

State of New Mexico  
Energy, Minerals and Natural Resources Department

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Susana Martinez  
Governor

David Martin  
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.  
Deputy Cabinet Secretary

Jami Bailey, Division Director  
Oil Conservation Division



June 10, 2013

Mr. Travis White  
Canyon E&P Company  
911 Lake Carolyn Pkwy  
Suite 104  
Irving, TX 75039

Dear Mr. White,

According to Oil Conservation Division (OCD) records, the authority to inject into the attached list of injection wells **has terminated** pursuant to Division Rule 19.15.26.12.C NMAC. Division records show Canyon E&P Company, OGRID # 269864 (Canyon) as the operator of record of the well.

Division Rule 19.15.26.12.C NMAC states:

C. Abandonment of injection operations.

- (1) Whenever there is a continuous one year period of non-injection into all wells in an injection or storage project or into a salt water disposal well or special purpose injection well, the division shall consider the project or well abandoned, and the authority for injection shall automatically terminate ipso facto.

Canyon is out of compliance with ACO-270 and ACOI-250. Once the deadline was reached for ACOI-250, (June 15<sup>th</sup> 2012) without being fulfilled by the operator, Canyon was instructed to shut-in all of their injection wells. Inspector Inge met Mr. Meyers on location on June 19<sup>th</sup> to begin testing of their injection wells. Mr. Meyers informed Mr. Inge that the repair of the wells had not been completed. Mr. Inge instructed Mr. Meyers to shut-in and disconnect all injection wells. An LOV was issued on June 27<sup>th</sup>, 2012 reiterating this directive. As of this date, the OCD has not been contacted by Canyon to indicate that the well repairs have been made. There has been one continuous year period of non-injection.

**Therefore, based upon the requirement to cease injection into their injection wells and Canyon not complying with ACOI250, the authority to inject into their wells has terminated pursuant to Division Rule 19.15.26.12.C NMAC.**

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Canyon must submit a plugging procedure for these wells by July 15, 2013. The plugging procedure must set forth how the wells are going to be plugged and a timeline for completion of the plugging.

Sincerely,

A handwritten signature in black ink, appearing to read 'Daniel Sanchez', with a long horizontal stroke extending to the right.

Daniel Sanchez

New Mexico Underground Injection Control Program Director  
Compliance and Enforcement Manager

Encl: Injection well list

CC: Terry Warnell, State Land Office  
E.L. Gonzales, District I  
Randy Dade, District II

