



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
BETTY RIVERA
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

September 4, 2002

Losee, Carson, Haas & Carroll, P.A.
P.O. Box 1720
Artesia, New Mexico 88211-1720

Attention: Mr. James E. Haas

Re: Division Case No. 12733-A
Burnett Oil Company

Dear Mr. Haas:

I have reviewed your request on behalf of Burnett Oil Company to reopen Division Case No. 12733-A, which was heard by the Division on January 10, 2002, and which resulted in the issuance of Division Order No. R-11761 dated April 15, 2002. The documents contained in the case file show that notice to Burnett Oil Company consisted of the following:

<u>Date</u>	<u>Description</u>
May 11, 2000	Letter from the Artesia District Office requesting information on inactive wells.
August 6, 2001	Letter from the Artesia District Office advising that a show-cause hearing for inactive wells was forthcoming.
September 12, 2001	Letter from the Santa Fe Office of the Division notifying Burnett Oil Company of the show-cause hearing scheduled for October 4, 2001.

Additionally, the following documents were publicly available to Burnett Oil Company:

Pages 8-11 of the hearing transcript in Case No. 12733 in which it was announced that Case No. 12733 would be severed and continued to the January 10, 2002 docket, and that Burnett Oil Company would be a party to Case No. 12733-A.

Hearing Docket for January 10, 2002.

It appears that Burnett Oil Company was provided numerous opportunities by the Division to address its inactive wells, but failed to do so before the Division took formal action.

Your request to reopen Case No. 12733-A is hereby denied.

Sincerely,

A handwritten signature in black ink that reads "David Catanach". The signature is written in a cursive style with a long horizontal line extending to the right.

David Catanach
Hearing Examiner

Xc: Case File-12733-A
David Brooks



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

August 23, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Hon. David R. Catanach
Hearing Examiner
Oil Conservation Division
1220 S. St Francis Drive
Santa Fe, NM 87505

Re: Case No. 12733-A
Burnet Oil Company

Dear Examiner Catanach:

I hand you herewith correspondence received from Mr. James E. Haas as counsel for Burnet Oil Company in the referenced matter.

This would appear to constitute a motion to reopen as to Burnet only.

Should you have any questions, please call me at (505)-476-3450.

Very truly yours,

A handwritten signature in cursive script that reads "David K. Brooks".

David K. Brooks
Assistant General Counsel

cc: James E. Haas
P.O.Box 1720
Artesia, NM 88211-1720

ERNEST L. CARROLL
JOEL M. CARSON
JANE SHULER GRAY
JAMES E. HAAS

OF COUNSEL
A. J. LOSEE

LAW OFFICES
LOSEE, CARSON, HAAS & CARROLL, P. A.
311 WEST QUAY AVENUE
P. O. BOX 1720
ARTESIA, NEW MEXICO 88211-1720
PHONE (505) 746-3505
FAX (505) 746-6316

19 August 2002

Mr. David K. Brooks
Assistant General Counsel
Energy, Minerals and Natural Resources
Department of the State of New Mexico
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Case No. 12733/12733-A - Order to Show Cause
and Order dated April 15, 2002 Requiring Operators
to Bring Wells Into Compliance With Rule 201.B
and Assessing Appropriate Civil Penalties, Eddy and
Chaves Counties, New Mexico (Burnett Oil Company)

Dear Sir:

This firm represents Burnett Oil Company ("Burnett") of Fort Worth, Texas. Burnett was named as a party to the captioned Order for alleged non-compliance of the following wells:

Gissler "B" No. 11 (API No. 30-015-04301) Unit J, Section 23, T-17-S, R-30-E
Gissler "B" No. 7 (API No. 30-015-04120) Unit B, Section 11, T-17-S, R-30-E
Gissler "B" A-2 No. 27 (API No. 30-015-25987) Unit L, Section 12, T-17-S, R-30-E
Jackson "B" No. 4 (API No. 30-015-04036) Unit D, Section 1, T-17-S, R-30-E

Additionally, Burnett was assessed \$1,000 civil penalty for failure to bring the listed Gissler "B" No. 11 well into compliance with OCD Rule 201.B.

Previously, this office had filed on behalf of Burnett an Entry of Appearance, Response and Motion for Continuance in what was apparently the base cause in this matter, Case No. 12733. Copies of these documents are attached hereto. Notwithstanding the existence and filing of these materials, neither Burnett nor this office received any notice of the January 10, 2002 hearing, which resulted in the captioned Order.

Since the receipt of the April 15, 2002 Order, this office and Burnett have worked with the local office of the New Mexico Oil Conservation Division to resolve this matter. This effort resulted in the above listed Burnett wells having been in compliance with OCD regulations since March 2002.

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Oil Conservation Division

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Oil Conservation Division

Mr. David K. Brooks

Page -2-

Apparently, a problem arose from the fact that the wells in question (all of which are injection wells) did not show the receipt of any water for over a one-year period of time. It has been determined that there were two reasons for this. One, reports being filed by Burnett with the OCD contained incorrect lease number(s) and the water being disposed to at least a portion of the wells was not reflected in the ONGARD system. There may have been at least one well that received no produced water due to the fact that various wells in the system have different injection pressures. Water enters the lowest pressure wells first and is injected in higher pressure wells only as pressures are equalized. Therefore, one or two of the higher pressure wells received water on a much less frequent basis than others; hence, the long period of time in which no water was reported as having been injected. During these periods, the various wells were given annual pressure integrity tests, etc. Burnett has now reworked its disposal schedule such that all wells will receive produced water on a regular basis. Also, the administrative problem with filings has been corrected.

