LOGGED IN 5-3-04

TYPE IPI

PSEM 0412451414

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

| Applic | ation Acronyme | | AT THE DIVISION LEVEL IN SANTA PE | |
|----------|--|--|--|---------------------------------|
| | [DHC-Down [PC-Po | ol Commingling] [OLS - Off-Leas [WFX-Waterflood Expansion] [Pl | Commingling] [PLC-Pool/Leas e Storage] [OLM-Off-Lease Me // IX-Pressure Maintenance Expan IPI-Injection Pressure Increase | e Commingling] asurement] sion] |
| [1] | TYPE OF AP [A] | PLICATION - Check Those Which Location - Spacing Unit - Simultar NSL NSP SD | | |
| | Check [B] | One Only for [B] or [C] Commingling - Storage - Measure DHC CTB PLC | | M |
| | [C] | Injection - Disposal - Pressure Inco | rease - Enhanced Oil Recovery D | R |
| | [D] | Other: Specify | | |
| [2] | NOTIFICATI [A] | ON REQUIRED TO: - Check The Working, Royalty or Overridi | | Apply |
| | [B] | Offset Operators, Leaseholder | rs or Surface Owner | |
| | [C] | Application is One Which Re | quires Published Legal Notice | |
| | . [D] | Notification and/or Concurrer U.S. Bureau of Land Management - Commiss | nt Approval by BLM or SLO loner of Public Lands, State Land Office | |
| | [E] | For all of the above, Proof of | Notification or Publication is Atta | ched, and/or, |
| | [F] | Waivers are Attached | | |
| [3] | | CURATE AND COMPLETE INF TION INDICATED ABOVE. | ORMATION REQUIRED TO I | PROCESS THE TYPE |
| | al is accurate are tion until the rec | TON: I hereby certify that the informat complete to the best of my knowled uired information and notifications Statement must be completed by an indiv | edge. I also understand that no act are submitted to the Division. | etion will be taken on this |
| | ,,,,,, | The state of the s | waa. Ami managenal androi superviso | у ошраску. |
| Print or | Type Name | Signature | Title | Date |
| | | | e-mail Address | |

