NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor **Betty Rivera** Cabinet Secretary

Lori Wrotenbery Director Oil Conservation Division

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

05-Apr-02

GPII ENERGY INC PO BOX 50682 MIDLAND, TX 79710-

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.

Please be advised that failure to comply with this directive will result in an application for an order to Show Cause why the bond should not be forfeited, the well plugged and civil penalties assessed.

Please notify the proper district office of the Division at least 48 hours prior to the date and time that repairs will be attempted so that such operations may be witnessed by a field representative.

Permitted Injection PSI:

MECHANICAL INTEGRITY TEST DETAIL SECTION

BURNHAM	GRAYBURG	SAN ANDRES	UNIT 003A
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30-015-04058-00-00

H-2-17S-30E

Test Date: Test Reason:

3/27/2002 1:15:56 PM Annual IMIT

Test Result: FAIL TYPE: Tubing Actual PSI:

5/27/2002 Renair Due:

Bradenhead Test Comments on MIT: Failed 2000 MIT.

FAIL CAUSE:

FEDERAL O 001

FEATHERSTONE 005

Test Type:

Active Injection - (All Types)

Active Injection - (All Types)

Active Injection - (All Types)

30-015-04068-00-00 4-3-17S-30E

3-2-17S-31E

3/27/2002 12:37:08 PM Test Date: Annual IMIT Test Reason:

Permitted Injection PSI: Test Result: FAIL TYPE: Tubing

Actual PSI: 5/27/2002 Repair Due:

Bradenhead Test Test Type: Comments on MIT: Failed 2000 MIT. FAIL CAUSE:

30-015-05034-00-00

3/27/2002 1:24:06 PM Test Date: Annual IMIT Test Reason:

Permitted Injection PSI: Test Result:

Actual PSI: Repair Due:

5/27/2002

Test Type: Bradenhead Test Comments on MIT: Failed 2000 MIT FAIL TYPE: Casing

FAIL CAUSE:

FEDERAL JJ 002

Active Injection - (All Types)

30-015-20314-00-00 L-3-17S-30E

3/27/2002 12:29:00 PM Test Date: Annual IMIT Test Reason:

Permitted Injection PSI: Test Result:

Actual PSI:

6/30/2002

Test Type:

Bradenhead Test

FAIL TYPE: Tubing

Repair Due: **FAIL CAUSE:**

Comments on MIT: Failed 2000 MIT and no repairs.

3/27/2002 12:48:07 PM

FEDERAL KK 001

Test Date:

Test Reason:

Active Injection - (All Types)

F

30-015-20315-00-00 P-3-17S-30E

Permitted Injection PSI: Test Result:

Actual PSI:

Repair Due: 5/27/2002

Comments on MIT: Failed 2000 MIT.

Bradenhead Test Test Type:

Annual IMIT

FAIL CAUSE:

LOCO HILLS A FEDERAL 006

Active Injection - (All Types)

30-015-20611-00-00

Test Date: 3/27/2002 11:54:25 AM

Permitted Injection PSI:

D-15-17S-30E **Actual PSI:**

Test Reason: **Annual IMIT** Test Type: Bradenhead Test Test Result:

FAIL TYPE: Tubing

Repair Due: 4/12/2002

FAIL TYPE: Other Internal Failure

Comments on MIT: Injection pressure over limit.

FAIL CAUSE:

LOCO HILLS B FEDERAL 007

Active Injection - (All Types)

30-015-20674-00-00 N-9-17S-30E

Test Date: 3/27/2002 11:36:47 AM

Permitted Injection PSI:

Actual PSI:

FAIL CAUSE:

Test Reason: Annual IMIT Bradenhead Test Test Type:

Test Result: FAIL TYPE: Casing

Repair Due: 6/30/2002

Failed 2000 MIT. No injection line. Comments on MIT:

Thank you for your prompt attention to this matter and your efforts in helping to protect our ground water

Sincerely,

Oil Conservation Division, District II

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,