

STATE OF NEW MEXICO RECEIVED OCT  
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION SEP 15 P 2:19

**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**

**MOTION FOR ENTRY OF ORDER  
REVOKING INJECTION AUTHORITY**

Applicant BOPCO, L.P. ("BOPCO") moves the Division to enter an order revoking the injection authority granted to Mesquite SWD, Inc. (Mesquite") under Administrative Order SWD-1269, as amended by Administrative Order IPI-435, and Administrative Order SWD-649-B, as amended by Administrative Order IPI-446. As grounds for its motion, BOPCO states:

1. On July 24, 2014, BOPCO filed its Application for Revocation of Injection Authority ("Application"), which asserts that produced water injected by Mesquite into its Heavy Metal 12 Federal No. 1 and Bran SWD No. 1 disposal wells has migrated to and adversely impacted several producing wells in BOPCO's Poker Lake Unit in Eddy County.
2. This case has been set for hearing on the September 18, 2014 Examiner docket.
3. After BOPCO filed its Application, the parties negotiated a conclusive resolution of the issues raised in the Application and the relief requested by BOPCO, and entered into a Stipulation Regarding Revocation of Injection Authority ("Stipulation").
4. The Stipulation, which has been executed by duly authorized representatives of BOPCO and Mesquite, is attached hereto as Exhibit A.

5. In the Stipulation, Mesquite acknowledges that it does not oppose BOPCO's Application and stipulates and agrees that it is relinquishing its authority to inject produced water into its Heavy Metal 12 Federal No. 1 and Bran SWD No. 1 disposal wells. Exhibit A at 4, ¶¶ 14 and 15.

6. Mesquite further stipulates and agrees that the Division should enter an order revoking Mesquite's injection authority under: (i) Administrative Order SWD-1269, as amended by Administrative Order IPI-435; and (ii) Administrative Order SWD-649-B, as amended by Administrative Order IPI-446. *Id.*, ¶ 16.

7. The parties' Stipulation conclusively resolves all issues raised in the Application and obviates the need for a hearing on BOPCO's Application, thereby conserving Division resources.

WHEREFORE, BOPCO requests that the Division grant its motion and enter an order revoking the injection authority granted to Mesquite under Administrative Orders SWD-1269 and SWD-649-B.

Respectfully submitted,

HINKLE, HENSLEY, SHANOR  
& MARTIN, LLP

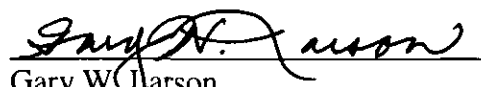
  
Gary W. Larson  
Post Office Box 2068  
Santa Fe, NM 87504-2068  
(505) 982-4554  
[glarson@hinklelawfirm.com](mailto:glarson@hinklelawfirm.com)

*Counsel for Applicant BOPCO, L.P.*

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on the 15th day of September, 2014 I served a true and correct copy of the foregoing *Motion for Entry of Order Revoking 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

## **STIPULATION REGARDING REVOCATION OF INJECTION AUTHORITY**

Mesquite SWD, Inc. ("Mesquite") and BOPCO, L.P. ("BOPCO") hereby enter into this Stipulation Regarding Revocation of Injection Authority ("Stipulation") for purposes of conclusively resolving the claims asserted by BOPCO in its Application for Revocation of Injection Authority filed in New Mexico Oil Conservation Division ("OCD") Case No. 15192.

### **I. STIPULATED FACTS**

Mesquite and BOPCO agree and stipulate that:

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, New Mexico. OCD Administrative Order SWD-1269 authorizes 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 interval from 4,415 feet to 7,050 feet and established a maximum surface injection pressure of 883 psi. In Administrative Order IPI-435, the OCD 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. OCD Administrative Order SWD-649-B authorizes 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 and

established a maximum surface injection pressure of 975 psi. In Administrative Order IPI-446, the OCD increased the maximum surface injection pressure to 1,450 psi.

3. BOPCO operates the following producing wells in its Poker Lake Unit ("PLU") in Eddy County: (i) the #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 of 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, Range 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.

4. In April of 2014 BOPCO discovered unusually high bottom-hole pressures and prohibitively high water cuts in its PLU #401H well.

5. Soon thereafter, BOPCO discovered similar conditions in its PLU #392H, PLU #393H, and PLU #394H wells.

6. BOPCO's analysis of the cause of the increased bottom hole pressures and elevated water cuts led it to the conclusion that produced water injected by Mesquite into its Heavy Metal 12 Federal No. 1 and Bran SWD No. 1 disposal wells had migrated to BOPCO's PLU #401H, PLU #392H, PLU #393H, and PLU #394H producing wells through a geologic fracture.

7. On July 23, 2014, BOPCO notified Mesquite of the water intrusion into the PLU #401H well and possible water intrusion into the PLU #392H and PLU #393H wells.

8. BOPCO's notice letter (i) requested that Mesquite immediately stop injecting produced water into the Heavy Metal 12 Federal No. 1 and Bran SWD No. 1 disposal wells until a determination could be made, either by Mesquite or by the OCD, that produced water injected by Mesquite has adversely impacted BOPCO's #401H, #392H, and PLU #393H wells; and (ii) proposed a meeting for purposes of discussing and informally resolving the produced water intrusion issue.

9. Upon receiving the notice letter, Mesquite stopped injecting produced water into the Heavy Metal 12 Federal No. 1 and Bran SWD No. 1 wells.

10. On July 24, 2014, BOPCO filed its Application for Revocation of Injection Authority ("Application") with the OCD.

11. The Application requests the OCD to enter an order revoking Mesquite's injection authority for the Heavy Metal 12 Federal No. 1 and Bran SWD No. 1 disposal wells.

12. The OCD has set Case No. 15192 for hearing on September 4, 2014.

13. After BOPCO filed the Application, the parties met to discuss the produced water intrusion claimed by BOPCO and possible alternatives to Mesquite's injection of produced water into the Bell Canyon and Cherry Canyon members of the Delaware Mountain Group.

14. Following those discussions, Mesquite determined that it:

- does not oppose BOPCO's Application
- will not appear at the scheduled OCD hearing
- would agree to the issuance of an OCD order revoking its injection authority

## **II. STIPULATION REGARDING RELIEF REQUESTED BY BOPCO IN ITS APPLICATION**

Mesquite and BOPCO further agree and stipulate that:

15. BOPCO will file a motion in Case No. 15192 notifying the OCD that Mesquite has agreed to relinquish its authority to inject produced water into its Heavy Metal 12 Federal No. 1 and Bran SWD No. 1 disposal wells, requesting the OCD to enter an order revoking Mesquite's injection authority, and attaching this Stipulation to the motion as an exhibit.

16. The OCD should enter an order revoking the injection authority granted to Mesquite under: (i) Administrative Order SWD-1269, as amended by Administrative Order IPI-435; and (ii) Administrative Order SWD-649-B, as amended by Administrative Order IPI-446.

Date: September 11, 2014

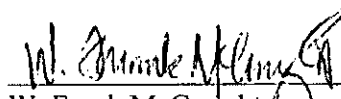
Mesquite SWD, Inc.



Clay Wilson  
President

Date: September 11, 2014

BOPCO, L.P.



W. Frank McCreight  
Sr. Vice President