

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

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

HOBBS OCD
JUN 26 2012
RECEIVED

Jami Bailey
Division Director
Oil Conservation Division



Response Required – Deadline Enclosed

Underground Injection Control Program

"Protecting Our Underground Sources of Drinking Water"

26-Jun-12

OCCIDENTAL PERMIAN LTD.
ATTN: SCOTT HODGES
1017 W. STANOLIND RD
HOBBS, NM 88240

OCCIDENTAL PERMIAN LTD.
ATTN: REGULATORY AND COMPLIANCE
HCR 1 BOX 90
DENVER CITY, TX 79323

**LETTER OF VIOLATION and SHUT-IN DIRECTIVE
Failed Mechanical Integrity Test**

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

NORTH HOBBS G/SA UNIT No.311

Active Injection - (All Types)

30-025-07417-00-00

B-28-18S-38E

Test Date: 6/22/2012	Permitted Injection PSI:	Actual PSI:
Test Reason: Annual IMIT	Test Result: F	Repair Due: 9/25/2012
Test Type: Bradenhead Test	FAIL TYPE: Other Internal Failure	FAIL CAUSE:
Comments on MIT: ***FAILED BHT***CASING 740# DID NOT BLEED DOWN***OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11***		

SOUTH HOBBS G/SA UNIT No.059

Approved TA Injection - (All Types)

30-025-07596-00-00

O-3-19S-38E

Test Date: 6/13/2012	Permitted Injection PSI:	Actual PSI:
Test Reason: 5-year Test	Test Result: F	Repair Due: 9/16/2012
Test Type: Bradenhead Test	FAIL TYPE: Other Internal Failure	FAIL CAUSE:
Comments on MIT: ***FAILED PT***TA'D WELL; WELLHEAD LEAKING WHILE ATTEMPTING TO PRESSURE TEST WELL. HOSE BROKE ON TRUCK*** OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11****		

JUN 26 2012

SOUTH HOBBS G/SA UNIT No.068**30-025-07679-00-00**

B-10-19S-38E

Approved TA Injection - (All Types)

Test Date: 6/13/2012

Permitted Injection PSI:

Actual PSI:

Test Reason: 5-year Test

Test Result: F

Repair Due: 9/16/2012

Test Type: Std. Annulus Pres. Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: ***OPERATOR PERFORMED TEST***WELL FAILED PRESSURE TEST*** OPERATOR IN VIOLATION OF NMOC Rule 19.15.26.11****

SOUTH HOBBS G/SA UNIT No.042**30-025-12514-00-00**

L-4-19S-38E

Active Injection - (All Types)

Test Date: 6/19/2012

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 9/22/2012

Test Type: Bradenhead Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: ***FAILED BHT*** CASING 260#, DID NOT BLEED DOWN***OPERATOR IN VIOLATION OF NMOC Rule 19.15.26.11****

NORTH HOBBS G/SA UNIT No.431**30-025-22601-00-00**

I-19-18S-38E

Active Injection - (All Types)

Test Date: 6/12/2012

Permitted Injection PSI:

Actual PSI:

Test Reason: 5-year Test

Test Result: F

Repair Due: 9/15/2012

Test Type: Std. Annulus Pres. Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: ***FAILED PT***570# / 500#. ***OPERATOR IN VIOLATION OF NMOC Rule 19.15.26.11****

NORTH HOBBS G/SA UNIT No.311**30-025-25116-00-00**

B-26-18S-37E

Approved TA Injection - (All Types)

Test Date: 6/4/2012

Permitted Injection PSI:

Actual PSI:

Test Reason: TA Status Test

Test Result: F

Repair Due: 9/7/2012

Test Type: Std. Annulus Pres. Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: ***FAILED PRESSURE TEST; WHILE PRESSURING UP ON PRODUCTION CASING SALT WATER COMMENCED TO FLOW ON SURFACE CASING***OPERATOR IN VIOLATION OF NMOC Rule 19.15.26.11***

