

HOLLAND & HART^{LLP}



Michael H. Feldewert
Recognized Specialist in the Area of
Natural Resources - oil and gas law
- New Mexico Board of Legal
Specialization

mfeldewert@hollandhart.com

May 13, 2008

VIA HAND DELIVERY

Florene Davidson
New Mexico Energy, Minerals
and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Pecos Operating Company - Case Number 14122

Dear Florene :

Attached please find the Errata to Pecos Operating Company's Motion to Dismiss H&M Disposal's Objections to the Application for filing. The previous Motion filed on May 8, 2008 did not have the attachments.

Sincerely,

Michael H. Feldewert

MHF

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Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

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

**IN THE MATTER OF THE APPLICATION
OF PECOS OPERATING COMPANY FOR
APPROVAL OF A NON-COMMERCIAL SALT
WATER DISPOSAL WELL, LEA COUNTY, NEW MEXICO**

CASE NO. 14122

**ERRATA TO MOTION TO DISMISS
H&M DISPOSAL'S OBJECTIONS TO THE APPLICATION**

Pursuant to Rule 701(C) and (D), Pecos Operating Company ("Pecos") moves to dismiss H&M's objections to Pecos' Form C-108 Application for Authorization to Inject. This matter was set for hearing solely because of an objection filed by H&M Disposal. However, as demonstrated herein, that objection was untimely and therefore should not be considered by the Division. In support this motion, Pecos states:

1. Pursuant to Rule 701, Pecos filed a fully completed C-108 Application seeking authority to deepen and utilize the State GA Well No. 7 (API No. 30-025-03688) to dispose of up to 8,000 barrels of produced water per day, at a maximum pressure of 1,500 psi, into the Caudill Devonian Pool in the Devonian Formation, at an approximate depth of 13495 feet to 13,900 feet.

2. Pecos intends to utilize this disposal well for non-commercial purposes to serve an existing producing well on its lease, and planned additional wells on its lease, completed in the Caudill Devonian Pool.

3. On March 12, 2008, Pecos provided a copy of the Form C-108 Application by certified mail to the landowner and all nearby operators, including H&M Disposal. See Attachment A. Legal notice of the Application was also published in the Hobbs News Sun on

Motion to Dismiss
NMOCD Case No. 14122

March 15, 2008. *See* Attachment B. Mailing records reflect H&M Disposal received the Application on March 17, 2008. *See* Attachment C.

4. No objection was filed to Pecos' Application within the 15-day period provided by Rule 701(C) and (D).

5. Twenty-three days after receipt of Pecos' Application, H&M Disposal filed an objection. *See* Attachment D. No other interested party has filed an objection to Pecos' application.

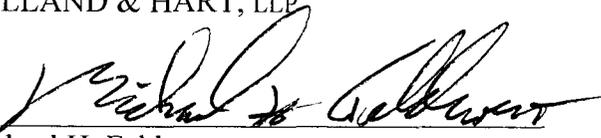
6. Based on H&M's objection letter, the Division notified Pecos that it could "no longer consider this administratively," forcing Pecos to place this matter on the hearing docket. *See* Attachment E.

7. Division Rule 701(D) requires that any objection to the filing of a Form C-108 Application must be filed "within 15 days after receipt of a complete application..."

8. Pursuant to Rule 701(D), H&M Disposal's objection to Pecos' Application is untimely and should not be entertained or considered by the Division at the scheduled hearing.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

Michael H. Feldewert
P.O. Box 2208
Santa Fe, NM 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile

ATTORNEYS FOR PECOS OPERATING COMPANY

CERTIFICATE OF SERVICE

I certify that on May 13, 2008, I served a copy of the foregoing document *Errata to Motion to Dismiss H&M Disposal's Objections to the Application* to the following counsel via hand delivery to:

J. Scott Hall, Esq.
Montgomery & Andrews, P.A.
325 Paseo de Peralta
Santa Fe, New Mexico 87501
(505) 982-3873
(505) 982-4289 Facsimile

ATTORNEYS FOR H&M DISPOSAL COMPANY


Michael H. Feldewert



400 W. Illinois, Suite 1210, Midland, Texas 79701 (432) 620-8480 Office (432) 682-2197 Fax

March 12, 2008

To Whom It May Concern:

Enclosed please find Form C108 (Application for Authorization to Inject) that Pecos Operating Company is filing with the New Mexico Oil Conservation Division, seeking administrative approval for a salt water disposal well. Per OCD rules, we are furnishing you a copy of the application, as well as other pertinent information.

