

NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

SUSANA MARTINEZ

Governor

John H. Bemis Cabinet Secretary Jami Bailey

Director

Oil Conservation Division

Response Required - Deadline Enclosed

Underground Injection Control Program

"Protecting Our Underground Sources of Drinking Water"

07-Sep-12

MEWBOURNE OIL CO

PO Box 5270

Hobbs NM 88241-0000

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

OUERECHO PLAINS OA SAND UNIT No.001

30-025-26875-00-00 E-23-18S-32E

Active Injection - (All Types)

Actual PSI: Permitted Injection PSI: 9/5/2012

Test Date: Test Reason: Test Result: Repair Due:

5-year Test 12/11/2012

Test Type: FAIL TYPE: Other Internal Failure **FAIL CAUSE:** Std. Annulus Pres. Test

FAILED PRESSURE TEST; 100# ON SURFACE CASING/INTERMEDIATE CASING; SALT WATER Comments on MIT:

COMMENCED TO FLOW ON SURFACE/ INTERMEDIATE CASING WHILE PERFORMING

PRESSURE TEST; OPERATOR NEEDS TO DIG OUT AND MARK SURFACE CASING; **OPERATOR

IN VIOLATION OF NMOCD RULE 19.15.26 11*****

QUERECHO PLAINS BS SAND UNIT No.003

30-025-30570-00-00

Active Injection - (All Types)

J-14-18S-32E

Test Date: 9/5/2012 Test Reason:

Permitted Injection PSI:

Actual PSI: Repair Due:

12/9/2012

Test Type:

5-year Test

Test Result:

Std. Annulus Pres. Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT:

FAILED PRESSURE TEST; 100# ON SURFACE CASING/INTERMEDIATE CASING; SALT WATER

COMMENCED TO FLOW ON SURFACE/ INTERMEDIATE CASING WHILE PERFORMING ...

PRESSURE TEST; OPERATOR NEEDS TO DIG OUT AND MARK SURFACE **OPERATOR IN

VIOLATION OF NMOCD RULE 19.15.26 11*****

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

QUERECHO PLAINS BS SAND UNIT No.004

30-025-30643-00-00

Active Injection - (All Types)

I-14-18S-32E

Test Date:

9/5/2012

Permitted Injection PSI:

Actual PSI:

Test Reason:

5-year Test

Test Result:

Repair Due:

Test Type:

Std. Annulus Pres. Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT:

FAILED PRESSURE TEST; 100# ON SURFACE CASING/ INTERMEDIATE CASING; SALT WATER

COMMENCED TO FLOW ON SURFACE/ INTERMEDIATE CASING WHILE PERFORMING

PRESSURE TEST; OPERATOR NEEDS TO DIG OUT AND MARK SURFACE CASING **OPERATOR

IN VIOLATION OF NMOCD RULE 19.15.26 11*****

QUERECHO PLAINS BS SAND UNIT No.161

30-025-31115-00-00

Active Injection - (All Types)

L-24-18S-32E

Test Date:

Permitted Injection PSI:

Actual PSI:

Test Reason:

9/5/2012

12/9/2012 . .

12/9/2012

Test Type:

5-year Test

Test Result:

Repair Due:

Std. Annulus Pres. Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: FAILED PRESSURE TEST; 100# ON SURFACE CASING/ INTERMEDIATE CASING; SALT WATER COMMENCED TO FLOW ON SURFACE/ INTERMEDIATE CASING WHILE PERFORMING

PRESSURE TEST; OPERATOR NEEDS TO DIG OUT AND MARK SURFACE CASING; **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.

Hobbs OCD District Office

COMPLIANCE OFFICER

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The state of the 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



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09/07/12

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MEWBOURNE OIL CO PO BOX 5270 HOBBS, NM 88241-5270