

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

HOBBS OCD

DEC 22 2016

RECEIVED

David R. Catanach, Division Director
Oil Conservation Division



Response Required – Deadline Enclosed
Underground Injection Control Program

December 19, 2016

Cobalt Operating, LLC
PO Box 51468
Midland, TX 79710

CERTIFIED MAIL 7014 1200 0002 1826 6240

RE: **NOTICE TO OPERATOR: FAILED MECHANICAL INTERGRITY TEST UNDER UIC TESTING REQUIREMENTS FOR 2016**

Dear Operator:

Under the provisions of Division Rule 19.15.26.10(A) NMAC, an operator of an **INJECTION (Salt Water Disposal and Enhanced Recovery)** well or **PRODUCING** well in a special designated area must maintain and periodically test these wells for mechanical integrity. For injection wells, this includes external mechanical integrity tests (MITs) such as Bradenhead testing on casing where cement was not circulated to surface.

As detailed in Division Rule 19.15.26.11(A)(5) NMAC, it is the responsibility of the operator to notify and schedule with Division personnel the opportunity to witness any pending MITs. Prior to January 1, 2017, District I provided letters to operators of record that identified wells with violations of Rule 19.15.26.10(A) NMAC and the tests that were required.

This letter is to serve as "**Notice of Failure**" to comply with the rules referenced above for the listed well(s) in the attachment to this letter. By failing to comply, the listed well(s) have been recorded as "**test failed**". **This will require that the wells listed be shut-in immediately and incoming lines to the wellhead be disconnected.**

In addition, the listed well(s) will be forwarded to Mr. Daniel Sanchez, daniel.sanchez@state.nm.us 505-476-3493, Enforcement and Compliance Manager, Santa Fe. Upon receipt, Mr. Sanchez will consider further enforcement action(s) as necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Maxey G. Brown".

Maxey G. Brown, District I Supervisor
Hobbs District Office
Phone: 575-393-6161 ext. 102

ATTACHMENT: List of Well(s) Subject to "Notice of Failure"

API #
30-025-29711-00-00

WELL NAME AND No.
CONSOLIDATED STATE #3

OPERATOR
COBALT OPERATING, LLC

<u>UL</u>	<u>SEC</u>	<u>Twp</u>	<u>Rng</u>	<u>TEST</u>
C	9	17S	37E	BHT

RD
CONSERVATION DIVISION
N FRENCH DRIVE
BS NM 88240



HASLER

\$006.49⁰

12/22/2016 ZIP 88240
012E14642224

COBALT OPERATING, LLC
PO BOX 51468
MIDLAND, TX 79710

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

COBALT OPERATING, LLC
PO BOX 51468
MIDLAND, TX 79710

2. Article Number
(Transfer from service label)

7014 1200 0002 1826 6240

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

**U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

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OFFICIAL USE

Postage

\$.49

Certified Fee

3.30

Return Receipt Fee
(Endorsement Required)

2.70

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees

\$ 6.49

Postmark
Here

Sent To

Street, Apt. No.,
or PO Box No.

City, State, ZIP+4

PS Form 3800, August 2006

See Reverse for Instructions

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS. FOLD AT DOTTED LINE
CERTIFIED MAIL™



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Cobalt Operating
PO BOX 51468
MIDLAND, TX 79710