

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

RECEIVED OOD
2015 JAN 12 A.10: 45

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF CIMAREX ENERGY CO.
OF COLORADO TO REINSTATE INJECTION
AUTHORITY, EDDY COUNTY, NEW MEXICO.

Case No. 14994

**SUPPLEMENTAL RESPONSE OF CIMAREX ENERGY CO. OF COLORADO TO
GEORGE ROSS RANCH, LLC'S MOTION FOR REHEARING**

Cimarex Energy Co. of Colorado ("Cimarex") submits this supplemental response to the Motion for Rehearing, as amended, filed by George Ross Ranch, LLC ("Ross Ranch"):

1. Order No. R-13934 granted Cimarex's request to resume injection into the Amoco Fed. Well No. 1 (API No. 30-015-24666), located in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 27, Township 26 South, Range 29 East, N.M.P.M. The hearing on Comparex's application was held on August 19, 2013, and the order was issued on November 19, 2014.
2. Ross Ranch did not file an application for a hearing *de novo* with the Division on or before December 19, 2014. Therefore the order is final.
3. Ordering Paragraph 18 provides no support for Ross Ranch: In that paragraph the Division, as is common, retained jurisdiction for the entry of orders to prevent waste and protect correlative rights. The Division's definitions of "waste" and "correlative rights" are attached hereto as **Exhibit A**. A quick reading of the definitions confirms that there is no evidence in the record that waste has occurred or correlative rights have been impaired. Ross Ranch has not shown, and cannot show, otherwise.
4. A Division order must be rendered "upon the transcript of testimony and record" before the Division's Examiner. **NMSA §70-2-13**. The evidence in the record is incontrovertible that there were no issues with the Amoco Fed. Well No. 1 as of the date of the hearing (and for the prior 24 years). Thus, Order No. R-13934 was properly granted. Ross Ranch's motion is supported solely by its proposed findings of fact which were not adopted by the Division because the evidence did not support them.
5. Cimarex again notes that Ross Ranch's motion or any proceeding thereon is moot because Cimarex has properly plugged and abandoned the Amoco Fed. Well No. 1. Cimarex will not inject into the subject well, nor seek any further use of the wellbore.

WHEREFORE. Cimarex requests that the Division deny the Motion for Rehearing, as amended, because (i) Ross Ranch did not properly appeal Order No. R-13934, (ii) there is no showing of waste or impairment of correlative rights, and (iii) the well has been properly plugged and abandoned, and this case is now moot.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Cimarex Energy Co. of
Colorado

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 12~~th~~ day of January, 2015 by United States Mail:

W.T. Martin, Jr.
Martin, Dugan & Martin
P.O. Box 2168
Carlsbad, New Mexico 88221


James Bruce

19.15.2.7 DEFINITIONS: These definitions apply to 19.15.2 NMAC through 19.15.39 NMAC.

.....

C. Definitions beginning with the letter "C".

.....

(15) "Correlative rights" means the opportunity afforded, as far as it is practicable to do so, to the owner of each property in a pool to produce without waste the owner's just and equitable share of the oil or gas in the pool, being an amount, so far as can be practically determined, and so far as can be practicably obtained without waste, substantially in the proportion that the quantity of recoverable oil or gas under the property bears to the total recoverable oil or gas in the pool, and for the purpose to use the owner's just and equitable share of the reservoir energy.

W. Definitions beginning with the letter "W".

.....

(1) "Waste", in addition to its ordinary meaning, includes:

(a) underground waste as those words are generally understood in the oil and gas business, and to embrace the inefficient, excessive or improper use or dissipation of the reservoir energy, including gas energy and water drive, of a pool, and the locating, spacing, drilling, equipping, operating or producing of a well or wells in a manner to reduce or tend to reduce the total quantity of oil or gas ultimately recovered from a pool, and the use of inefficient underground storage of gas;

(b) surface waste as those words are generally understood in the oil and gas business, and to embrace the unnecessary or excessive surface loss or destruction without beneficial use, however caused, of gas of any type or in any form, or oil, or a product thereof, but including the loss or destruction, without beneficial use, resulting from evaporation, seepage, leakage or fire, especially such loss or destruction incident to or resulting from the manner of spacing, equipping, operating or producing a well or wells, or incident to or resulting from the use of inefficient storage or from the production of oil or gas, in excess of the reasonable market demand;

(c) oil production in this state in excess of the reasonable market demand for the oil; the excess production causes or results in waste that the Oil and Gas Act prohibits; reasonable market demand as used herein with respect to oil means the demand for the oil, for reasonable current requirements for current consumption and use within or outside of the state, together with the demand of amounts as are reasonably necessary for building up or maintaining reasonable storage reserves of oil or the products thereof, or both the oil and products;

(d) the non-ratable purchase or taking of oil in this state; the non-ratable taking and purchasing causes or results in waste, as defined in Subparagraphs (a), (b) and (c) of Paragraph (1) of Subsection W of 19.15.2.7 NMAC and causes waste by violating the Oil and Gas Act, NMSA 1978, Section 70-2-16;

(e) the production in this state of gas from a gas well or wells, or from a gas pool, in excess of the reasonable market demand from such source for gas of the type produced or in excess of the capacity of gas transportation facilities for such type of gas; the words "reasonable market demand", as used herein with respect to gas, shall be construed to mean the demand for gas for reasonable current requirements, for current consumption and for use within or outside the state, together with the demand for such amounts as are necessary for building up or maintaining reasonable storage reserves of gas or products thereof, or both the gas and products.

EXHIBIT

A