

NEW MEXICO ENERGY, MINERALS NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Joanna Prukop

Cabinet Secretary

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Oil Conservation Division

Response Required - Deadline Enclosed

Underground Injection Control Program "Protecting Our Underground Sources of Drinking Water"

21-May-09

XTO ENERGY, INC 200 N LORAINE STE 800 MIDLAND TX 79701-0000

> 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

ARROWHEAD GRAYBURG UNIT No.156

30-025-08748-00-00

Active Injection - (All Types)

G-2-22S-36E

8/15/2009

Test Date:

5/12/2009

Permitted Injection PSI:

Actual PSI:

Test Reason:

Annual IMIT

Test Result:

Repair Due:

Test Type:

FAIL TYPE: Other Internal Failure

Std. Annulus Pres. Test

FAIL CAUSE:

Active Injection - (All Types)

Comments on MIT: WOULD NOT LOAD TO PRESSURE TEST: ****OPERATOR IN VIOLATION OF NMOCD RULE

703****

ARROWHEAD GRAYBURG UNIT No.194

30-025-08881-00-00 E-12-22S-36E

Test Date:

5/13/2009

Permitted Injection PSI:

Test Result:

Actual PSI:

Test Reason:

Annual IMIT

Repair Due: 8/16/2009

Test Type:

Bradenhead Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT:

PER OPERATOR WORKORDER SUBMITTED TO MIRU TO REPR; ****OPERATOR IN VIOLATION

OF NMOCD RULE 703*****

Oil Conservation Division * 1625 N French Drive * Hobbs, New Mexico 88240 Phone: 505-393-6161 * Fax 505-393-0720 * http://www.emnrd.state.nm.us

ARROWHEAD GRAYBURG UNIT No.185

30-025-08888-00-00

8/15/2009

Active Injection - (All Types)

A-12-22S-36E

Test Date:

Test Type:

5/12/2009

Permitted Injection PSI:

Actual PSI:

. Test Reason: Annual IMIT Test Result:

Repair Due:

Comments on MIT:

Std. Annulus Pres. Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

STATE****OPERATOR IN VIOLATION OF NMOCD RULE 703****

WELL WOULD NOT HOLD PRESSURE; DROPPED MORE THAN 10% ALLOWED BY

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

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



XTO ENERGY INC. 200 N. LORAINE, STE. 800 MIDLAND, TX 79701 ND MINERALS DEPARTMENT DNSERVATION DIVISION P.O. BOX 1980 bs, New Mexico 88241



XTO ENERGY INC: ATTN. DAVID PASCHAL P O BOX 700 EUNICE, NM 88231