



**MONTGOMERY  
& ANDREWS**  
LAW FIRM

J. SCOTT HALL

Cell: (505) 670-7362

Email: shall@montand.com

Reply To: Santa Fe Office

www.montand.com

RECEIVED OCD

2010 OCT 14 P 4: 02

October 14, 2010

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

**Hand Delivered**

**Re: NMOCD Case No. 14571 : Application of BC Operating, Inc. for  
Authorization to Inject Water for Lease Pressure Maintenance Operations and  
Designation of a Project Area, Lea County, New Mexico**

Dear Ms. Davidson:

On behalf of BC Operating, Inc., enclosed is an Application in the above-referenced case. Please set this matter for hearing on the November 18, 2010 examiner docket. Also enclosed is a proposed advertisement for the case.

Thank you.

Very truly yours,

Karen Williams  
Assistant to J. Scott Hall

:kw

Enclosures

cc: BC Operating, Inc.  
00226586

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**REPLY TO:**

325 Paseo de Peralta  
Santa Fe, New Mexico 87501  
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307  
Santa Fe, New Mexico 87504-2307

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6301 Indian School Road NE, Suite 400  
Albuquerque, New Mexico 87110  
Telephone (505) 884-4200 • Fax (505) 888-8929

Post Office Box 36210  
Albuquerque, New Mexico 87176-6210

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

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2010 OCT 14 P 4: 03

IN THE MATTER OF THE APPLICATION  
OF BC OPERATING, INC. FOR  
AUTHORIZATION TO INJECT WATER  
FOR LEASE PRESSURE MAINTENANCE  
OPERATIONS AND DESIGNATION OF A  
PROJECT AREA, LEA COUNTY, NEW  
MEXICO.

CASE NO. 14571

APPLICATION

BC Operating, Inc., ("BC" or "Applicant"), through its undersigned counsel, Montgomery and Andrews, P.A. (J. Scott Hall, Esq.), applies pursuant to 19.15.26.8 NMAC for an order authorizing the injection of water for lease pressure maintenance operations in the San Andres Formation, Lovington Grayburg-San Andres Pool (40580) and designation of the E/2 NE/4 of Section 11 Township 17 South, Range 36 East NMPM Lea County, New Mexico as the project area for the pressure maintenance operations. In support of its Application, BC states:

1. BC operates the following well:

Angell Well No. 3  
API No. 30-025-39690  
1650' FNL and 660' FEL (Unit H)  
Section 11  
T-17-S, R-36-E, NMPM

2. The Angell Well No. 3 was drilled as a dry hole to a total depth of approximately 6,700'. The Angell Well No. 3 in unit H directly offsets the BC Operating, Inc. Angell Well No. 1 located in unit A, also in Section 11, T-17S R-36-

E, NMPM. The Angell Well No. 1 was drilled to a total depth of 6,402' to the San Andres formation and produces oil from the Lovington Grayburg-San Andres Pool. Applicant proposes to provide pressure maintenance support to the Angell Well No. 1 by converting the Angell Well No. 3 and utilizing the well for injection of water through a closed system into the San Andres formation through perforations at depths of 4,802' to 5,432'.

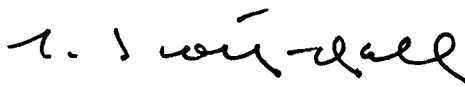
3. Injection operations through the well will be conducted at an anticipated average daily injection pressure of 900 psig with a maximum surface injection pressure of 960 psig or as permitted by the Division. Applicant proposes injection of water at average daily rates of approximately 400 bbls and at maximum daily rates of approximately 500 bbls. The source of the injected fluids will be produced water from other San Andres formation wells that have been drilled in the area.

4. The two forty-acre tracts upon which the Angell Well No. 1 and Angell Well No. 3 are located and which comprise the E/2 NE/4 of Section 11 will be designated as the pressure maintenance project area. The two tracts are under a single lease owned by Applicant.

5. Applicant's proposed injection operation can be conducted in a safe and responsible manner without causing waste, impairing correlative rights or endangering fresh water, public health or the environment.

WHEREFORE, Applicant requests that this Application be set for hearing before a duly appointed examiner of the Oil Conservation Division on November 18, 2010 and that after notice and hearing as required by law, the Division enter its Order approving the conversion of the Angell Well No. 3 for the injection of water into the San Andres formation at the intervals and at the pressures, volumes and rates indicated, and making such other and further provisions as the Division determines appropriate.

Montgomery and Andrews, P.A.

By: 

J. Scott Hall, Esq.  
Post Office Box 2307  
Santa Fe, New Mexico 87504  
(505) 982-3873  
(505) 982-4289

Attorneys for BC Operating, Inc.

00226493

**Case 14571: Application of BC Operating, Inc. for Authorization to Inject Water for Lease Pressure Maintenance Operations and Designation of a Project Area, Lea County, New Mexico.** Applicant seeks approval to convert the following well for the injection of water for lease pressure maintenance operations in the San Andres Formation, Lovington Grayburg-San Andres Pool (40580) and designation of the E/2 NE/4 of Section 11 Township 17 South, Range 36 East NMPM Lea County, New Mexico as the project area for the pressure maintenance operations: RECEIVED 2011 OCT 14 4:02

Angell Well No. 3

API No. 30-025-39690  
1650' FNL and 660' FEL (Unit H)  
Section 11  
T-17-S, R-36-E, NMPM  
Lea County, New Mexico

The well and lands are located approximately eight miles southeast of Lovington, New Mexico.