILLS A FEDERAL No.002 Active Injection - (All Types) N-10-17S-30E Test Date: 3/22/2016 Permitted Injection PSI: Actual PSI: 1750 Test Date: 3/22/2016 Permitted Injection - (All Types) B-10-17S-30E Test Type: Std. Ann	NORTH SQU	ARE LAKE UNIT No.012			30-015-04856-00-00				
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Test Date:3/22/2016Permitted Injection PSI:Actual PSI:1900Test Reason:5-year TestTest Result:FRepair Due:6/25/2016Test Type:Std. Annulus Pres. TestFAIL TYPE: Other Internal FailureFAIL CAUSE:Comments on MIT:Well will not hold pressure. Fluid came from ground around casing.30-015-20696-00-00Active Injection - (All Types)H-10-17S-30ETest Date:3/22/2016Test Reason:5-year TestTest Result:FRepair Due:6/25/2016Test Reason:5-year TestTest Result:FRepair Due:6/25/2016Test Reason:5-year TestTest Result:FRepair Due:6/25/2016Test Type:Std. Annulus Pres. TestFAIL TYPE: Other Internal FailureFAIL CAUSE:			Active Injection - (All Types)						
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Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE: Comments on MIT: Well will not hold pressure. Fluid came from ground around casing. FAIL CAUSE: FEDERAL R No.008 Active Injection - (All Types) 30-015-20696-00-00 Active Injection - (All Types) H-10-17S-30E Test Date: 3/22/2016 Permitted Injection PSI: Actual PSI: 750 Test Reason: 5-year Test Test Result: F Repair Due: 6/25/2016 Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:	Test Reason:		Test Result: F	Repair Due:	6/25/2016				
FEDERAL R No.008 30-015-20696-00-00 Active Injection - (All Types) H-10-17S-30E Test Date: 3/22/2016 Permitted Injection PSI: Actual PSI: 750 Test Reason: 5-year Test Test Result: F Repair Due: 6/25/2016 Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:	Test Type:	•	FAIL TYPE: Other Internal Failure	FAIL CAUSE;					
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Test Date:3/22/2016Permitted Injection PSI:Actual PSI:750Test Resson:5-year TestTest Result:FRepair Due:6/25/2016Test Type:Std. Annulus Pres. TestFAIL TYPE: Other Internal FailureFAIL CAUSE:	FEDERAL R N	30-015-20696-00-00							
Test Reason: 5-year Test Test Result: F Repair Due: 6/25/2016 Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:			Active Injection - (All Types)		H-10-17S-30E				
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:	Test Date:	3/22/2016	Permitted Injection PSI:	Actual PSI:	750				
	Test Reason:	5-year Test	Test Result: F	Repair Due:	6/25/2016				
Comments on MIT: Well will not hold pressure. 15 bbls then went on vacuum.	Test Type:	Std. Annulus Pres. Test	FAIL TYPE: Other Internal Failure	FAIL CAUSE:					
	Comments on N	MIT: Well will not hold pressu	re. 15 bbls then went on vacuum.						

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.

Sincerely,

RUHARD INGS

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.