If you have any questions or concerns, please call us at the number listed above.

Sincerely,

A handwritten signature in cursive script that reads 'Sherma Bowen'.

Sherma Bowen
encls

ATTACHMENT
A

7004 0750 0000 6926 1627

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OFFICIAL USE

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Certified Fee	\$2.65	07
Return Receipt Fee (Endorsement Required)	\$0.00	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 3.96	03/12/2008

Sent To: *Fasken Oil & Ranch*
Street, Apt. No. or PO Box No. *303 N. Wall St.*
City, State, ZIP+4[®] *Midland, TX 79701*

PS Form 3800, June 2002 See Reverse for Instructions

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Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 3.96	03/12/2008

Sent To: *BC Operating*
Street, Apt. No. or PO Box No. *P.O. Box 50820*
City, State, ZIP+4[®] *Midland, TX 79710*

PS Form 3800, June 2002 See Reverse for Instructions

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Total Postage & Fees	\$ 3.96	03/12/2008

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Street, Apt. No. or PO Box No. *14 Lemon Rd.*
City, State, ZIP+4[®] *Roundon, NM 88260*

PS Form 3800, June 2002 See Reverse for Instructions

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Certified Fee	\$2.65	07
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Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 3.96	03/12/2008

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Street, Apt. No. or PO Box No. *508 N. Wall, Suite 600*
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Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 3.96	03/12/2008

Sent To: *VF Petroleum*
Street, Apt. No. or PO Box No. *P.O. Box 1889*
City, State, ZIP+4[®] *Midland, TX 79702*

PS Form 3800, June 2002 See Reverse for Instructions

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Certified Fee	\$2.65	07
Return Receipt Fee (Endorsement Required)	\$0.00	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 3.96	03/12/2008

Sent To: *H + m Disposal*
Street, Apt. No. or PO Box No. *P.O. Box 1544*
City, State, ZIP+4[®] *Roundon, NM 88260*

PS Form 3800, June 2002 See Reverse for Instructions

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Restricted Delivery Fee (Endorsement Required)	\$0.00	
Total Postage & Fees	\$ 3.96	03/12/2008

Sent To: *Over Permian*
Street, Apt. No. or PO Box No. *6 Reston Ave, Suite 6000*
City, State, ZIP+4[®] *Midland, TX 79705*

PS Form 3800, June 2002 See Reverse for Instructions

**Pecos Operating Company
Caudill SWD No. 1
660 FNL & 2310 FEL
Sec 16, T15S, R36E
Lea County, NM**

Interested parties list:

Mrs. Wanda Alexander
14 Lemon Road
Lovington, NM 88260

Fasken Oil & Ranch
303 W. Wall Street
Midland, TX 79701

Oxy Permian
6 Desta Drive
Suite 6000
Midland, TX 79705

Cimarex Energy
508 W. Wall St.
Suite 600
Midland, TX 79701

VF Petroleum
P.O. Box 1889
Midland, TX 79702

BC Operating
P.O. Box 50820
Midland, TX 79710

H&M Disposal
P.O. Box 1544
Lovington, NM 88260

AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea.

I, KATHI BEARDEN

PUBLISHER

of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not a supplement thereof for a period.

of 1 weeks.

Beginning with the issue dated March 15 2008

and ending with the issue dated March 15 2008

Kathi Bearden
PUBLISHER

Sworn and subscribed to before me this 17th day of

March 2008
Dora Montz
Notary Public.

My Commission expires February 07, 2009 (Seal)



OFFICIAL SEAL
DORA MONTZ
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires _____

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937, and payment of fees for said publication has been made.

Legal Notice
March 15, 2008
Pecos Operating Company, 400 W. Illinois Ave, Suite 1210, Midland, TX 79701, has filed form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division, seeking administrative approval for a salt water disposal well. The proposed well, the Cause SWD No. 1, which is located 080' FNL & 2310' FEL of Section 16, T159 R36E, Lea County, New Mexico, will be used for saltwater disposal only. Produced waters will be injected in to the Devonian formation at a depth of 13,490 to 13,800 feet with a proposed maximum pressure of 1500 psi and maximum rate of 8000 barrels of water per day. Interested parties must file any objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, NM, 87505, within 15 days of this notice. Additional information may be obtained by contacting Steve Gray at 432-620-8480. #23812

02108548000 02598930
PECOS OPERATING COMPANY, LLC
400 W. ILLINOIS AVE, SUITE 1210
MIDLAND, TX 79701

ATTACHMENT
B

Delivery Record:

Page 1 of 1



Date: 05/08/2008

Dear Postal Customer:

The following is in response to your 05/08/2008 request for delivery information on your Certified item number 7004 0750 0000 6928 1665. The delivery record shows that this item was delivered on 03/17/2008 at 11:31 am in LOVINGTON, NM 88260. The scanned image of the recipient information is provided below.