NORTH HOBBS G/SA UNIT No.222**30-025-26833-00-00**

F-30-18S-38E

Active Injection - (All Types)

Test Date: 6/14/2012

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 9/17/2012

Test Type: Bradenhead Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: ***FAILED BHT***1600# ON CASING AND 1590# ON TUBING; POSSIBLE COMMUNICATION; ***OPERATOR IN VIOLATION OF NMOC Rule 19.15.26.11***

NORTH HOBBS G/SA UNIT No.432**30-025-26974-00-00**

I-32-18S-38E

Active Injection - (All Types)

Test Date: 6/22/2012

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 9/25/2012

Test Type: Bradenhead Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: ***FAILED BHT*** CASING DOES NOT BLEED DOWN-CASING HAS OILY FLUID***OPERATOR IN VIOLATION OF NMOC Rule 19.15.26.11***

NORTH HOBBS G/SA UNIT No.142**30-025-27138-00-00**

M-19-18S-38E

Active Injection - (All Types)

Test Date: 6/14/2012

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 9/17/2012

Test Type: Bradenhead Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: ***BHT FAILURE***560# ON CASING--NEED TO BLEED DOWN TO TRUCK; OILY PACKER FLUID ON CASING AT TIME OF TEST*** OPERATOR MAY RETEST TO INSURE MECHANICAL INTEGRITY****

NORTH HOBBS G/SA UNIT No.342**30-025-29062-00-00**

Active Injection - (All Types)

O-24-18S-37E

Test Date: 6/14/2012 **Permitted Injection PSI:** **Actual PSI:**
Test Reason: Annual IMIT **Test Result:** F **Repair Due:** 9/17/2012
Test Type: Bradenhead Test **FAIL TYPE:** Other Internal Failure **FAIL CAUSE:**
Comments on MIT: ***FAILED BHT*** 520# ON CASING AND 540# ON TUBING: COMMUNICATION BETWEEN
TUBING AND CASING ***FAILED PRESSURE TEST*** OPERATOR IN VIOLATION OF
NMOCD RULE 19.15.26.11***

SOUTH HOBBS G/SA UNIT No.206**30-025-29519-00-00**

Approved TA Injection - (All Types)

H-6-19S-38E

Test Date: 6/12/2012 **Permitted Injection PSI:** **Actual PSI:**
Test Reason: 5-year Test **Test Result:** F **Repair Due:** 9/15/2012
Test Type: Std. Annulus Pres. Test **FAIL TYPE:** Other Internal Failure **FAIL CAUSE:**
Comments on MIT: ***FAILED PRESSURE TEST*** OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11***

NORTH HOBBS G/SA UNIT No.622**30-025-37152-00-00**

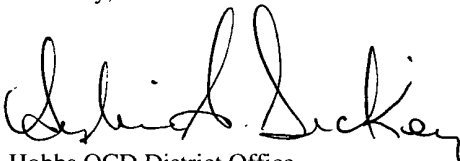
Active Injection - (All Types)

J-24-18S-37E

Test Date: 6/13/2012 **Permitted Injection PSI:** **Actual PSI:**
Test Reason: Annual IMIT **Test Result:** F **Repair Due:** 9/16/2012
Test Type: Bradenhead Test **FAIL TYPE:** Other Internal Failure **FAIL CAUSE:**
Comments on MIT: CASING DID NOT BLEED DOWN ****OPERATOR IN VIOLATION OF NMOCD RULE
19.15.26.11****

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.

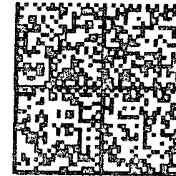
Sincerely,



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



015H14150977
HASLER
\$0.45
06/26/12
Mailed From 88240
US POSTAGE

OCCIDENTAL PERMIAN LTD.
ATTN: REGULATORY AND COMPLIANCE
HCR 1 BOX 90
DENVER CITY, TX 79323