



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



HOBBS OCD

NOV 28 2011

RECEIVED

22-Nov-11

CHEVRON U S A INC
15 SMITH ROAD
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

VACUUM GRAYBURG SAN ANDRES UNIT No.029

30-025-24313-00-00

Active Injection - (All Types)

E-2-18S-34E

Test Date:	11/15/2011	Permitted Injection PSI:		Actual PSI:	
Test Reason:	Annual IMIT	Test Result:	F	Repair Due:	2/18/2012
Test Type:	Bradenhead Test	FAIL TYPE:	Other Internal Failure	FAIL CAUSE:	
Comments on MIT:	WeLL IS PRIOR UIC VIOLATION; CASING BACKFLOW; TIED TO FRAC TANKS AT THIS TIME				

VACUUM GRAYBURG SAN ANDRES UNIT No.035

30-025-24361-00-00

Active Injection - (All Types)

G-1-18S-34E

Test Date:	11/15/2011	Permitted Injection PSI:		Actual PSI:	
Test Reason:	Annual IMIT	Test Result:	F	Repair Due:	2/18/2012
Test Type:	Bradenhead Test	FAIL TYPE:	Other Internal Failure	FAIL CAUSE:	
Comments on MIT:	***FAILED BHT***SURFACE HAS SALT WATER DID NOT BLEED DOWN***OPERATOR IN VIOLATION OF NMOCDD RULE 19.15.26.11****				

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>



NOV 28 2011

CENTRAL VACUUM UNIT No.099**30-025-25710-00-00**
E-6-18S-35E

Active Injection - (All Types)

Test Date: 11/22/2011 Permitted Injection PSI: Actual PSI:
 Test Reason: Annual IMIT Test Result: F Repair Due: 2/25/2012
 Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
 Comments on MIT: ***OPERATOR BLEED DOWN CASING; BUILDS BACK UP-(PACKER FLUID)- OPERATOR HAS
 OPTION TO PRESSURE TEST CASING IN ORDER TO JUSTIFY MECHANICAL INTEGRITY***

CENTRAL VACUUM UNIT No.045**30-025-25720-00-00**
C-31-17S-35E

Active Injection - (All Types)

Test Date: 11/17/2011 Permitted Injection PSI: Actual PSI:
 Test Reason: Annual IMIT Test Result: F Repair Due: 2/20/2012
 Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
 Comments on MIT: ***CASING WOULD NOT BLEED DOWN****500# (C02) CASING PRESSURE*** OPERATOR
 HAS OPTION TO PRESSURE TEST CASING IN ORDER TO JUSTIFY MECHANICAL

CENTRAL VACUUM UNIT No.025**30-025-25813-00-00**
K-25-17S-34E

Active Injection - (All Types)

Test Date: 11/17/2011 Permitted Injection PSI: Actual PSI:
 Test Reason: Annual IMIT Test Result: F Repair Due: 2/20/2012
 Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
 Comments on MIT: OPERATOR CONCEDES WELL WILL NOT PASS MECHANICAL INTEGRITY (PRETEST)
 OPERATOR IN VIOLATION OF NMOC D RULE 19.15.26.11*

CENTRAL VACUUM UNIT No.026**30-025-25814-00-00**
J-25-17S-34E

Active Injection - (All Types)

Test Date: 11/22/2011 Permitted Injection PSI: Actual PSI:
 Test Reason: 5-year Test Test Result: F Repair Due: 2/25/2012
 Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
 Comments on MIT: OPERATOR CONCEDES WELL WILL NOT PASS MECHANICAL INTEGRITY TEST (PRETEST)
 OPERATOR IN VIOLATION OF NMOC D RULE 19.15.26.11**

CENTRAL VACUUM UNIT No.141**30-025-26001-00-00**
M-36-17S-34E

Active Injection - (All Types)

Test Date: 11/22/2011 Permitted Injection PSI: Actual PSI:
 Test Reason: 5-year Test Test Result: F Repair Due: 2/25/2012
 Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
 Comments on MIT: OPERATOR CONCEDES WELL WILL NOT PASS A MECHANICAL INTEGRITY TEST
 (PRETEST) ***OPERATOR IN VIOLATION OF NMOC D RULE 19.15.26.11***

