

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:**

**CASE NO. 13451
ORDER NO. R-12439**

**APPLICATION OF THE OIL CONSERVATION DIVISION THROUGH THE
DIRECTOR OF THE NEW MEXICO UNDERGROUND INJECTION CONTROL
PROGRAM TO REVOKE ADMINISTRATIVE ORDER NO. SWD-966, EDDY
COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on June 16, 2005, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 17th day of October, 2005, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) By Administrative Order No. SWD-966 dated January 20, 2005, the Oil Conservation Division ("Division") authorized Lynx Petroleum Consultants, Inc. to utilize its Jones Federal "B" Well No. 3 (API No. 30-015-10394) located 660 feet from the South and East lines (Unit P) of Section 23, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico, as a produced water disposal well, injection to occur into the Yates and Seven Rivers formations through the perforated interval from 2,370 feet to 2,720 feet.

(3) By letter dated February 22, 2005, the Division notified Lynx Petroleum Consultants, Inc. that:

- (a) the staff geologist in the Artesia District Office of the Division ("Artesia OCD") has expressed concern that the permitted injection interval in the Jones Federal "B" Well No. 3 may be near the Capitan Reef;
- (b) the Division is also concerned about the proximity of the injection interval in the Jones Federal "B" Well No. 3 to the Salado formation;
- (c) the Division is further concerned that a well located within the "area of review" of the Jones Federal "B" Well No. 3, the Delhi-Taylor Oil Corporation Jones Federal 3-23 (API No. 30-015-10238) located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 23, Township 19 South, Range 31 East, NMPM, may not be plugged adequately to prevent the vertical migration of injected fluid; and
- (d) the Division is considering revoking Administrative Order No. SWD-966 and will docket an application for hearing before a Division Examiner to present evidence to support its position.

(4) The Division, through the Director of the New Mexico Underground Injection Control Program, seeks to revoke Administrative Order No. SWD-966.

(5) Lynx Petroleum Consultants, Inc. ("Lynx") appeared at the hearing in opposition to the Division's application.

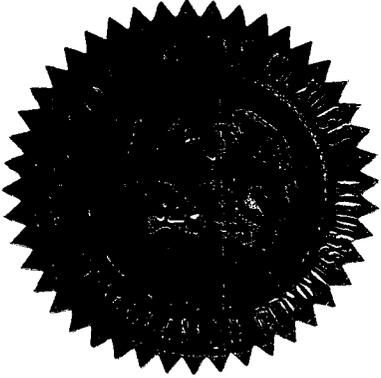
(6) By letter dated September 23, 2005, the Division advised the Examiner that it has reached a settlement agreement with Lynx regarding this matter, and accordingly, requested that this case be dismissed.

(7) Pursuant to the Division's request, Case No. 13451 should be dismissed.

IT IS THEREFORE ORDERED THAT :

- (1) Case No. 13451 is hereby dismissed.
- (2) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director