



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

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Lori Wrotenbery

Director

Oil Conservation Division

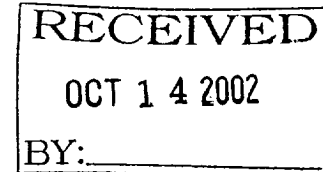
Underground Injection Control Program

"Protecting Our Underground Sources of Drinking Water"

*need to
write
district*

08-Oct-02

**MELROSE OPERATING
c/o SDX RESOURCES
511 W. OHIO, STE.601
MIDLAND, TX 79701**



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 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 repairs will be attempted so that such operations may be witnessed by a field representative.

MECHANICAL INTEGRITY TEST DETAIL SECTION

CONE JALMAT YATES POOL UNIT 202

30-025-08644-00-00

B-24-22S-35E

Active Injection - (All Types)

Test Date: 9/18/2002 1:43:35 PM

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 12/22/2002

Test Type: Std. Annulus Pres. Test

FAIL TYPE: Other Internal Failure

FAIL CAUSE:

Comments on MIT:

Thank you for your prompt attention to this matter and your efforts in helping to protect our ground water resources.

Sincerely, Chris Williams

CHRIS WILLIAMS

OC DISTRICT SUPERVISOR/GENERAL MANAGER

Chris Williams, District I Supervisor

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.