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HINKLE, HENSLEY, SHANOR & MARTIN, L.L.P.

ATTORNEYS AT LAW

218 MONTEZUMA

SANTA FE, NEW MEXICO 87501

505-982-4554 (FAX) 505-982-8623

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WRITER:

Gary W. Larson,
Partner

glarson@hinklelawfirm.com

July 24, 2014

VIA HAND DELIVERY

Florene Davidson
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Case 15192

Re: BOPCO, L.P. Application for Revocation of Injection Authority

Dear Florence:

Enclosed for filing are the original and one (1) copy of BOPCO, L.P.'s Application for Revocation of Injection Authority. Also enclosed is a proposed legal notice.

As stated in the application, BOPCO requests that its application be placed on the Division's September 4, 2014 hearing docket.

Thank you for your assistance.

Very truly yours,

Gary W. Larson

GWL:rc
Enclosures

cc: Dr. Kay Havenor (via email)

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

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APPLICATION OF BOPCO, L.P. FOR
REVOCATION OF INJECTION
AUTHORITY UNDER ADMINISTRATIVE
ORDERS SWD-649-B AND SWD-1269,
EDDY COUNTY, NEW MEXICO

Case No. 15192

**APPLICATION FOR REVOCATION
OF INJECTION AUTHORITY**

BOPCO, L.P. (“BOPCO”) applies for an order revoking the injection authority granted to Mesquite SWD, Inc. (“Mesquite”) under Administrative Orders SWD-649-B and SWD-1269. In support of its application, BOPCO states:

1. Mesquite operates the Heavy Metal 12 Federal Well No. 1 (API 30-015-29602), a produced water disposal well located 1,900 feet from the South line and 1,900 feet from the West line, Unit Letter K of Section 12, Township 24 South, Range 31 East in Eddy County. On March 29, 2011, the Division issued Administrative Order SWD-1269 authorizing Mesquite to utilize the Heavy Metal 12 Federal Well No. 1 for the disposal of produced water into the Bell Canyon and Cherry Canyon members of the Delaware Mountain Group through an open hole from 4,415 feet to 7,050 feet. The order established a maximum surface injection pressure of 883 psi. On April 12, 2013, the Division issued Administrative Order IPI-435, which increased the maximum surface injection pressure to 1,400 psi.

2. Mesquite also operates the Bran SWD Well No. 1 (API-30-015-25697), a produced water disposal well located 660 feet from the South line and 660 feet from the East line, Unit Letter P of Section 11, Township 24 South, Range 31 East in Eddy County. On

February 15, 2012, the Division issued Administrative Order SWD-649-B authorizing Mesquite to utilize its Bran SWD Well No. 1 for the disposal of produced water into the Bell Canyon and Cherry Canyon members of the Delaware Mountain Group through an open hole interval from 4,874 feet to 6,740 feet. The order establishes a maximum surface injection pressure of 975 psi. On September 30, 2013, the Division issued Administrative Order IDI-446, which increased the maximum surface injection pressure to 1,450 psi.

3. BOPCO operates the Poker Lake Unit (“PLU”) #401H producing well, a horizontal well located in Section 21, Township 24 South, Range 31 East in Eddy County. The well’s surface location is 335 feet from the South line and 570 feet from the East line in Unit Letter P, and its bottom hole location is 359 feet from the North line and 544 feet from the West line in Unit Letter D.

4. BOPCO has recently experienced an unusually high bottom-hole pressure and a prohibitively high water cut in the PLU #401H well. On April 28, 2014, BOPCO produced 100% water from the well. BOPCO has not produced any oil from the PLU #401H well since that date.

5. Following its discovery of the increased bottom-hole pressure and high water cut in the PLU #401H well, BOPCO investigated the potential cause of these conditions. The investigation led BOPCO to conclude that produced water injected into Mesquite’s Heavy Metal 12 Federal Well No. 1 and Bran SWD Well No. 1 has migrated to the PLU #401H well through a geologic fracture.

6. More recently, BOPCO discovered that two other horizontal wells it operates in proximity to the PLU #401H are showing increased inlet pressures and high water volumes. BOPCO is in the process of conducting a similar investigation of those wells.

7. BOPCO intends to present evidence demonstrating that Mesquite's injection of produced water into the Heavy Metal 12 Federal Well No. 1 and the Bran SWD Well No. 1 has adversely impacted BOPCO's production of oil from its PLU #401H well and may be adversely impacting other producing wells near the PLU #401H well, thereby impairing BOPCO's correlative rights and causing waste.

WHEREFORE, BOPCO requests that the Division set this matter for hearing on September 4, 2014 and, after notice and hearing, enter an order revoking Mesquite's injection authority for the Heavy Metal 12 Federal No. 1 Well and the Bran SWD Well No. 1.

Respectfully submitted,

HINKLE, HENSLEY, SHANOR
& MARTIN, LLP

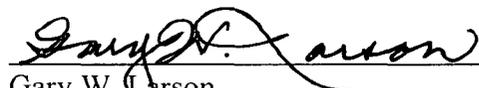


Gary W. Larson
Post Office Box 2068
Santa Fe, NM 87504-2068
(505) 982-4554
glarson@hinklelawfirm.com

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 24th day of July, 2014 I served a true and correct copy of the foregoing *Application for Revocation of Injection Authority* via email to:

Mesquite SWD, Inc.
c/o Dr. Kay Havenor
GeoScience Technologies
904 Moore Ave.
Roswell, NM 88201
khavenor@georesources.com



Gary W. Larson

Case No. 15792 : Application of BOPCO, L.P. for ~~the revocation of the injection~~
authority granted under Administrative Orders SWD-1269 and SWD-649-B, Eddy County,

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New Mexico. Applicant seeks an order revoking the injection authority granted under Administrative Orders SWD-1269 and SWD-649-B to Mesquite SWD, Inc. to dispose of produced water into the following wells operated by Mesquite:

(i) the Heavy Metal 12 Federal Well No. 1 (API 30-015-29602), which is located 1,900 feet from the South line and 1,900 feet from the West line, Unit Letter K of Section 12, Township 24 South, Range 31 East in Eddy County; and

(ii) the Bran SWD Well No. 1 (API 30-015-25697), which is located 660 feet from the South line and 660 feet from the East line, Unit Letter P of Section 11, Township 24 South, Range 31 East in Eddy County.

Applicant intends to present evidence that Mesquite's produced water injection operations are adversely impacting BOPCO producing wells in the Poker Lake Unit, thereby impairing Applicant's correlative rights and causing waste. Applicant's Poker Lake Unit producing wells are located approximately 26 miles southeast of Carlsbad, New Mexico.