

February 10, 2011

REPLY TO: 6EN-WR

Ms. Gwen Frost  
Burlington Resources  
PO Box 4289  
Farmington, NM 87499

RECEIVED OCD

2011 FEB 14 P 1:12

RCVD FEB 17 '11

OIL CONS. DIV.

DIST. 3

Re: Requirement to Conduct Mechanical Integrity Test/Injection Pressure Violation  
Permit No.: 06SNMU1P9024  
Well No.: Ute 1  
Location: SW/4, Sec. 11, T 32N, R 14W  
San Juan County, New Mexico

30-045-11475

Dear Ms. Frost:

The enclosed report of a December 16, 2010, inspection indicates that the referenced well does not have mechanical integrity as required by Federal Underground Injection Control (UIC) regulations and the referenced permit. Therefore, you must test mechanical integrity of the well within 15 days after receipt of this letter. Please send us a copy of a chart recording showing annulus and injection pressure during a test of at least 30 minutes duration. Apply at least 200 psig pressure to the annulus and assure that tubing and annulus pressure differ by at least 100 psig during the test.

We also noted on an annual report form dated February 1, 2011, that you reported maximum injection pressure of 860 psig in December 2010. This exceeds 650 psig which is the maximum pressure authorized at the wellhead by the referenced permit. Please take whatever steps are necessary to limit injection pressure at this well to that authorized by the permit.

If you do not test the well or comply with all permit conditions, as required, we may terminate authorization to inject for the well. Please contact me at 214-665-6459 if you have any questions.

Sincerely yours,

Ronald Van Wyk  
Environmental Engineer  
Water Resources Section

Enclosure

cc: New Mexico Oil Conservation Division  
BIA, Southwest Regional Office  
BLM, Farmington Field Office  
Rick Davis  
Ute Mountain Ute