

NEW MEXICO ENERGY, MINERALS 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"

01-Jun-10

RANGER 40 PETROLEUM, LLC 1004 COLLIER CENTER WAY #206 NAPLES FL 34110-

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

LANGLIE JAL UNIT No.017

Active Injection - (All Types)

30-025-11301-00-00 J-31-24S-37E

8/27/2010

8/27/2010

Test Date:

5/24/2010

Permitted Injection PSI:

Actual PSI:

Test Reason:

Annual IMIT

Test Result:

Repair Due:

Test Type:

Bradenhead Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: BHT FAILURE ***OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 ******

LANGLIE JAL UNIT No.021

Active Injection - (All Types)

30-025-11315-00-00 J-32-24S-37E

Test Date:

5/24/2010

Permitted Injection PSI:

Actual PSI:

Test Reason:

Annual IMIT

Test Result:

Repair Due:

Test Type:

Bradenhead Test

FAIL TYPE: Other Internal Failure

Comments on MIT:

FAIL CAUSE:

VACUUM ON TUBING AND CASING; ***OPERATOR IN VIOLATION OF NMOCD RULE

19.15.26.11****** ALSO LAST PT PERFORMED IN 2006****

LANGLIE JAL UNIT No.072

30-025-11506-00-00

Expired TA Injection - (All Types)

C-8-25S-37E

Test Date:

5/24/2010

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT Test Result: Test Type:

Repair Due: 8/27/2010

Bradenhead Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: WeLL HEAD / SURFACE LEAK

30-025-11633-00-00

LANGLIE JAL UNIT No.093

Active Injection - (All Types)

P-17-25S-37E

Test Date:

5/24/2010

Permitted Injection PSI:

Actual PSI:

Test Reason:

Annual IMIT

Test Result:

Repair Due:

8/27/2010

Test Type:

Bradenhead Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT:

BHT FAILURE ***OPERATOR IN VIOLATION OF NMOCD RULE 19.15 26.11 *****

LANGLIE JAL UNIT No.023

Active Injection - (All Types)

30-025-23866-00-00 P-32-24S-37E

Test Date:

5/24/2010

Permitted Injection PSI:

Actual PSI:

Test Reason:

Test Result:

Repair Due:

8/27/2010

8/27/2010

Test Type:

Annual IMIT

F

FAIL CAUSE:

Bradenhead Test

FAIL TYPE: Other Internal Failure

NO CHANGE IN STATUS:****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11**** Comments on MIT:

LANGLIE JAL UNIT No.049

Active Injection - (All Types)

30-025-23868-00-00 H-6-25S-37E

Test Date:

5/24/2010

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT Test Result: Repair Due:

Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:

> NO CHANGE IN STATUS UNSUCCESSFUL; WORKOVER; ***OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11****

LANGLIE JAL UNIT No.091

30-025-24891-00-00

Active Injection - (All Types)

J-17-25S-37E

Test Date:

5/24/2010

Permitted Injection PSI:

Actual PSI:

Test Reason:

Annual IMIT

Test Result:

Repair Due: 8/27/2010

Test Type:

Sincerely,

Bradenhead Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT:

Comments on MIT:

COMMUNICATION BETWEEN TUBING AND CASING; BHT FAILURE *****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.

GOMPLIANCE OFFICER

ONLY

Testing Testing Total "Feature Cause"

Only

Testing 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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