CENTRAL VACUUM UNIT No.160**30-025-27970-00-00**
E-36-17S-34E

Active Injection - (All Types)

Test Date: 11/22/2011 Permitted Injection PSI: Actual PSI:
 Test Reason: Annual IMIT Test Result: F Repair Due: 2/25/2012
 Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
 Comments on MIT: ***OPERATOR IN VIOLATION OF NMOC D RULE 19.15.26.11****2ND NOTICE OF
 VIOLATION*** PRIOR YEAR UIC VIOLATION****

VACUUM GRAYBURG SAN ANDRES UNIT No.150**30-025-30917-00-00**
G-1-18S-34E

Active Injection - (All Types)

Test Date: 11/15/2011 Permitted Injection PSI: Actual PSI:
 Test Reason: Annual IMIT Test Result: F Repair Due: 2/18/2012
 Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
 Comments on MIT: ****FAILED BHT****CASING HAS 200# DID NOT BLEED DOWN- WILL REQUEST A
 PRESSURE TEST FROM OPERATOR***OPERATOR IN VIOLATION OF NMOC D RULE

CENTRAL VACUUM UNIT No.173**30-025-35212-00-00**

H-36-17S-34E

Active Injection - (All Types)

Test Date: 11/16/2011 **Permitted Injection PSI:** **Actual PSI:**
Test Reason: Annual IMIT **Test Result:** F **Repair Due:** 2/19/2012
Test Type: Bradenhead Test **FAIL TYPE:** Other Internal Failure **FAIL CAUSE:**
Comments on MIT: FAILED BHT***OILY FLUID ON CASING 400#; DID NOT ATTEMPT TO BLEED OFF
 OPERATOR MAY PERFORM MECHANICAL INTEGRITY TESTOPERATOR IN
 VIOLATION OF NMOC D RULE 19.15.26.11***

CENTRAL VACUUM UNIT No.455**30-025-38637-00-00**

D-36-17S-34E

Active Injection - (All Types)

Test Date: 11/16/2011 **Permitted Injection PSI:** **Actual PSI:**
Test Reason: Annual IMIT **Test Result:** F **Repair Due:** 2/19/2012
Test Type: Bradenhead Test **FAIL TYPE:** Other Internal Failure **FAIL CAUSE:**
Comments on MIT: FAILED PT***CASING HAS OILY FLUID 700#; INTERMEDIATE SHOWS 1500#; **DID NOT
 ATTEMPT TO BLEED INTERMEDIATE CASING; **OPERATOR MAY BLEED TO A TRUCK
 AND ATTEMPT PRESSURE TEST; ***OPERATOR IN VIOLATION OF NMOC D RULE

VACUUM GRAYBURG SAN ANDRES UNIT No.438**30-025-38785-00-00**

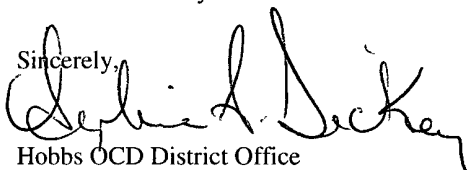
A-1-18S-34E

Active Injection - (All Types)

Test Date: 11/15/2011 **Permitted Injection PSI:** **Actual PSI:**
Test Reason: Annual IMIT **Test Result:** F **Repair Due:** 2/18/2012
Test Type: Bradenhead Test **FAIL TYPE:** Other Internal Failure **FAIL CAUSE:**
Comments on MIT: OPERATOR HAS WELL SHUT IN; LOCKED MASTER INJECTION VALVE; ***PRIOR YEAR
 UIC VIOLATION***OPERATOR IN VIOLATION OF NMOC D RULE 19.15.26.11***2ND
 NOTICE OF VIOLATION ***

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,

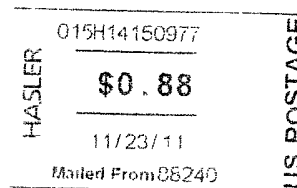
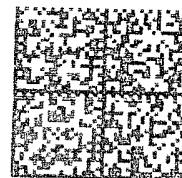


Hobbs OCD District Office

COMPLIANCE OFFICER

Note - Pressure Tests must be 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



CHEVRON USA INC.
ATTN: COMPLIANCE/REGULATIONS
15 SMITH ROAD
MIDLAND, TX 79705