Signature of Recipient:

D. M. Harron
D. M. HARRON

Address of Recipient:

P O. Box 15411

Thank you for selecting the Postal Service for your mailing needs. If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,

United States Postal Service

ATTACHMENT
C

Item: 7004 0750 0000 6928 1665		Service Calculation Acceptance Date/Time: 03/12/2008 15:06	
Destination	ZIP Code: 88260	City: LOVINGTON	State: NM
Origin	ZIP Code: 79701-9998	City: MIDLAND	State: TX
Class: First Class			
Anticipated Delivery Date: 03/14/2008			
Weight: 0 lb(s) 4 oz(s)		Postage: \$1.31	
Delv Rqmt: Normal Delivery		PO Box?: N	
Special Services	Associated Labels	Amount	
CERTIFIED MAIL	7004 0750 0000 6928 1665	\$2.65	

Event	Date/Time	Location	Scanner ID
DELIVERED	03/17/2008 11:31	LOVINGTON, NM 88260	POS2290660
	Request Delivery Record		
	View Delivery Signature and Address		
NOTICE LEFT	03/14/2008 08:33	LOVINGTON, NM 88260	030SHMK082
ACCEPT OR PICKUP	03/12/2008 15:06	MIDLAND, TX 79701	

H & M Disposal
P.O. Box 1544
Lovington, New Mexico 88260
April 9, 2008

Mr. William V. Jones
Oil Conservation Division
Engineering and Geological Services Bureau
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Info copy to: Pecos Operating Company, 400 W. Illinois Ave. Midland, TX 79701

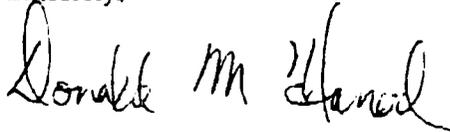
Dear Mr. Jones:

H & M Disposal recently received a copy of Pecos Operating Company's application to convert the former Shell Oil Company State "GA" No. 7 Sec. 16-T15S-R36E into a salt water disposal well.

We object to the granting of this permit for the following reasons:

1. The proposed disposal well is only 1320' away from our ongoing commercial installation that has been a gravity system for years.
2. The proposed well is unlikely to take the proposed volume of 4000 to 8000 bwpd without pumping at pressures that are likely to adversely affect our operation.
3. Pecos operating has declined to voluntarily limit the water to be disposed of to their on-lease production thus placing a competing commercial operation on our door step.

Sincerely,



Donald M. Harrod
Operator

ATTACHMENT
D

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



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April 10, 2008

Steve Gray
Pecos Operating Company
400 W. Illinois Avenue
Suite 1210
Midland, TX 79701

RE Application for SWD: State GA #1 API No. 30-025-03688

Unit B, Section 16, Township 15 South, Range 36 East, NMPM
Lea County, New Mexico

Dear Sir:

The Division has received a protest to your application from Mr. Donald M. Harrod with H&M Disposal and can no longer consider this administratively.

If negotiations with Mr. Harrod are successful, ask Mr. Harrod to send a letter to the Division withdrawing his protest, and then send a formal request to the engineering bureau of the Division to re-open this application and consider it administratively.

You have the option of pursuing this through the Division's hearing process. If you want to follow this route, then have your attorney send a request to Ms. Florene Davidson of this office along with a detailed application and summary to be placed in a docket, and notify the protesting party of the pending hearing.


MARK E. FESMIRE, P.E.
Director

MEF/wvjj

cc: State Land Office – Oil Gas and Minerals Division
Oil Conservation Division – Hobbs

Donald M. Harrod (575-396-5777)
H&M Disposal (PO Box 1544)
Lovington, NM 88260

Oil Conservation Division * 1220 South St. Francis Drive
* Santa Fe, New Mexico 87505

* Phone: (505) 476-3440 * Fax (505) 476-3462* <http://www.emnrd.state.nm.us>



ATTACHMENT

E