

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Jim Noel

Cabinet Secretary

Karen W. Garcia

Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division

***Response Required – Deadline Enclosed*****Underground Injection Control Program***"Protecting Our Underground Sources of Drinking Water"*

03-Aug-10

RIDGEWAY ARIZONA OIL CORP.

ONE RIVERWAY, SUITE 610

HOUSTON TX 77056-

**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**HALEY CHAVEROO SA UNIT No.033****30-005-10440-00-00**

Active Injection - (All Types)

B-3-8S-33E

Test Date:	8/2/2010	Permitted Injection PSI:		Actual PSI:	
Test Reason:	Annual IMIT	Test Result:	F	Repair Due:	11/5/2010
Test Type:	Bradenhead Test	FAIL TYPE:	Permit Violation	FAIL CAUSE:	
Comments on MIT:	OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****				

HALEY CHAVEROO SA UNIT No.035**30-005-10490-00-00**

Active Injection - (All Types)

F-3-8S-33E

Test Date:	8/2/2010	Permitted Injection PSI:		Actual PSI:	
Test Reason:	Annual IMIT	Test Result:	F	Repair Due:	11/5/2010
Test Type:	Bradenhead Test	FAIL TYPE:	Permit Violation	FAIL CAUSE:	
Comments on MIT:	OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****				

Oil Conservation Division
1625 French Drive • Hobbs, New Mexico 88240
Phone (575) 393-6161 • Fax (575) 393-0720 • www.emnrd.state.nm.us/OCD



HALEY CHAVEROO SA UNIT No.042

30-005-10551-00-00

Active Injection - (All Types)

P-3-8S-33E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

HALEY CHAVEROO SA UNIT No.014

30-041-10137-00-00

Active Injection - (All Types)

F-33-7S-33E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

HALEY CHAVEROO SA UNIT No.018

30-041-10138-00-00

Active Injection - (All Types)

J-33-7S-33E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

HALEY CHAVEROO SA UNIT No.003

30-041-10144-00-00

Approved TA Injection - (All Types)

B-33-7S-33E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

HALEY CHAVEROO SA UNIT No.016

30-041-10146-00-00

Approved TA Injection - (All Types)

L-33-7S-33E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Std. Annulus Pres. Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

HALEY CHAVEROO SA UNIT No.025

30-041-10164-00-00

Active Injection - (All Types)

N-33-7S-33E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Std. Annulus Pres. Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

HALEY CHAVEROO SA UNIT No.001

30-041-10174-00-00

Active Injection - (All Types)

D-33-7S-33E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

HALEY CHAVEROO SA UNIT No.012

30-041-10213-00-00

Approved TA Injection - (All Types)

L-34-7S-33E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

HALEY CHAVEROO SA UNIT No.005

30-041-10218-00-00

Active Injection - (All Types)

D-34-7S-33E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

HALEY CHAVEROO SA UNIT No.022

30-041-10232-00-00

Approved TA Injection - (All Types)

J-34-7S-33E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

HALEY CHAVEROO SA UNIT No.007

30-041-10243-00-00

Active Injection - (All Types)

B-34-7S-33E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

HALEY CHAVEROO SA UNIT No.008

30-041-10413-00-00

Approved TA Injection - (All Types)

H-34-7S-33E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

HALEY CHAVEROO SA UNIT No.031

30-041-10421-00-00

Active Injection - (All Types)

P-34-7S-33E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

HALEY CHAVEROO SA UNIT No.027

30-041-10424-00-00

Active Injection - (All Types)

P-33-7S-33E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

HALEY CHAVEROO SA UNIT No.029

30-041-10450-00-00

Active Injection - (All Types)

N-34-7S-33E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

JENNIFER CHAVEROO SA UNIT No.042

30-041-10553-00-00

Active Injection - (All Types)

M-25-7S-33E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

MIDWEST MORGAN FEDERAL No.001

30-041-10588-00-00

Active Salt Water Disposal Well

I-13-7S-33E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

JENNIFER CHAVEROO SA UNIT No.072

30-041-10593-00-00

Active Injection - (All Types)

I-25-7S-33E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

JENNIFER CHAVEROO SA UNIT No.053

30-041-20100-00-00

Active Injection - (All Types)

G-36-7S-33E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

JENNIFER CHAVEROO SA UNIT No.024

30-041-20105-00-00

Active Injection - (All Types)

F-29-7S-34E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11 *****

TUCKER No.005

30-041-20769-00-00

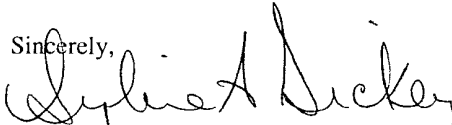
Active Salt Water Disposal Well

M-24-7S-32E

Test Date: 8/2/2010 Permitted Injection PSI: Actual PSI:
Test Reason: Annual IMIT Test Result: F Repair Due: 11/5/2010
Test Type: Bradenhead Test FAIL TYPE: Permit Violation FAIL CAUSE:
Comments on MIT: OPERATOR DID NOT SHOW UP FOR ANNUAL UIC TEST REQUIREMENTS *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26. *****

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,

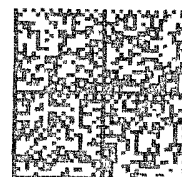


Hobbs OCD District Office

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
017H15554612
\$0.880
08/03/2010
Mailed From 88240
US POSTAGE

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HOUSTON, TX 77056