



# 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

**HOBBS OCD**

**NOV 14 2011**

**Jami Bailey**  
Division Director  
Oil Conservation Division



**RECEIVED**

10-Nov-11

**EOR OPERATING COMPANY**  
One Riverway SUITE 610  
Houston TX 77056-

## 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

#### **MILNESAND UNIT No.122**

Active Injection - (All Types)

**30-041-00029-00-00**  
N-7-8S-35E

|                  |                                                                                             |                          |                       |
|------------------|---------------------------------------------------------------------------------------------|--------------------------|-----------------------|
| Test Date:       | 10/24/2011                                                                                  | Permitted Injection PSI: | Actual PSI:           |
| Test Reason:     | Annual IMIT                                                                                 | Test Result:             | F                     |
| Test Type:       | Bradenhead Test                                                                             | FAIL TYPE:               | Operational Violation |
| Comments on MIT: | Previous IMIT failure - Not repaired ***OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11**** |                          |                       |

#### **MILNESAND UNIT No.036**

Expired TA Injection - (All Types)

**30-041-00087-00-00**  
N-18-8S-35E

|                  |                                                                                                                          |                          |                       |
|------------------|--------------------------------------------------------------------------------------------------------------------------|--------------------------|-----------------------|
| Test Date:       | 10/25/2011                                                                                                               | Permitted Injection PSI: | Actual PSI:           |
| Test Reason:     | Annual IMIT                                                                                                              | Test Result:             | F                     |
| Test Type:       | Bradenhead Test                                                                                                          | FAIL TYPE:               | Operational Violation |
| Comments on MIT: | Previous IMIT failure - Not repaired; ****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11****2ND NOTICE OF VIOLATION**** |                          |                       |

Oil Conservation Division \* 1625 N. French Drive \* Hobbs, New Mexico 88240  
Phone: 505-393-6161 \* Fax: 505-393-0720 \* <http://www.emnrd.state.nm.us>

Oil Conservation Division \* 1625 N. French Dr.\*

\* Hobbs, New Mexico 88240

\* Phone: (575) 393-6161 \* Fax (575) 393-0720\* <http://www.emnrd.state.nm.us>



**MILNESAND UNIT No.187**

Approved TA Injection - (All Types)

**30-041-10057-00-00**  
B-18-8S-35E

Test Date: 10/24/2011 Permitted Injection PSI: Actual PSI:  
Test Reason: Annual IMIT Test Result: F Repair Due: 1/27/2012  
Test Type: Bradenhead Test FAIL TYPE: Operational Violation FAIL CAUSE:  
Comments on MIT: Previous IMIT failure - Not repaired \*\*\*OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11\*\*\*\*

**MILNESAND UNIT No.310**

Expired TA Injection - (All Types)

**30-041-10059-00-00**  
F-19-8S-35E

Test Date: 10/24/2011 Permitted Injection PSI: Actual PSI:  
Test Reason: 5-year Test Test Result: F Repair Due: 1/27/2012  
Test Type: Std. Annulus Pres. Test FAIL TYPE: Operational Violation FAIL CAUSE:  
Comments on MIT: Previous IMIT failure - Not repaired: NO CHANGE IN STATUS \*\*\*OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11\*\*\*

**MILNESAND UNIT No.311**

Expired TA Injection - (All Types)

**30-041-10060-00-00**  
B-19-8S-35E

Test Date: 10/25/2011 Permitted Injection PSI: Actual PSI:  
Test Reason: 5-year Test Test Result: F Repair Due: 1/28/2012  
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:  
Comments on MIT: Previous IMIT failure - Not ; \*\*\*OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11\*\*\* 2ND NOTICE OF VIOLATION.

**HORTON FEDERAL No.004**

Active Injection - (All Types)

**30-041-10104-00-00**  
F-30-8S-35E

Test Date: 10/24/2011 Permitted Injection PSI: Actual PSI:  
Test Reason: Annual IMIT Test Result: F Repair Due: 1/27/2012  
Test Type: Bradenhead Test FAIL TYPE: Operational Violation FAIL CAUSE:  
Comments on MIT: NO CHANGE STILL INACTIVE AS FAILURE \*\*\*OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11

**HORTON FEDERAL No.007**

Active Injection - (All Types)

**30-041-10129-00-00**  
B-30-8S-35E

Test Date: 10/24/2011 Permitted Injection PSI: Actual PSI:  
Test Reason: Annual IMIT Test Result: F Repair Due: 1/27/2012  
Test Type: Bradenhead Test FAIL TYPE: Operational Violation FAIL CAUSE:  
Comments on MIT: \*\*\*\*SNC WELL STILL IN USE?\*\*\*\*\*

**MILNESAND UNIT No.517**

Expired TA Injection - (All Types)

**30-041-10158-00-00**  
P-24-8S-34E

Test Date: 10/25/2011 Permitted Injection PSI: Actual PSI:  
Test Reason: 5-year Test Test Result: F Repair Due: 1/28/2012  
Test Type: Std. Annulus Pres. Test FAIL TYPE: Operational Violation FAIL CAUSE:  
Comments on MIT: Previous IMIT failure - Not repaired \*\*\*OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11\*\*\*\*3RD NOTICE OF VIOLATION\*\*\*

November 10, 2011

Page 3

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.

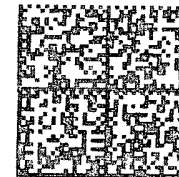
Sincerely,



Hobbs OCD District Office  
**COMPLIANCE OFFICER**

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.

EMNRD  
OIL CONSERVATION DIVISION  
1625 N FRENCH DRIVE  
HOBBS NM 88240



HASLER  
015H14150977  
\$0.44  
11/10/11  
Mailed From 88240  
US POSTAGE

EOR OPERATING COMPANY  
ONE RIVERWAY  
STE. 610  
HOUSTON, TX 77056