



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"

11-May-11

OCCIDENTAL PERMIAN LTD

1017 W STANOLIND ROAD

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 HOBBS G/SA UNIT No.412

30-025-05468-00-00

Approved TA Oil (Producing)

A-23-18S-37E

Test Date: 5/3/2011

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 8/6/2011

Test Type: Bradenhead Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: BHT FAILURE SURFACE CASING HAS SALT WATER WILL NOT BLEED DOWN ***OPERATOR
IN VIOLATION OF NMOCD RULE 19.15.26.11*****

NORTH HOBBS G/SA UNIT No.121

30-025-05502-00-00

Approved TA Injection - (All Types)

E-25-18S-37E

Test Date: 4/27/2011

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 7/31/2011

Test Type: Bradenhead Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT: PRessure ON CASING WOULD NOT BLEED DOWN; FAILED BHT: ***OPERATOR IN
VIOLATION OF NMOCD RULE 19.15.26.11*****

NORTH HOBBS G/SA UNIT No.431**30-025-07474-00-00**

Active Oil (Producing)

I-30-18S-38E

| | | | |
|------------------|---|--------------------------|------------------------|
| Test Date: | 4/28/2011 | Permitted Injection PSI: | Actual PSI: |
| Test Reason: | Annual IMIT | Test Result: | F |
| Test Type: | Bradenhead Test | FAIL TYPE: | Other Internal Failure |
| Comments on MIT: | H2S ON SURFACE CASING FAILED BHT 2PPM *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11***** | | |

Repair Due: 8/1/2011

FAIL CAUSE:

NORTH HOBBS G/SA UNIT No.331**30-025-07538-00-00**

Active Injection - (All Types)

J-32-18S-38E

| | | | |
|------------------|--|--------------------------|------------------------|
| Test Date: | 5/9/2011 | 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 PT DID NOT LOAD WENT ON VACUUM; ***OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11***** | | |

Repair Due: 8/12/2011

FAIL CAUSE:

NORTH HOBBS G/SA UNIT No.341**30-025-07539-00-00**

Active Injection - (All Types)

O-32-18S-38E

| | | | |
|------------------|--|--------------------------|------------------------|
| Test Date: | 4/28/2011 | Permitted Injection PSI: | Actual PSI: |
| Test Reason: | Annual IMIT | Test Result: | F |
| Test Type: | Bradenhead Test | FAIL TYPE: | Other Internal Failure |
| Comments on MIT: | OIL ON INTERMEDIATE CASING DID NOT BLEED DOWN; ***OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11***** | | |

Repair Due: 8/1/2011

FAIL CAUSE:

NORTH HOBBS G/SA UNIT No.221**30-025-07560-00-00**

Active Injection - (All Types)

F-33-18S-38E

| | | | |
|------------------|-------------------------|--------------------------|------------------------|
| Test Date: | 5/9/2011 | 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: | | | |

Repair Due: 8/12/2011

FAIL CAUSE:

SOUTH HOBBS G/SA UNIT No.053**30-025-07612-00-00**

Active Injection - (All Types)

M-4-19S-38E

| | | | |
|------------------|---|--------------------------|------------------------|
| Test Date: | 5/4/2011 | Permitted Injection PSI: | Actual PSI: |
| Test Reason: | Annual IMIT | Test Result: | F |
| Test Type: | Bradenhead Test | FAIL TYPE: | Other Internal Failure |
| Comments on MIT: | ***FAILED BHT*****OPERATOR SUBMITTED NOI TO CHECK CASING***WELL FAILED BHT 5/4/2011 DUE TO CONTINUOUS BLOW ON SURFACE CASING AND CONTINUOUS BLOW ON PRODUCTION CASING *****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11***** | | |

Repair Due: 8/7/2011

FAIL CAUSE:

SOUTH HOBBS G/SA UNIT No.066**30-025-07672-00-00**

Active Injection - (All Types)

D-10-19S-38E

| | | | |
|------------------|--|--------------------------|------------------------|
| Test Date: | 5/2/2011 | Permitted Injection PSI: | Actual PSI: |
| Test Reason: | Annual IMIT | Test Result: | F |
| Test Type: | Bradenhead Test | FAIL TYPE: | Other Internal Failure |
| Comments on MIT: | ***FAILED BHT CASING WOULD NOT BLEED DOWN*****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11***** | | |

Repair Due: 8/5/2011

FAIL CAUSE:

SOUTH HOBBS G/SA UNIT No.068**30-025-07679-00-00**

Approved TA Injection - (All Types)

B-10-19S-38E

| | | | |
|------------------|---|--------------------------|------------------------|
| Test Date: | 5/2/2011 | Permitted Injection PSI: | Actual PSI: |
| Test Reason: | Annual IMIT | Test Result: | F |
| Test Type: | Bradenhead Test | FAIL TYPE: | Other Internal Failure |
| Comments on MIT: | ***FAILED BHT TA'D WELL CASING WOULD NOT BLEED***OPERATOR IN VIOLATION OF NMOCD RULE 19.16.26.11***** | | |

Repair Due: 8/5/2011

FAIL CAUSE:

NORTH HOBBS G/SA UNIT No.341**30-025-24665-00-00**

Active Oil (Producing)

O-30-18S-38E

| | | | |
|------------------|--|-----------------------------------|-------------|
| Test Date: | 5/4/2011 | 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: | ****FAILED 2ND BHT FOR SURFACE CASING 180# DID NOT HAS H2S MEASUREMENT/ DOES HAVE C02. BUILDS BACK UP IMMEDIATELY. ****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11**** | | |

NORTH HOBBS G/SA UNIT No.242**30-025-28413-00-00**

Active Injection - (All Types)

N-29-18S-38E

| | | | |
|------------------|---|-----------------------------------|-------------|
| Test Date: | 5/3/2011 | 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: | FAILED BHT CASING WOULD NOT BLEED DOWN ****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11***** | | |

NORTH HOBBS G/SA UNIT No.547**30-025-36242-00-00**

Active Oil (Producing)

P-30-18S-38E

| | | | |
|------------------|--|-----------------------------------|-------------|
| Test Date: | 4/28/2011 | 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: | FAILED BHT DUE TO SURFACE CASING; 2ND BHT CHECK SHOWS 680# ON SURFACE CASING; C02PRESSURE BUILDS BACK UP IMMEDIATELY ****OPERATOR IN VIOLATION OF NMOCD RULE 19.15.26.11**** | | |

NORTH HOBBS G/SA UNIT No.546**30-025-36280-00-00**

Active Oil (Producing)

I-30-18S-38E

| | | | |
|------------------|--|-----------------------------------|-------------|
| Test Date: | 5/4/2011 | 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: | ***2ND BHT FOR SURFACE CASING 100#. BLED OFF AND BUILDS BACK UP ON SURFACE CASING. 6 PPM HS2 ON SURFACE WILL FAIL AT THIS TIME***** CPROX WELL**** | | |

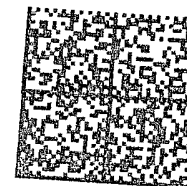
In the event that a satisfactory response is not received to this letter of direction by the "Repair Due:" date shown above, or if the well(s) are not immediately shut-in, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a 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

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

015H14150977

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05/11/11

Mailed From 88240

US POSTAGE

OCCIDENTAL PERMIAN LTD.
ATTN: GLEN HUBBARD
1017 W. STANOLIND RD
HOBBS, NM 88240