

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

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

Jami Bailey
Division Director
Oil Conservation Division



October 22, 2013

HOBBS OCD

OCT 23 2013

RECEIVED

Kevin O Butler & Assoc. INC
550 W Texas, Suite 660
Midland, TX 79701

RE: Kevin O Butler & Assoc. INC, OGRID # 12627
Maxwell #2, Unit E, Sec.6, T-13s, R-38e, API # 30-025-23089

Gentlemen:

Oil Conservation Division, Hobbs office has been informed that you have been performing work on this well. After reviewing the OCD well file, no C-103, Intent to perform remedial work nor a Subsequent C-103, with dates showing what work was done, has been received. At this time, the OCD is requiring that you shut-in this well.

This well shows no injection being reported on the C-115, Monthly Production Report, for the past 10 years. Whenever there is a continuous one year period of not-injection into all wells in an injection or storage project or into a salt water disposal well or special purpose injection well, the division shall consider the project or well abandoned, and the authority for injection shall automatically terminate ipso facto. Rule 19.15.26.12.C.1.

The last MIT performed on this well was in 2002 and at that time it failed to pass. The tubing failed to hold pressure, which was most likely caused by corrosion in general. At that time, the operator did not and has still not submitted paperwork for the repair of this well.

If Kevin O Butler & Assoc. does not take steps to shut-in this well and until the proper paperwork has been submitted and approved by the OCD, the OCD will be forced to notify the Environmental Protection Agency (EPA) of a significant non-compliance (SNC), which may lead to the issuance of penalties by the EPA.

Kevin O Butler & Assoc. is also out of compliance with their Inactive well list. Per OCD Rule 19.15.25.8, an operator that has 4 to 100 wells may have 2 wells on their Inactive well list. Kevin O Butler & Assoc. has 34 wells and 9 are on the Inactive well list.

If you have further questions on this matter, please call Daniel Sanchez (505) 476-3493.

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OCD needs to have a response in writing from Kevin O Butler & Assoc. by November 1, 2013 to resolve this matter. Send this written response to Mr. Sanchez at the OCD Santa Fe office.

Respectfully yours,

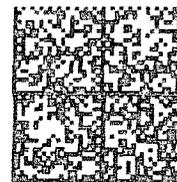
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "E.L. Gonzales", written over the typed name.

E.L. Gonzales
OCD District 1, Supervision

CC: Scott Dawson, Deputy Director
Daniel Sanchez, OCD Compliance and Enforcement Manager
Gabriel Wade, Assistant General Counsel-Santa Fe
Donna Mull, Line Manager - Hobbs

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



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