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August 27, 2008

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Reply to Santa Fe Office

### **HAND DELIVERED**

Mr. Mark Fesmire, Director  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Re: *Administrative Order SWD-1084; Kaiser-Francis Oil Company North  
Bell Lake Unit 4 Well No. 15 (API No. 30-025-24771), 1980' FSL and  
1980' FWL, Sec. 8, T-23-S, R-34-E, NMPM, Lea County, New Mexico*

Dear Mr. Fesmire:

On behalf of Kaiser-Francis Oil Company, we request an extension of time, retroactively, for reinstatement of authority to commence injection operations for the above-referenced well. As grounds for this request, we note as follows:

Order SWD-1084 was issued by the Division on May 17, 2007 and provided that authority to inject would terminate one year after the effective date if the operator had not commenced operations within that time. The order also provided for extensions for good cause.

In the course of obtaining Order SWD-1084 originally, it was indicated to the Division that the disposal well was intended to receive produced water from the Apache Bell Lake 3-6 well located in the NE/4 of Sec. 6, T-23-S, R-34-E, which was being recompleted from the Ellenberger formation to test attic gas in the Devonian formation. Kaiser-Francis is an interest owner in the Apache operated well. The recompletion was performed in November, 2007, but initial water production was only 6 BWPD. Consequently, conversion of the North Bell Lake Unit 4-15 well to SWD was delayed.

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Mr. Mark Fesmire, Director  
August 27, 2008  
Page 2

More recently, however, water production from the Apache Bell Lake 3-6 well has increased to 660 BWPD. The disposal well is now needed to support the economics of the Apache Bell Lake 3-6 well. Apache has obtained a right of way permit for a water pipeline to the disposal well and Kaiser-Francis stands ready to re-enter and convert the North Bell Lake Unit 4-15 well to SWD operations as soon as renewed authorization is obtained.

I am informed that within the one-mile area of review, there have been no changes in ownership and the affected parties per Rule 701B(2) remain the same as when the original administrative application was submitted in March of 2007. The surface owner (State of New Mexico) and tenant (Keller RV LLC) are the same. The three offset operators originally notified (Apache, BTA and Devon) are also unchanged. Neither have there been any wells drilled within the ½ mile AOR.

A new application would be identical to the application originally filed on March 22, 2007 in all respects and the parties for notification would not differ. Therefore, it is in the interests of administrative efficiency and economy that duplication of effort be avoided and injection operations be approved by retroactive extension or reinstatement of the existing order. Further, as the Applicant is ready to begin re-entry and conversion operations immediately, the delays attendant with submitting a new application would be avoided.

Thank you for your attention to this request. If further information is needed, please let me know.

Very truly yours,



J. Scott Hall

JSH/mb

cc: Will Jones, NMOCD  
New Mexico State Land Office, Oil & Gas Division  
Jim Wakefield, Kaiser-Francis Oil Co.