

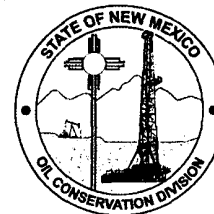


New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Harrison R. Schmitt
Cabinet Secretary-Designate

Daniel Sanchez
Acting-Division Director
Oil Conservation Division



Response Required – Deadline Enclosed

Underground Injection Control Program

"Protecting Our Underground Sources of Drinking Water"

02-Feb-11

APACHE CORP.
303 VETERANS AIRPARK LANE
STE. 3000
MIDLAND, TX 79705

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 MONUMENT G/SA UNIT No.003

30-025-04155-00-00

Active Injection - (All Types)

C-2-20S-36E

Test Date:	1/6/2011	Permitted Injection PSI:	Actual PSI:
Test Reason:	Annual IMIT	Test Result:	F
Test Type:	Std. Annulus Pres. Test	FAIL TYPE:	Other Internal Failure
Comments on MIT:	WOULD NOT HOLD PRESSURE ***FAILED PRESSURE TEST ***OPERATOR IN VIOLATION OF NMOC Rule 19.15.26.11****		

NORTH MONUMENT G/SA UNIT No.013

30-025-05623-00-00

Active Injection - (All Types)

M-18-19S-37E

Test Date:	1/10/2011	Permitted Injection PSI:	Actual PSI:
Test Reason:	Annual IMIT	Test Result:	F
Test Type:	Std. Annulus Pres. Test	FAIL TYPE:	Other Internal Failure
Comments on MIT:	***FAILED PRESSURE TEST***OPERATOR IN VIOLATION OF NMOC Rule 19.15.26.11*****		

Oil Conservation Division * 1625 N. French Dr.*

* Hobbs, New Mexico 88240

* Phone: (575) 393-6161 * Fax (575) 393-0720* <http://www.emnrd.state.nm.us>



NORTH MONUMENT G/SA UNIT No.004**30-025-05910-00-00**

D-5-20S-37E

Active Injection - (All Types)

Test Date: 1/10/2011 Permitted Injection PSI: Actual PSI:
 Test Reason: Annual IMIT Test Result: F Repair Due: 4/15/2011
 Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
 Comments on MIT: ***CONTINUOUS FLOW OF FLUID ON SURFACE***FAILED BHT***OPERATOR IN
 VIOLATION OF NMOC Rule 19.15.26.11*****

EAST BLINEBRY DRINKARD UNIT No.003**30-025-06325-00-00**

M-1-21S-37E

Active Injection - (All Types)

Test Date: 1/12/2011 Permitted Injection PSI: Actual PSI:
 Test Reason: Annual IMIT Test Result: F Repair Due: 4/17/2011
 Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
 Comments on MIT: ATTEMPTED PRESSURE TEST; SURFACE CASING OPEN-OIL FLOW WHEN PRESSURING UP
 ON WELL TO CONDUCT TEST ***FAILED PRESSURE TEST***OPERATOR IN VIOLATION OF
 NMOC Rule 19.15.26.11*** **NOTE - PRIOR YEAR FAILURES ON SURFACE CASING
 ***NO REPAIRS HAVE BEEN SUBMITTED OR APPROVED TO HOBBS DISTRICT OFFICE.
 NOTE OPERATOR IS SHOWING INJECTION VOLUMES REPORTED*

EAST BLINEBRY DRINKARD UNIT No.018**30-025-06479-00-00**

A-11-21S-37E

Active Injection - (All Types)

Test Date: 1/12/2011 Permitted Injection PSI: Actual PSI:
 Test Reason: Annual IMIT Test Result: F Repair Due: 4/17/2011
 Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
 Comments on MIT: ***3RD NOTICE OF VIOLATION***PRIOR YEAR FAILURES ON PRODUCTION CASING***NO
 REPAIRS HAVE BEEN SUBMITTED OR APPROVED TO HOBBS DISTRICT OFFICE. **NOTE
 OPERATOR IS SHOWING INJECTION VOLUMES REPORTED***

