



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenberg
Director
Oil Conservation Division

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8 August 2002

Via Certified Mail

G P II Energy, Inc.
P.O. Box 50682
Midland, Texas 79710

RE: NOTICE OF VIOLATION: NMOCD Rule 19.15.9.703 and 19.15.9.705
G P II Energy, Inc.

Burnham Grayburg SA Ut #3	H-2-17-30	API# 30-015-04058
Featherstone # 5	C-2-17-31	API# 30-015-05034
Federal KK # 1	P-3-17-30	API# 30-015-20315
Federal Q # 1	D-3-17-30	API# 30-015-04068

Dear Sirs:

This letter shall serve as a Notice of Violation of the rules of the New Mexico Oil Conservation Division.

All of these wells failed a MIT in February 2000 and G P II Energy, Inc. was notified verbally at that time. G P II Energy, Inc. was by letters dated 4-5-2002, 5-31-2002, and 6-4-2002 notified about this matter. This certified letter is being sent in part because all directives have brought no response. The OCD is in receipt of C-103 forms dated 3-9-2001 and 6-5-2002 indicating work will be done "when rig becomes available". Inspections in July and August found no work had been done.

Rule 19.15.9.703 of the New Mexico Oil Conservation Division provides as follows:

19.15.9.703 OPERATION AND MAINTENANCE

A. Injection wells shall be equipped, operated, monitored, and maintained to facilitate periodic testing and to assure continued mechanical integrity which will result in no significant leak in the tubular goods and packing materials used and no significant fluid movement through vertical channels adjacent to the well bore.

B. Injection project, including injection wells and producing wells and all related surface facilities shall be operated and maintained at all times in such a manner as will confine the injected fluids to the interval or intervals approved and prevent surface damage or pollution resulting from leaks, breaks, or spills.

C. Failure of any injection well, producing well, or surface facility, which failure may endanger underground sources of drinking water, shall be reported under the "Immediate Notification" procedure of Rule 116.

D. Injection well or producing well failures requiring casing repair or cementing are to be reported to the Division prior to commencement of workover operations.

E. Injection wells or projects which have exhibited failure to confine injected fluids to the authorized injection zone or zones may be subject to restriction of injection volume and pressure, or shutin, until the failure has been identified and corrected.

[7-1-81...2-1-96; 19.15.9.703 NMAC - Rn, 19 NMAC 15.1.703, 11-30-00]