



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"

12-Apr-10

CONOCOPHILLIPS COMPANY

3300 N A STREET BLDG 6 #247

MIDLAND TX 79710-0000

**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

EAST VACUUM (GSA) UNIT No.003

30-025-02897-00-00

Active Injection - (All Types)

J-27-17S-35E

Test Date: 2/8/2010

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 5/14/2010

Test Type: Std. Annulus Pres. Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: NO CHART; OPERTOR STATED WILL NOT PASS MECHANICAL INTEGRITY; ***** OPERATOR IN VIOLATION OF NMOCD RULES ***19.15.26.11****

EAST VACUUM (GSA) UNIT No.036

30-025-03058-00-00

Active Oil (Producing)

C-5-18S-35E

Test Date: 2/1/2010

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 5/7/2010

Test Type: Bradenhead Test

FAIL TYPE: Communication Between

FAIL CAUSE:

Comments on MIT: BHT FAILURE ****OPERATOR IN VIOLATION OF NMOCD RULE 19.526.11*****

VACUUM ABO UNIT No.003 30-025-03110-00-00
Active Injection - (All Types) B-8-18S-35E
Test Date: 2/10/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 5/16/2010
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: STOPPED TEST 5 MINS INTO THE PRESSURE TEST; OIL COMMENCED FROM INTERMEDIATE
DID NOT STOP FLOWING; ****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11*****

SEMU PERMIAN No.026 30-025-07864-00-00
Active Injection - (All Types) E-30-20S-38E
Test Date: 4/6/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 7/10/2010
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: NO TEST OPERATOR CONCEDED COMMUNICATION (BACKSIDE). ***OPERATOR IN
VIOLATION OF NMOCD RULE 19.15.26.11****

PHILMEX No.009 30-025-20516-00-00
Active Injection - (All Types) B-26-17S-33E
Test Date: 2/16/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 5/22/2010
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: 3 PRE TESTS WELL FAILED ALL THREE WITHIN 10 MINUTES; ****OPERATOR IN VIOLATION
OF NMOCD RULE 19.15.26.11****

WARREN UNIT BLINEBRY TUBB WF No.039 30-025-25203-00-00
Active Injection - (All Types) B-34-20S-38E
Test Date: 4/6/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 7/10/2010
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: WOULD NOT LOAD TO PRESSURE TEST; ****OPERATOR IN VIOLATION OF NMOCD RULE
19.15.26.11 *****

EAST VACUUM (GSA) UNIT No.003 30-025-26520-00-00
Active Injection - (All Types) M-33-17S-35E
Test Date: 2/10/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 5/16/2010
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: WHILE PRESSURING UP CASING WATER COMMENCED TO EMERGE FROM SURFACE CASING;
FAILED PT; ****OPERATOR IN VIOLATION OF NMOCD RULE****19.15.26.11****

EAST VACUUM (GSA) UNIT No.012 30-025-26780-00-00
Active Injection - (All Types) M-28-17S-35E
Test Date: 2/9/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 5/15/2010
Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
Comments on MIT: SURFACE CASING STARTED TO LEAK; FAILED MECHANICAL INTEGRITY **** OPERATOR IN
VIOLATION OF NMOCD RULE 19.15.26.11 *****

EAST VACUUM (GSA) UNIT No.001 30-025-27315-00-00
Active Injection - (All Types) O-21-17S-35E
Test Date: 2/8/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 5/14/2010
Test Type: Bradenhead Test FAIL TYPE: Packer FAIL CAUSE:
Comments on MIT: MIT FAILURE 900# ON CSG. PACKER PROBLEM. WELL WAS SHUT IN. ****OPERATOR IN
VIOLATION OF NMOCD RULE 19.15.26.11*****

EAST VACUUM (GSA) UNIT No.387

30-025-32665-00-00

Active Injection - (All Types)

L-33-17S-35E

Test Date: 2/10/2010

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 5/16/2010

Test Type: Std. Annulus Pres. Test

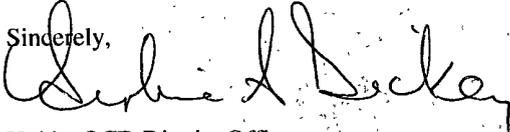
FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: DID NOT HOLD PRESSURE; ****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11****

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,

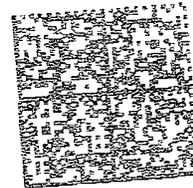


Hobbs OCD District Office

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.

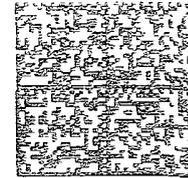
EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



017H15554612
\$0.440
04/12/2010
Mailed From 88240
US POSTAGE

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

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



G17H16554612
\$0.440
04/12/2010
Mailed From 88240

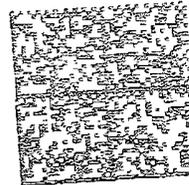
HASLER

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

CONOCO PHILLIPS
ATTN: VERNON MACKEY
1410 N. WEST COUNTY ROAD
HOBBS, NM 88240



HASLER 017H16554612
\$0.440
04/12/2010
Mailed From 88240
U.S. POSTAGE