

# New Mexico Energy, Minerals and Natural Resources Department

**Susana Martinez**  
Governor

**John H. Bemis**  
Cabinet Secretary-Designate

**Brett F. Woods, Ph.D.**  
Acting Cabinet Secretary

**Jami Bailey**  
Division Director  
Oil Conservation Division



**\*Response Required – Deadline Enclosed\***  
*Underground Injection Control Program*  
*"Protecting Our Underground Sources of Drinking Water"*

Mailed: 6-1-2011  
DSS

**LOVNO. 02-09-20R**

24-May-11

**SM ENERGY COMPANY**  
3300 N. A STREET, BLDG. #7  
SUITE 200  
MIDLAND TX 79705

## 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.

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***

**GERONIMO FEDERAL No.002**

Active Injection - (All Types)

**30-015-25244-00-00**  
B-24-18S-31E

<b>Test Date:</b>	5/24/2011	<b>Permitted Injection PSI:</b>		<b>Actual PSI:</b>	
<b>Test Reason:</b>	5-year Test	<b>Test Result:</b>	F	<b>Repair Due:</b>	8/27/2011
<b>Test Type:</b>	Std. Annulus Pres. Test	<b>FAIL TYPE:</b>	Other Internal Failure	<b>FAIL CAUSE:</b>	
<b>Comments on MIT:</b>	Tried to test well on 5/19, but it started leaking around cap. Received phone call from Bill Hearne saying they repacked the cap and tried to pressure up well, but it would not hold pressure. Well has been shut-in.				


Oil Conservation Division  
1301 W. Grand Avenue • Artesia, New Mexico 88210  
Phone (575) 748-1283 • Fax (575) 748-9720 • [www.emnrd.state.nm.us/OCD](http://www.emnrd.state.nm.us/OCD)



May 24, 2011  
Page 2

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,

A handwritten signature in black ink, appearing to read "Raulino Irua". The signature is written in a cursive, flowing style.

Artesia OCD District Office