



May 20, 2002

New Mexico Energy, Minerals and
Natural Resources Department
1301 W. Grand Ave.
Artesia, New Mexico 88210

Dear Sir or Madame,

With regards to your letter of May 2, 2002, please note the following:

Ballard Grayburg SA unit 002 (20-015-03291) Well #10-02 ←

We could find no record of a failed MIT on this well. Mr. Larry Pickerel of Anadarko is correcting this matter with your field inspector. We believe that this failure actually occurred in the Ballard Unit 10-01 (30-015-03308) which has recently been plugged. An MIT was run on the #10-02 on May 7, 2002 and passed. It was witnessed by Gerry Guye of your office.

Regarding the **Ballard Grayburg SA Unit 001Q (30-015-24244) Well #16-1**, we now have a plugging rig on this well.

Regards,

R.N. Mueller
Sr. Staff Production Engineer

cc: Well files

Unable to determine if 2000 failure was
actually this well. Scheduled for pressure
test in 2003.

NEW MEXICO ENERGY, MINERALS and 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"*

02-May-02

ANADARKO PETROLEUM CORP
PO BOX 2497
MIDLAND, TX 79702-

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.

In the event that a satisfactory response is not received to this letter of direction by July 29, 2002, 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. Such a hearing may result in imposition of **CIVIL PENALTIES** for your violation of OCD rules.

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.

MECHANICAL INTEGRITY TEST DETAIL SECTION

BALLARD GRAYBURG SA UNIT 002

30-015-03291-00-00
D-4-18S-29E

Active Injection - (All Types)

Test Date: 4/25/2002 10:26:56 AM	Permitted Injection PSI:	Actual PSI:
Test Reason: Annual IMIT	Test Result: F	Repair Due: 7/29/2002
Test Type: Bradenhead Test	FAIL TYPE: Tubing	FAIL CAUSE:

Comments on MIT: Failed 2000 MIT. Well was required to be SHUT-IN pending completed repairs. Records this office show no repairs have been authorized or completed. Operator is reporting injection through February 2002. This is considered to be a SIGNIFICANT NON-COMPLIANCE and shall be reported to EPA.

BALLARD GRAYBURG SA UNIT 001Q

30-015-24244-00-00
F-17-18S-29E

Active Injection - (All Types)

Test Date: 4/25/2002 2:23:38 PM	Permitted Injection PSI:	Actual PSI:
Test Reason: Annual IMIT	Test Result: F	Repair Due: 7/29/2002
Test Type: Bradenhead Test	FAIL TYPE: Tubing	FAIL CAUSE:

Comments on MIT: Not Tested - Failed 2000 MIT - Intent to Plug submitted 3/19/01. No further action taken..

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

Cc: David Catanach (Santa Fe)

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.