



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Underground Injection Control Program

"Protecting Our Underground Sources of Drinking Water"

26-Feb-09

CONOCO PHILLIPS
ATTN:KENNY KIDD/ RUDY QUIROZ
HC 60 BOX 66
LOVINGTON, NM 88260

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

VACUUM ABO UNIT No.006

30-025-02992-00-00

Approved TA Oil (Producing)

P-33-17S-35E

Test Date: 2/12/2009

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 6/1/2009

Test Type: Bradenhead Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: BRADENHEAD TEST SHOWED 30# ON SURFACE CASING; OIL ON SURFACE CASING DID NOT BLEED DOWN;****OPERATOR IN VIOLATION OF NMOC Rule 703.***

EAST VACUUM (GSA) UNIT No.002

30-025-26679-00-00

Active Oil (Producing)

A-33-17S-35E

Test Date: 2/10/2009

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 5/16/2009

Test Type: Bradenhead Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: BRADENHEAD TEST SHOWS 150# AND SALT WATER ON SURFACE CASING. SURFACE CASING DID NOT BLEED DOWN. ****OPERATOR IN VIOLATION OF NMOC Rule 703***.

EAST VACUUM (GSA) UNIT No.003**30-025-27320-00-00**

Active Injection - (All Types)

F-29-17S-35E

Test Date: 2/17/2009

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 5/24/2009

Test Type: Bradenhead Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: WELL IS SHUT IN POSSIBLE HOLE IN TUBING OR OTHER DOWNHOLE PROBLEM.
OPERATOR IN VIOLATION OF NMOCD RULE 703.*

EAST VACUUM (GSA) UNIT No.004**30-025-30016-00-00**

Active Oil (Producing)

L-33-17S-35E

Test Date: 2/12/2009

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 5/18/2009

Test Type: Bradenhead Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: BRADENHEAD TEST SHOWED 30# ON SURFACE CASING; WHILE BLEEDING DOWN SURFACE CASING, H2S MONITOR SHOWED 15 PPM OF H2S. AFTER CLOSING VALVE ON SURFACE CASING WITHIN 1 MINUTE PRESSURE BUILDS BACK UP. ****OPERATOR NEEDS TO ADDRESS SURFACE CASING PROBLEM****OPERATOR IN VIOLATION OF NMOCD RULE 703.****

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,

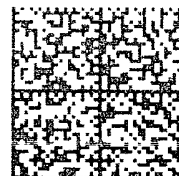


Hobbs OCD District Office

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

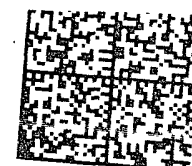
EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



HASLER 017H15554512
\$0.590
02/26/2009
Mailed From 88240
US POSTAGE

CONOCO PHILLIPS
ATTN: KENNY KIDD/ RUDY QUIROZ
HC 60 BOX 66
LOVINGTON, NM 88260

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



HASLER

017H15554612

\$0.590

02/26/2009

Mailed From 88240

US POSTAGE

CONOCO PHILLIPS CO.
ATTN: REG.DEPT.-CELESTE DALE
3300 N. 'A' STR., BLDG 6 #247
MIDLAND, TX 79705