

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Richard Ezeanyim, Chief Hearing Examiner
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

e-mail: Richard.ezeanyim@state.nm.us

Via hand-delivery and e-mail

Re: Case 14461, Application of BOPCo., L.P. for approval of a water disposal well.

Dear Mr. Ezeanyim,

On April 15, 2010, the examiners heard Case 14461, the application of BOPCo., L.P. (BOPCo.) for approval of a water disposal well. I am writing to bring to your attention the fact that BOPCo. is out of compliance with 19.15.5.9 NMAC.

According to 19.15.26.8 A NMAC, the Oil Conservation Division may not grant a permit for injection to an operator who is out of compliance with Subsection A of 19.15.5.9 NMAC. BOPCo is out of compliance with that provision because it has too many wells in violation of the inactive well rule. As an operator of 378 wells, BOPCo. may have no more than 5 wells out of compliance; it has six wells out of compliance. I have attached a copy of the inactive well list for BOPCo showing the six wells at issue.

It appears from the case file that BOPCo was able to have the case set for hearing because it represented that it would be in compliance by the April 15 hearing date. However, it appears that BOPCo did not take into account that the Merchant State #001 well would appear on the inactive well list when its approved temporary abandonment status expired on April 9.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gail MacQuesten".

Gail MacQuesten
OCD Attorney

Ec, w/out enclosure:

David Brooks, david.brooks@state.nm.us
James Bruce, jamesbruc@aol.com
Daniel Sanchez, Daniel.sanchez@state.nm.us

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OCD
2010 APR 19 A 11:08



Inactive Well List

Total Well Count: 378 Inactive Well Count: 6 Since: 1/24/2009

Printed On: Monday, April 19 2010

| District | API | Well | ULSTR | OCD Unit | OGRID | Operator | Lease Type | Well Type | Last Production | Formation/Notes | Status | TA Exp Date |
|----------|--------------|---------------------|--------------|----------|--------|-------------|------------|-----------|-----------------|-----------------|--------|-------------|
| 2 | 30-015-10785 | BIG EDDY UNIT #010 | K-19-20S-31E | K | 260737 | BOPCO, L.P. | F | O | 10/1984 | | T | 2/17/2008 |
| 2 | 30-015-20940 | BIG EDDY UNIT #038 | C-34-21S-29E | C | 260737 | BOPCO, L.P. | F | G | 07/2006 | | T | 12/31/2009 |
| 2 | 30-015-27454 | BIG EDDY UNIT #122 | F-4 -20S-31E | F | 260737 | BOPCO, L.P. | F | O | 03/2002 | STRAWN | T | 11/26/2008 |
| 2 | 30-015-35348 | BIG EDDY UNIT #163 | E-9 -21S-29E | E | 260737 | BOPCO, L.P. | F | G | 11/2008 | MORROW | | |
| 2 | 30-015-22941 | MERCHANT STATE #001 | H-1 -19S-28E | H | 260737 | BOPCO, L.P. | S | G | 08/2005 | | T | 4/9/2010 |
| 2 | 30-015-28746 | MERCHANT STATE #002 | L-1 -19S-28E | L | 260737 | BOPCO, L.P. | S | G | 01/2002 | MORROW | T | 12/8/2009 |

WHERE Ogrid:260737, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period