

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF FARLEIGH OIL PROPERTIES
FOR A COMPLIANCE ORDER AGAINST SWEPI LP
AND SHELL EXPLORATION AND PRODUCTION
COMPANY, GUADALUPE COUNTY, NEW MEXICO.**

RECEIVED OCD
2011 MAY 17 A 9:20
CASE NO. 14,583

**THE OIL CONSERVATION DIVISION'S RESPONSE
TO MOTION TO DISMISS**

The Oil Conservation Division (OCD) opposes the motion to dismiss filed by SWEPI LP and Shell Exploration and Production Company (SWEPI/Shell) for the following reasons:

1. Although counsel for SWEPI/Shell, OCD, Farleigh Oil Properties (Farleigh) and Bayswater Exploration and Production, LLC (Bayswater) have worked to resolve issues regarding the filing of logs and the filing of production test data, one issue remains unresolved.

2. During a pre-hearing meeting of counsel for all parties, without examiners participating, counsel for Farleigh and Bayswater discussed the need for information on each completion, explaining that SWEPI/Shell's filings indicated that each well at issue had multiple completions:

- The C-103 filed for the Latigo Ranch 2-34 (30-019-20136) on April 8, 2010 states the well has 7 completions. (See Exhibit FOP 3-3).
- The C-103 filed for the Latigo Ranch 3-5 (30-019-20137) on April 8, 2010 states the well has 6 completions. (See Exhibit FOP 4-4).
- The C-103 filed for the Latigo Ranch 3-3 (30-019-20138) on April 8, 2010 states the well has 12 completions. (See Exhibit FOP 5-4).
- The C-103 filed for the Webb 3-23 (30-019-20135) on April 8, 2010 states the well has 11 completions. (See Exhibit FOP 2-6).
- The C-105 filed for the Webb CD-1 (30-019-20134) on October 21, 2008 states in Box 17 that the well has 10 completions. (See Exhibit FOP 1-5). The C-103 filed for the well on November 2, 2009 is titled a notice of intent for "Additional Completions," and states that SWEPI proposes to perform additional completions (See Exhibit FOP 1-8.)

3. The OCD's forms explain what is required for wells with multiple completions. Paragraph 13 of Form C-103 provides, "For Multiple Completions: Attach well bore diagram of proposed completion or recompletion." The "Instruction" paragraph for the Form C-105 provides, "For multiple completions, items 25 through 29 shall be reported for each zone."

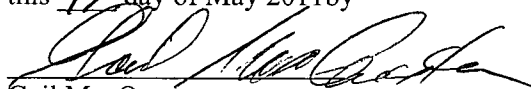
4. SWEPI/Shell's filings, although they state that the wells have multiple completions, did not provide a wellbore diagram for each completion or report items 25 through 29 for each zone.

5. Upon further discussion, the parties concluded that although SWEPI/Shell's filings stated that the wells had multiple completions, what SWEPI/Shell meant was that each well had one completion, with multiple perforations in that completion.

6. Undersigned counsel's understanding from that meeting was that SWEPI/Shell was going to file corrected C-103s (and in the case of the Webb CD-1, a corrected C-105) that would not use the word "completion" when describing perforations. This simple correction would help anyone reading the well files to avoid the misunderstanding that has persisted for months as the parties have tried to work through the various filing issues in this case.

Once SWEPI/Shell corrects the filings indicated above to clarify that the wells do not have multiple completions, the OCD will not oppose the entry of an order finding that, after more than two years, SWEPI/Shell has made the required regulatory filings for the wells identified above, and dismissing Case 14,583. However, the OCD requests that SWEPI/Shell be required to take this last step to clarify the record before the case is dismissed.

Respectfully submitted
this 17th day of May 2011 by



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Certificate of Service

I certify that I served a copy of this pleading by FAX to the following

- Mr. Bruce, counsel for Farleigh Oil Properties, at 505-982-2151;
- Mr. Feldewert, counsel for SWEPI LP and Shell Exploration and Production Company, at 505-983-6043; and
- Mr. Kellahin, counsel for Bayswater Exploration and Production, LLC, at 505-216-2780;

this 17th day of May 2011.


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