



NEW MEXICO ENERGY, MINERALS and 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"

HOBBS OCD

OCT 04 2012

RECEIVED

04-Oct-12

CROWNQUEST OPERATING, LLC

P.O. BOX 53310

MIDLAND TX 79710-

**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

NEW MEXICO AN STATE No.009

30-025-20955-00-00

Expired TA Injection - (All Types)

C-22-14S-33E

Test Date: 8/15/2012

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 11/18/2012

Test Type: Std. Annulus Pres. Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: PT FOR TA STATUS REINSTATEMENT; WILL GIVE 6 MTHS FOR P&A PROCESSING TIME;
FAILED PT TUBING VALVE LEAKING WHILE PERFORMING TESTOPERATOR NEEDS TO
SUBMIT P&A PROCEDURE OR BRING WELL TO ACTIVE STATUS***

NEW MEXICO DM STATE NCT 2 No.001

30-025-23429-00-00

Active Salt Water Disposal Well

E-21-13S-33E

Test Date: 8/16/2012

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 11/19/2012

Test Type: Bradenhead Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: ***LOST AUTHORITY TO INJECT***OPERATOR WILL HAVE TO RE APPLY FOR AUTHORITY
FOR ANY FUTURE USE OF WELL. ***OPERATOR IN VIOLATION OF NMOC RULE 19.15.26.12***

OCT 04 2012

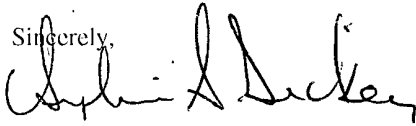
Active Salt Water Disposal Well

K-20-13S-33E

| | | | |
|------------------|--|--------------------------|------------------------|
| Test Date: | 8/16/2012 | Permitted Injection PSI: | Actual PSI: |
| Test Reason: | 5-year Test | Test Result: | F |
| Test Type: | Std. Annulus Pres. Test | FAIL TYPE: | Other Internal Failure |
| Comments on MIT: | FAILED PT ***OPERATOR CONCEDES WELL HAS HOLE IN TUBING***OPERATOR IN VIOLATION OF NMOC D 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.

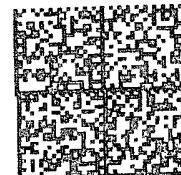
Sincerely,



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

\$0.45

10/04/12

Mailed From 88240

US POSTAGE

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Midland, TX 79710