After a .reset, I copy-pasted your code and got similar errors, but from the IDLitSymbol object. The error occurs always when I select the image (mouse motion events cause the error), but do not occur for the circle unless I drag it over to the edge of the window (which was hard to do).

% Program caused arithmetic error: Floating divide by 0
% Program caused arithmetic error: Floating illegal operand
% Detected at IDLITSYMBOL::DRAW   1
/Applications/exelis/idl82/lib/itools/components/idlitsymbol __define.pro

The only thing I can image that causes this are the symbols that indicate where stretches and rotates can occur when a graphic is selected. Perhaps the smallness of these symbols within the data space causes the errors?

As for the other items,

1) I cannot move the circle unless the mouse is near the outlining selection border
2) I cannot translate the line at all using the mouse (although I can with the Translate method).

IDL> help, !version
** Structure !VERSION, 8 tags, length=104, data length=100:
   ARCH   STRING   'x86_64'
   OS   STRING   'darwin'
   OS_FAMILY   STRING   'unix'
   OS_NAME   STRING   'Mac OS X'
   RELEASE   STRING   '8.2'
   BUILD_DATE   STRING   'Apr 10 2012'
   MEMORY_BITS   INT   64
   FILE_OFFSET_BITS
          INT   64