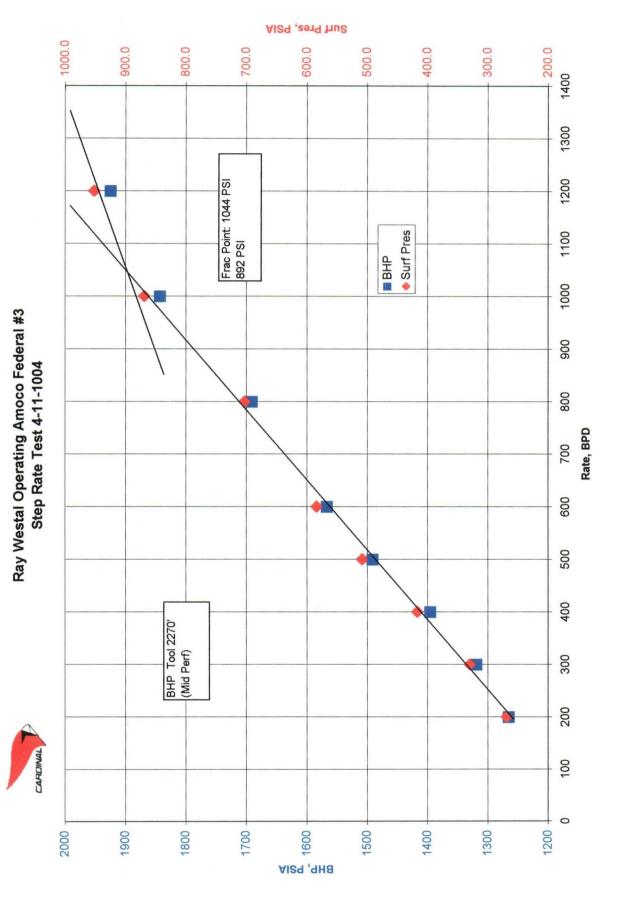


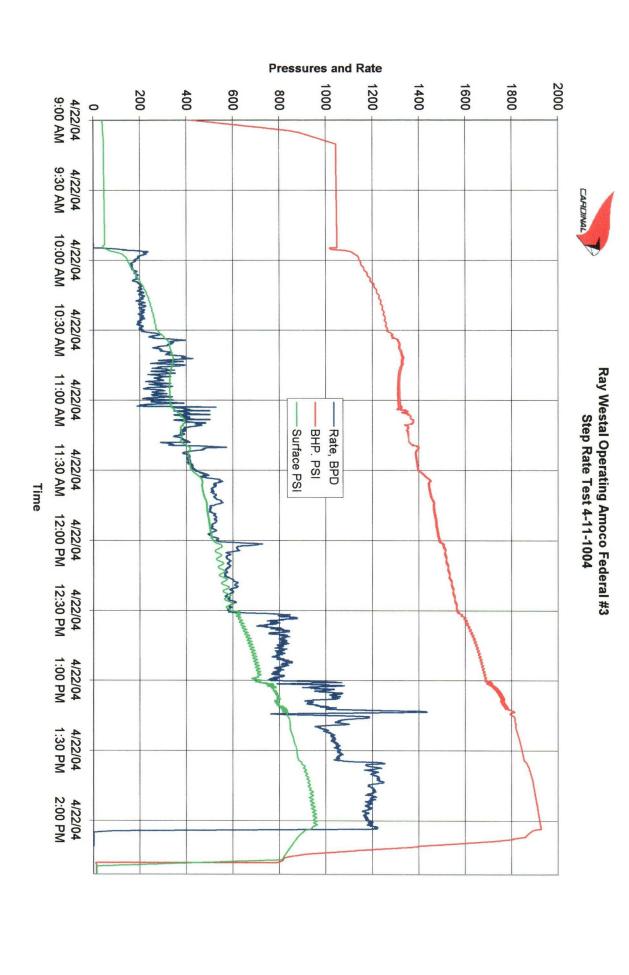
Ray Westal Operating Amoco Federal #3

Step Rate Test: 4-22-2004

Cardinal Surveys Company

G 21 195 31 E 30-015-24986 SWD-778





| TIME | RATE | BH PSI | SURF. PSI | TOTAL BBL |
|----------|------|--------|-----------|-----------|
| 10:30 AM | 200 | 1264.7 | 268.8 | 4.21 |
| 11:00 AM | 300 | 1318.4 | 329.9 | 9.07 |
| 11:30 AM | 400 | 1395 | 416.9 | 17.86 |
| 12:00 PM | 500 | 1490.5 | 508.2 | 23.61 |
| 12:30 PM | 600 | 1566.4 | 583.7 | 30.5 |
| 1:00 PM | 800 | 1690.7 | 703.0 | 42.2 |
| 1:30 PM | 1000 | 1842.6 | 869.1 | 62.4 |
| 2:00 PM | 1200 | 1924.6 | 952.3 | 88.3 |



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop Cabinet Secretary Oil Conservation Division

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

26-Mar-04

RAY WESTALL PO BOX 4 LOCO HILLS NM 88255-0000

NOTICE 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, the well(s) 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 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.

| | MECHANI | SECTION | | | | |
|-----------------------------|--|--|---|--|--|--|
| CULWIN QUI | 3/22/2004 1:18:31 PM Annual IMIT | Active Injection - (All Types) Permitted Injection PSI: Test Result: F FAIL TYPE: Permit Violation | Actual PSI: Repair Due: FAIL CAUSE: | 30-015-04584-00-00 1-1-19S-30E 1775 6/25/2004 | | |
| | Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE: Comments on MIT: Injection pressure over limit. | | | | | |
| AMOCO FED | AMOCO FEDERAL No.003 Active Salt Water Disposal Well | | | | | |
| Test Date: | 3/22/2004 2:01:46 PM | Permitted Injection PSI: | Actual PSI: | 1000 | | |
| Test Reason: | Annual IMIT | Test Result: F | Repair Due: | 6/25/2004 | | |
| Test Type: Comments on 1 | Bradenhead Test MIT: Injection pressure over I | FAIL TYPE: Permit Violation imit. | FAIL CAUSE: | | | |
| TRIGG FEDE | 30-015-25719-00-00 N-35-18S-30E | | | | | |
| Test Date: | 3/22/2004 1:37:38 PM | Permitted Injection PSI: | Actual PSI: | 1650 | | |
| Test Reason: | Annual IMIT | Test Result: F | Repair Duc: | 6/25/2004 | | |
| Test Type: Comments on 1 | Bradenhead Test MIT: Injection pressure is ove | FAIL TYPE: Permit Violation r limit | FAIL CAUSE: | | | |

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. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,

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.