



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Response Required – Deadline Enclosed

Underground Injection Control Program

"Protecting Our Underground Sources of Drinking Water"

23-Apr-09

OCCIDENTAL PERMIAN LTD.
ATTN: GLEN HUBBARD
1017 W. STANOLIND RD.
HOBBS, NM 88240

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

NORTH HOBBS G/SA UNIT No.431

30-025-05467-00-00

I-23-18S-37E

Active Injection - (All Types)

Test Date: 4/21/2009

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 7/25/2009

Test Type: Bradenhead Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: PRESSURE TESTED 3 TIMES: 1ST 570#/520# 12 MINS; 2ND TEST 570#/500# 12 MINS; 3RD TEST 580#/500# 12 MINUTES;***OPERATOR IN VIOLATION OF NMOCD RULE 703*****

NORTH HOBBS G/SA UNIT No.422

30-025-05478-00-00

H-24-18S-37E

Active Injection - (All Types)

Test Date: 4/21/2009

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 7/25/2009

Test Type: Std. Annulus Pres. Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: PRESSURED UP TWICE ON WELL; WOULD NOT HOLD PRESSURE; 1ST TEST 560#/505# IN 18 MINS; 2ND TEST 560#/520# IN 7 MINS; *****OPERATOR IN VIOLATION OF NMOCD RULE 703*****

NORTH HOBBS G/SA UNIT No.112**30-025-07358-00-00**

Expired TA Injection - (All Types)

D-19-18S-38E

Test Date: 4/21/2009 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 7/25/2009
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: WELL WOULD NOT HOLD PRESSURE; ****OPERATOR IN VIOLATION OF NMOC Rule 703*****

NORTH HOBBS G/SA UNIT No.341**30-025-07500-00-00**

Active Injection - (All Types)

O-31-18S-38E

Test Date: 4/16/2009 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 7/20/2009
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: WHILE TESTING WELL AFTER 8 MINUTES INTO TEST, INTERMEDIATE STRING OF CASING STARTED TO RELEASE OILY FLUID FAILED MECHANICAL INTEGRITY ****OPERATOR IN VIOLATION OF NMOC Rule 703*****

NORTH HOBBS G/SA UNIT No.321**30-025-12506-00-00**

Active Injection - (All Types)

G-32-18S-38E

Test Date: 4/17/2009 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 7/21/2009
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: ****WELL DID NOT HOLD PRESSURE; OPERATOR IN VIOLATION OF NMOC Rule 703*****.

BYERS B No.034**30-025-24079-00-00**

Approved TA Oil (Producing)

B-4-19S-38E

Test Date: 4/15/2009 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 7/19/2009
Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: FAILED PRESSURE TEST ON 8/15/2007; FAILURE TO REPAIR PRIOR UIC REGULATORY TEST***OPERATOR IN VIOLATION OF NMOC Rule 703***

NORTH HOBBS G/SA UNIT No.432**30-025-26974-00-00**

Active Injection - (All Types)

I-32-18S-38E

Test Date: 4/8/2009 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 7/12/2009
Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: ***OPERATOR HAS BEEN USING NO C103 SHOWING REPAIRS****FAILURE TO REPAIR PRIOR VIOLATION---SIGNIFICANT NON COMPLIANCE****???

NORTH HOBBS G/SA UNIT No.422**30-025-28268-00-00**

Active Injection - (All Types)

H-33-18S-38E

Test Date: 4/21/2009 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 7/25/2009
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: WELL WOULD NOT HOLD PRESSURE; ****OPERATOR IN VIOLATION OF NMOC Rule 703*****

NORTH HOBBS G/SA UNIT No.342**30-025-29062-00-00**

Active Injection - (All Types)

O-24-18S-37E

Test Date: 4/21/2009 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 7/25/2009
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: PRESSURE TESTED WELL TWICE; WOULD NOT HOLD PRESSURE; 1ST TEST 560#/505# IN 16 MINS; 2ND TEST 570#/500# IN 22 MINS; ***OPERATOR IN VIOLATION OF NMOC Rule 703****

NORTH HOBBS G/SA UNIT No.242**30-025-29276-00-00**

Active Injection - (All Types)

N-28-18S-38E

Test Date: 4/17/2009 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 7/21/2009
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: WOULD NOT HOLD PRESSURE (RAN TWICE); GAINED PRESSURE DURING 1ST PT; 560#/580# 10
MINS; 2ND PT 520#/580# 17 MINS; ***OPERATOR IN VIOLATION OF NMOCD RULE 703****

NORTH HOBBS G/SA UNIT No.533**30-025-35541-00-00**

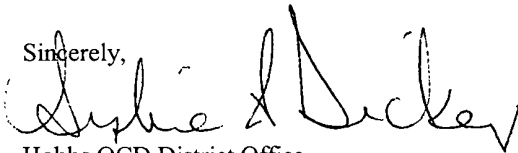
Active Oil (Producing)

J-29-18S-38E

Test Date: 4/9/2009 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 7/13/2009
Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: SURFACE CASING HAS 600# AND FLUID (POSSIBLE SALT WATER VERY FOUL SMELL); DID
NOT ATTEMPT TO BLEED DOWN. ***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,

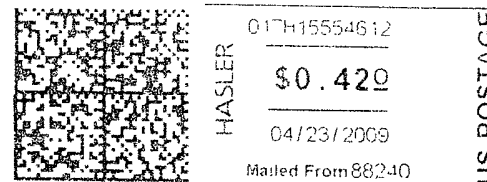


Hobbs OCD District Office

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



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