

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

David Catanach, Division Director
Oil Conservation Division



Response Required - Deadline Enclosed

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

19-Mar-15

COG OPERATING LLC
ONE CONCHO CENTER
600 W. ILLINOIS AVE
MIDLAND TX 79701

LETTER 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.

COG has injected into two wells that have previously failed their MIT tests. Therefore COG is ordered to immediately shut-in these wells listed in this "Letter of Violation" and must also disconnect these wells from their injection lines. An OCD representative will verify if this instruction has been complied with sometime within the next week.

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.

MECHANICAL INTEGRITY TEST DETAIL SECTION

JENKINS B FEDERAL No.003

30-015-04216-00-00
C-20-17S-30E

Active Injection - (All Types)

Test Date:	3/18/2015	Permitted Injection PSI:		Actual PSI:	0
Test Reason:	5-year Test	Test Result:	F	Repair Due:	6/21/2015
Test Type:	Std. Annulus Pres. Test	FAIL TYPE:	Other Internal Failure	FAIL CAUSE:	
Comments on MIT:	Well built up pressure from 320 to 520 psi in 20 minutes.				

G J WEST COOP UNIT No.019

30-015-10825-00-00
C-28-17S-29E

Active Injection - (All Types)

Test Date:	3/17/2015	Permitted Injection PSI:		Actual PSI:	1470
Test Reason:	5-year Test	Test Result:	F	Repair Due:	6/20/2015
Test Type:	Std. Annulus Pres. Test	FAIL TYPE:	Other External Failure	FAIL CAUSE:	
Comments on MIT:	Started to pressure up and fluid came outside of casing? Tubing? Well head is buried below ground.				

M DODD A No.047**30-015-20408-00-00**

Active Salt Water Disposal Well

J-22-17S-29E

Test Date: 3/17/2015 Permitted Injection PSI: Actual PSI: 0
Test Reason: 5-year Test Test Result: F Repair Due: 6/20/2015
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: 40bbls to load. Tried twice, lost 40psi within 3 minutes.

ETZ STATE UNIT No.107**30-015-20551-00-00**

Active Injection - (All Types)

E-16-17S-30E

Test Date: 3/18/2015 Permitted Injection PSI: Actual PSI:
Test Reason: 5-year Test Test Result: F Repair Due: 6/21/2015
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other External Failure FAIL CAUSE:
Comments on MIT: Unable to open surface valve. No valve handle, handle stem twisted off. Not able to test. Well is shut-

F M ROBINSON No.001**30-015-22037-00-00**

Active Salt Water Disposal Well

E-27-17S-29E

Test Date: 3/17/2015 Permitted Injection PSI: Actual PSI: 0
Test Reason: 5-year Test Test Result: F Repair Due: 6/20/2015
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: Continuous blow of fluid from casing valve.

DODD FEDERAL UNIT No.023**30-015-25790-00-00**

Active Injection - (All Types)

D-14-17S-29E

Test Date: 3/17/2015 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 6/28/2014
Test Type: Bradenhead Test FAIL TYPE: Operational Violation FAIL CAUSE:
Comments on MIT: Well was ordered shut-in on 4/8/2014 due to mechanical test failure. Well is connected to flow line, looks like no repair done on well. No paperwork filed to repair or plug well. Injection reported for this well for 10/2014.

DODD FEDERAL UNIT No.043**30-015-26198-00-00**

Active Injection - (All Types)

L-14-17S-29E

Test Date: 3/17/2015 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 6/28/2014
Test Type: Bradenhead Test FAIL TYPE: Operational Violation FAIL CAUSE:
Comments on MIT: Well was ordered shut-in on 4/8/2014 due to mechanical test failure. Well is connected to flow line, looks like no repair done on well. No paperwork filed to repair or plug well. Injection reported for this well for 10/2014.

SABER FEDERAL No.001**30-015-27882-00-00**

Active Salt Water Disposal Well

B-11-17S-29E

Test Date: 3/18/2015 Permitted Injection PSI: Actual PSI: 500
Test Reason: Annual IMIT Test Result: F Repair Due: 6/21/2015
Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: Blow of fluid from casing valve, continuous blow of air from surface valve.

JENKINS B FEDERAL No.015Q**30-015-33472-00-00**

Active Injection - (All Types)

F-20-17S-30E

Test Date: 3/18/2015 Permitted Injection PSI: Actual PSI: 700
Test Reason: 5-year Test Test Result: F Repair Due: 6/21/2015
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: Well would not pressure-up.

LOCO HILLS SWD 33 No.004**30-015-37269-00-00**

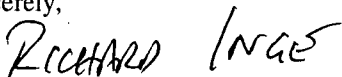
Active Salt Water Disposal Well

P-33-17S-30E

Test Date: 3/18/2015 Permitted Injection PSI: Actual PSI: 1400
Test Reason: 5-year Test Test Result: F Repair Due: 6/21/2015
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: Casing and surface valves were buried. Unable to test.

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.

Sincerely,

A handwritten signature in dark ink, appearing to read "Richard Inge". The signature is written in a cursive, somewhat stylized font.

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.