| Canyon E&P       |                                    | 6/12/2013 |                           |
|------------------|------------------------------------|-----------|---------------------------|
| API#             | Well Name                          | #         | Comments                  |
| 30015009410000 ✓ | ARTESIA METEX UNIT                 | 006       | Lost Authority - must P&A |
| 30015009440000 ✓ | ARTESIA METEX UNIT                 | 008       | Lost Authority - must P&A |
| 30015019640000 ✓ | ARTESIA METEX UNIT                 | 012       | Lost Authority - must P&A |
| 30015009420000 ✓ | ARTESIA METEX UNIT                 | 016       | Lost Authority - must P&A |
| 30015011960000 ✓ | ARTESIA METEX UNIT                 | 020       | Lost Authority - must P&A |
| 30015021400000 ✓ | ARTESIA METEX UNIT                 | 032       | Lost Authority - must P&A |
| 30015009630000 ✓ | ARTESIA METEX UNIT                 | 035       | Lost Authority - must P&A |
| 30015009540000 ✓ | ARTESIA METEX UNIT                 | 040       | Lost Authority - must P&A |
| 30015021360000 ✓ | ARTESIA METEX UNIT                 | 041       | Lost Authority - must P&A |
| 30015009590000 ✓ | ARTESIA METEX UNIT                 | 045       | Lost Authority - must P&A |
| 30015021410000 ✓ | ARTESIA METEX UNIT                 | 049       | Lost Authority - must P&A |
| 30015009600000 ✓ | ARTESIA METEX UNIT                 | 052       | Lost Authority - must P&A |
| 30015009560000 ✓ | ARTESIA METEX UNIT                 | 054       | Lost Authority - must P&A |
| 30015009870000 ✓ | ARTESIA METEX UNIT                 | 056       | Lost Authority - must P&A |
| 30015009910000 ✓ | ARTESIA METEX UNIT                 | 058       | Lost Authority - must P&A |
| 30005601610000 ✓ | DOUBLE L QUEEN UNIT                | 003       | Lost Authority - must P&A |
| 30005601640000 ✓ | DOUBLE L QUEEN UNIT                | 004       | Lost Authority - must P&A |
| 30005601270000 ✓ | DOUBLE L QUEEN UNIT                | 001H      | Lost Authority - must P&A |
| 30005203070000 ✓ | DOUBLE L QUEEN UNIT                | 001I      | Lost Authority - must P&A |
| 30005600780000 ✓ | DOUBLE L QUEEN UNIT                | 001K      | Lost Authority - must P&A |
| 30005601170000 ✓ | DOUBLE L QUEEN UNIT                | 001R      | Lost Authority - must P&A |
| 30005600840000 ✓ | DOUBLE L QUEEN UNIT                | 001Y      | Lost Authority - must P&A |
| 30005203080000 ✓ | DOUBLE L QUEEN UNIT                | 002H      | Lost Authority - must P&A |
| 30005203480000 ✓ | DOUBLE L QUEEN UNIT                | 002I      | Lost Authority - must P&A |
| 30005203460000 ✓ | DOUBLE L QUEEN UNIT                | 003L      | Lost Authority - must P&A |
| 30005203380000 ✓ | DOUBLE L QUEEN UNIT                | 003Q      | Lost Authority - must P&A |
| 30005601530000 ✓ | DOUBLE L QUEEN UNIT                | 003Y      | Lost Authority - must P&A |
| 30005600800000 ✓ | DOUBLE L QUEEN UNIT                | 004G      | Lost Authority - must P&A |
| 30005203390000 ✓ | DOUBLE L QUEEN UNIT                | 004Q      | Lost Authority - must P&A |
| 30005203950000 ✓ | DOUBLE L QUEEN UNIT                | 009Q      | Lost Authority - must P&A |
| 30005605800000 ✓ | KUCHEMANN                          | 002       | Lost Authority - must P&A |
| 30015047940000 ✓ | NORTHEAST SQUARE LAKE PREMIER UNIT | 003       | Lost Authority - must P&A |
| 30015047880000 ✓ | NORTHEAST SQUARE LAKE PREMIER UNIT | 005       | Lost Authority - must P&A |