EAST BLINEBRY DRINKARD UNIT No.031**30-025-06541-00-00**

C-12-21S-37E

Active Injection - (All Types)

Test Date: 1/12/2011 Permitted Injection PSI: Actual PSI:
 Test Reason: Annual IMIT Test Result: F Repair Due: 4/17/2011
 Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
 Comments on MIT: ATTEMPTED PT- WELL FAILED DUE TO VACUUM ON CASING ***OPERATOR IN
 VIOLATION OF NMOC Rule 19.15.26.11*****

NORTHEAST DRINKARD UNIT No.805**30-025-06736-00-00**

F-22-21S-37E

Active Injection - (All Types)

Test Date: 1/18/2011 Permitted Injection PSI: Actual PSI:
 Test Reason: Annual IMIT Test Result: F Repair Due: 4/23/2011
 Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
 Comments on MIT: FAILED PRESSURE TEST ***COMMUNICATION BETWEEN PRODUCTION CASING AND
 SURFACE CASING; WHILE PRESSURING UP ON CASING SURFACE CASING SHOWED OILY
 SALT WATER FLUID; ***OPERATOR IN VIOLATION OF NMOC Rule 19.15.26.11*****

SOUTH EUNICE SEVEN RIVERS QUEEN UNIT No.427**30-025-09025-00-00**

C-25-22S-36E

Active Injection - (All Types)

Test Date: 1/20/2011 Permitted Injection PSI: Actual PSI:
 Test Reason: Annual IMIT Test Result: F Repair Due: 4/25/2011
 Test Type: Std. Annulus Pres. Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
 Comments on MIT: FAILED PRESSURE TEST; ***OPERATOR IN VIOLATION OF NMOC Rule 19.15.26.11*****

NORTHEAST DRINKARD UNIT No.103**30-025-09897-00-00**

D-3-21S-37E

Active Injection - (All Types)

Test Date: 1/13/2011 Permitted Injection PSI: Actual PSI:
 Test Reason: Annual IMIT Test Result: F Repair Due: 4/18/2011
 Test Type: Bradenhead Test FAIL TYPE: Other Internal Failure FAIL CAUSE:
 Comments on MIT: FAILED BHT ***COMMUNICATION BETWEEN TUBING AND CASING; CASING=1000#-
 TUBING=1000# ***OPERATOR IN VIOLATION OF NMOC Rule 19.15.26.11*****

February 2, 2011

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NORTH MONUMENT G/SA UNIT No.002B

30-025-12466-00-00

B-36-19S-36E

Active Injection - (All Types)

Test Date: 1/6/2011

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 4/11/2011

Test Type: Std. Annulus Pres. Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: WOULD NOT HOLD PRESSURE-FAILED PRESSURE TEST****OPERATOR IN VIOLATION OF NMOC D RULE 19.15.26.11****

WEST BLINEBRY DRINKARD UNIT No.023

30-025-21225-00-00

D-9-21S-37E

Active Injection - (All Types)

Test Date: 1/18/2011

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 4/23/2011

Test Type: Bradenhead Test

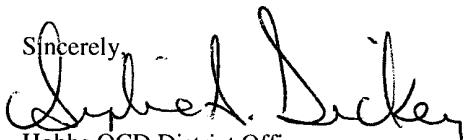
FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: FLUID ON SURFACE CASING***FAILED BHT*** OPERATOR IN VIOLATION OF NMOC D 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,



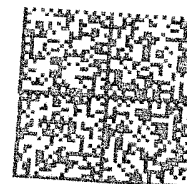
Hobbs OCD District Office

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

APACHE CORP.
303 VETERANS AIRPARK LANE
STE. 3000
MIDLAND, TX 79705



HASLER

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02/03/11

Mailed From 88240

US POSTAGE