



hinklelawfirm.com

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

ATTORNEYS AT LAW
218 MONTEZUMA
SANTA FE, NEW MEXICO 87501
505-982-4554 (FAX) 505-982-8623

RECEIVED OOD

WRITER:

2014 SEP 29 P 4:15

Gary W. Larson,
Partner
glarson@hinklelawfirm.com

September 29, 2014

VIA HAND DELIVERY

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

Case 15231

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 October 30, 2014 hearing docket.

Thank you for your assistance.

Very truly yours,

Gary W. Larson

GWL:rc
Enclosures

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

RECEIVED 000

2014 SEP 29 P 4: 15

APPLICATION OF BOPCO, L.P. FOR
REVOCATION OF INJECTION
AUTHORITY UNDER ADMINISTRATIVE
ORDER SWD-542, EDDY COUNTY,
NEW MEXICO

Case No. 15231

**APPLICATION FOR REVOCATION
OF INJECTION AUTHORITY**

BOPCO, L.P. ("BOPCO") applies for an order revoking the injection authority granted under Administrative Order SWD-542, as amended by Division Order No. IPI-272 and Administrative Order IPI-451. In support of its application, BOPCO states:

1. OXY USA, Inc. ("OXY") operates the SDS Federal "11" Well No. 1 (API 30-015-27627), a produced water disposal well located 2,090 feet from the North line and 1,980 feet from the West line, Unit Letter F of Section 11, Township 24 South, Range 31 East in Eddy County. On December 20, 1993, the Division issued Administrative Order SWD-542 authorizing one of OXY's predecessors, Merit Energy Company, to utilize the SDS Federal "11" Well No. 1 for the injection of produced water for disposal into the Bell Canyon member of the Delaware Mountain Group at approximately 4,508 feet to 5,498 feet through a 2 7/8 inch plastic-lined tubing set in a packer located at approximately 4,408 feet. Administrative Order SWD-542 established a maximum wellhead injection pressure of 902 psi.

2. On October 24, 2006, the Division issued Division Order No. IPI-272 to Pogo Producing Company, another predecessor of OXY. Division Order No. IPI-272 authorized an

increase of the maximum surface injection pressure for the SDS "11" Federal Well No. 1 to 2,200 psi.

3. On October 11, 2013, the Division issued to OXY Administrative Order IPI-451, which increased the maximum surface tubing pressure to 3,170 psi.

4. BOPCO has recently discovered that four producing wells in its Poker Lake Unit have significantly elevated bottom-hole pressures and prohibitively high water cuts. BOPCO's investigation of the potential cause of these conditions led to the conclusion that produced water injected into OXY's SDS Federal "11" Well No. 1 for disposal has migrated to the four BOPCO producing wells through a geologic fracture.

5. The BOPCO wells impacted by the produced water intrusion are: (i) the Poker Lake Unit ("PLU") #401H (API 30-015-39918), a horizontal well with a surface location 335 feet from the South line and 570 feet from the East line in Unit Letter P, and bottom hole location 359 feet from the North line and 544 feet from the West line, in Unit Letter D, Section 21, Township 24 South, Range 31 East; (ii) the PLU #392H (API 30-015-40296), a horizontal well with a surface location 200 feet from the North line and 1,900 feet from the West line in Unit Letter C of Section 20, Township 24 South, Range 31 East and bottom hole location 753 feet from the South line and 575 feet from the West line, Unit Letter M of Section 21, Township 24 South, Range 31 East; (iii) the PLU #393H (API 30-015-40951), a horizontal well with a surface location 55 feet from the North line and 435 feet from the East line, Unit Letter A of Section 19, Township 24 South, Ranch 31 East and bottom hole location 1,150 feet from the South line and 644 feet from the East line, Unit Letter O of Section 20, Township 24 South, Range 31 East; and (iv) the PLU #394H (API 30-015-41083), a horizontal well with a surface location 1,125 feet from the South line and 200 feet from the East line in Unit Letter P of Section

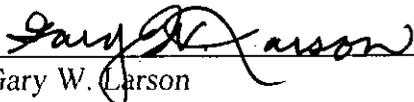
19, Township 24 South, Range 31 East and bottom hole location 1,467 feet from the South line and 561 feet from the East line in Unit Letter I of Section 29, Township 24 South, Range 34 East.

6. BOPCO intends to present evidence demonstrating that OXY's injection of produced water into the SDS Federal "11" Well No. 1 for disposal has adversely impacted BOPCO's PLU #401H, PLU #392H, PLU #393H, and PLU #394H producing wells, thereby impairing BOPCO's correlative rights and causing waste.

WHEREFORE, BOPCO requests that the Division set this matter for hearing on October 30, 2014 and, after notice and hearing, enter an order revoking OXY's injection authority for the SDS Federal "11" 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

Counsel for Applicant BOPCO, L.P.