|                |                                    |     |                           |
|----------------|------------------------------------|-----|---------------------------|
| 30015047850000 | NORTHEAST SQUARE LAKE PREMIER UNIT | 008 | Lost Authority - must P&A |
| 30015048310000 | NORTHEAST SQUARE LAKE PREMIER UNIT | 012 | Lost Authority - must P&A |
| 30015048370000 | NORTHEAST SQUARE LAKE PREMIER UNIT | 021 | Lost Authority - must P&A |
| 30015048450000 | NORTHEAST SQUARE LAKE PREMIER UNIT | 025 | Lost Authority - must P&A |
| 30005621920000 | O'BRIEN P                          | 001 | Lost Authority - must P&A |
| 30005620700000 | TWIN LAKES SAN ANDRES UNIT         | 001 | Lost Authority - must P&A |
| 30005606480000 | TWIN LAKES SAN ANDRES UNIT         | 002 | Lost Authority - must P&A |
| 30005605790000 | TWIN LAKES SAN ANDRES UNIT         | 004 | Lost Authority - must P&A |
| 30005605960000 | TWIN LAKES SAN ANDRES UNIT         | 006 | Lost Authority - must P&A |
| 30005605980000 | TWIN LAKES SAN ANDRES UNIT         | 009 | Lost Authority - must P&A |
| 30005605630000 | TWIN LAKES SAN ANDRES UNIT         | 011 | Lost Authority - must P&A |
| 30005605580000 | TWIN LAKES SAN ANDRES UNIT         | 013 | Lost Authority - must P&A |
| 30005625650000 | TWIN LAKES SAN ANDRES UNIT         | 015 | Lost Authority - must P&A |
| 30005600390000 | TWIN LAKES SAN ANDRES UNIT         | 017 | Lost Authority - must P&A |
| 30005605600000 | TWIN LAKES SAN ANDRES UNIT         | 019 | Lost Authority - must P&A |
| 30005606580000 | TWIN LAKES SAN ANDRES UNIT         | 021 | Lost Authority - must P&A |
| 30005609650000 | TWIN LAKES SAN ANDRES UNIT         | 023 | Lost Authority - must P&A |
| 30005603340000 | TWIN LAKES SAN ANDRES UNIT         | 025 | Lost Authority - must P&A |
| 30005605210000 | TWIN LAKES SAN ANDRES UNIT         | 027 | Lost Authority - must P&A |
| 30005607950000 | TWIN LAKES SAN ANDRES UNIT         | 032 | Lost Authority - must P&A |
| 30005600330000 | TWIN LAKES SAN ANDRES UNIT         | 034 | Lost Authority - must P&A |
| 30005600260000 | TWIN LAKES SAN ANDRES UNIT         | 035 | Lost Authority - must P&A |
| 30005606960000 | TWIN LAKES SAN ANDRES UNIT         | 040 | Lost Authority - must P&A |
| 30005608290000 | TWIN LAKES SAN ANDRES UNIT         | 043 | Lost Authority - must P&A |
| 30005602910000 | TWIN LAKES SAN ANDRES UNIT         | 046 | Lost Authority - must P&A |
| 30005607960000 | TWIN LAKES SAN ANDRES UNIT         | 050 | Lost Authority - must P&A |
| 30005609610000 | TWIN LAKES SAN ANDRES UNIT         | 052 | Lost Authority - must P&A |
| 30005003490000 | TWIN LAKES SAN ANDRES UNIT         | 054 | Lost Authority - must P&A |
| 30005602970000 | TWIN LAKES SAN ANDRES UNIT         | 055 | Lost Authority - must P&A |
| 30005611350000 | TWIN LAKES SAN ANDRES UNIT         | 057 | Lost Authority - must P&A |
| 30005608070000 | TWIN LAKES SAN ANDRES UNIT         | 059 | Lost Authority - must P&A |
| 30005609200000 | TWIN LAKES SAN ANDRES UNIT         | 061 | Lost Authority - must P&A |
| 30005625630000 | TWIN LAKES SAN ANDRES UNIT         | 063 | Lost Authority - must P&A |
| 30005610070000 | TWIN LAKES SAN ANDRES UNIT         | 068 | Lost Authority - must P&A |
| 30005608850000 | TWIN LAKES SAN ANDRES UNIT         | 070 | Lost Authority - must P&A |

|                |                            |     |                           |
|----------------|----------------------------|-----|---------------------------|
| 30005602480000 | TWIN LAKES SAN ANDRES UNIT | 074 | Lost Authority - must P&A |
| 30005608090000 | TWIN LAKES SAN ANDRES UNIT | 076 | Lost Authority - must P&A |
| 30005609950000 | TWIN LAKES SAN ANDRES UNIT | 078 | Lost Authority - must P&A |
| 30005609930000 | TWIN LAKES SAN ANDRES UNIT | 081 | Lost Authority - must P&A |
| 30005607940000 | TWIN LAKES SAN ANDRES UNIT | 086 | Lost Authority - must P&A |
| 30005610060000 | TWIN LAKES SAN ANDRES UNIT | 088 | Lost Authority - must P&A |
| 30005607900000 | TWIN LAKES SAN ANDRES UNIT | 091 | Lost Authority - must P&A |
| 30005611070000 | TWIN LAKES SAN ANDRES UNIT | 095 | Lost Authority - must P&A |
| 30005611050000 | TWIN LAKES SAN ANDRES UNIT | 100 | Lost Authority - must P&A |
| 30005610750000 | TWIN LAKES SAN ANDRES UNIT | 103 | Lost Authority - must P&A |
| 30005620680000 | TWIN LAKES SAN ANDRES UNIT | 105 | Lost Authority - must P&A |
| 30005611040000 | TWIN LAKES SAN ANDRES UNIT | 107 | Lost Authority - must P&A |
| 30005617720000 | TWIN LAKES SAN ANDRES UNIT | 109 | Lost Authority - must P&A |
| 30005614530000 | TWIN LAKES SAN ANDRES UNIT | 111 | Lost Authority - must P&A |
| 30005616040000 | TWIN LAKES SAN ANDRES UNIT | 113 | Lost Authority - must P&A |
| 30005617360000 | TWIN LAKES SAN ANDRES UNIT | 118 | Lost Authority - must P&A |
| 30005616230000 | TWIN LAKES SAN ANDRES UNIT | 119 | Lost Authority - must P&A |