Therefore, we would request that in light of the fact that the wells were in compliance at least prior to the issuance of the April 15 Order and the notice question as to the January 10 hearing, you would entertain a request for rescission of the \$1,000 civil penalty assessment. Our client has worked diligently to come into and remain in compliance with the OCD's regulations as to these wells, and we would hope that due to the various factual idiosyncracies of this situation, the Division would be sympathetic to such a rescission.

We look forward to hearing from you on this matter.

Respectfully yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.


James E. Haas

JEH:scp

MODE = MEMORY TRANSMISSION

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END=SEP-24 14:02

FILE NO. = 106

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-LOSEE CARSON ATTY -

***** -ARTESIA - ***** - 15057466316- *****

LAW OFFICES

LOSEE, CARSON, HAAS & CARROLL, P. A.

ERNEST L. CARROLL
JOEL M. CARSON
JANE SHULER GRAY
JAMES E. HAAS
OF COUNSEL
A. J. LOSEE

311 WEST QUAY AVENUE
P. O. BOX 1720
ARTESIA, NEW MEXICO 88211-1720
PHONE (505) 746-3505
FAX (505) 746-6316

September 24, 2001

Via Facsimile to (505) 476-3462

New Mexico Oil Conservation Division
Attn: Florence Davidson
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Case No. 12733

Dear Ms. Davidson:

Please find attached for filing the Entry of Appearance, Response by Burnett Oil Co., Inc. to Application for Compliance Orders and Civil Penalties and Motion for Continuance. If you have any questions, please do not hesitate to call. Thank you very much.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.

Hannah Palomin
Secretary to Ernest L. Carroll

Encl.

cc: Mr. David K. Brooks

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION
DIVISION, THROUGH THE SUPERVISOR OF DISTRICT II,
FOR AN ORDER REQUIRING OPERATORS TO BRING NINETY-
SIX (96) WELLS INTO COMPLIANCE WITH RULE 201.B, AND
ASSESSING APPROPRIATE CIVIL PENALTIES;
EDDY AND CHAVES COUNTIES, NEW MEXICO

CASE NO. 12733

ENTRY OF APPEARANCE

COMES NOW Ernest L. Carroll, of Losee, Carson, Haas & Carroll, P. A. and hereby
enters his appearance on behalf of BURNETT OIL CO., INC.

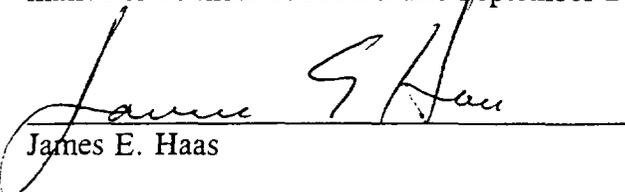
LOSEE, CARSON, HAAS & CARROLL, P. A.

By:


Ernest L. Carroll
P.O. Box 1720
Artesia, NM 88260
(505)746-3505

Attorneys for Burnett Oil Co., Inc.

I hereby certify that I caused a true and
correct copy of the foregoing pleading to be
mailed to counsel of record this September 24, 2001.


James E. Haas

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION
DIVISION, THROUGH THE SUPERVISOR OF DISTRICT II,
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EDDY AND CHAVES COUNTIES, NEW MEXICO

CASE NO. 12733

RESPONSE BY BURNETT OIL CO., INC. TO
APPLICATION FOR COMPLIANCE ORDERS AND CIVIL PENALTIES

COMES NOW Burnett Oil Co., Inc by and through its attorneys of record, Losee, Carson, Haas & Carroll, P. A. (Ernest L. Carroll) and for their response states as follows:

1. Burnett Oil Co., Inc. has not received any prior notice, oral or written, from the Oil Conservation Division Artesia office or otherwise that any of the wells listed in the Application are not in compliance with Oil Conservation regulations . All of the wells listed are active producing or injection wells.
2. Gissler B #11 (API #30-015-04301) is a flowing well. The well is economical and has consistently flowed 2 to 3 bbls of oil production per month with no water for the last few years. Production from the well is delivered to the Gissler B2 battery as approved by the NMOCD and BLM. The MMS and OCD reporting forms have been filed on a regular basis and the royalty is paid to the MMS on a monthly basis. Our field people will make themselves available to OCD personnel during normal business hours to demonstrate this productive capacity. The Artesia district office has received a copy of all reports.

3. Gisser B #007 (API #30-015-04120) is part of the Gissler B3 water injection system. This active injection well passed its April 2001 mechanical integrity test. This injection well is an active part of a ten well program of water injection. All the wells are open to the injection system but maintain varying pressures. The injection pressure for this well has been higher (1210 PSI for August 2001) than the other 9 wells. The range of injection pressures in the other wells is from 350 lbs to 400 lbs. These differentials allow the well with the lower pressures to take injected water before the #7 well. The #7 well is not shut in nor abandoned. It is utilized on a regular basis as injection pressures dictate. The status of this well as an active injector should not be changed.
4. Gisser B (A-2) #027 (API #30-015-25987) is an active injection well in the Gissler B3 water injection system. This active injection well passed its April 2001 mechanical integrity test. This injection well is an active part of a ten well program of water injection. Our records indicate that water was injected into this well every month of the calendar year 2000 and water was injected in February and August of 2001. Our records indicate this information has been reported on the monthly State C115s and MMS 3160s for the year 2000 and through July 2001. The August 2001 filings are not required to be filed until the end of September but will show that 1,730 bbls of water were injected into this well in August 2001. This is an excellent example of an active injection well which does not take water every month. Its status as an active injection well is correct and there is no justification for the change of this status.
5. The Jackson B #004 is an active part of the Jackson B5 water injection system. This active injection well passed its April 2001 mechanical integrity test. This injection well is part of an active five well program of water injection. All the wells are open to the injection

system but maintain different pressures. The average injection pressure for this well has been 1333 PSI through August 2001. The range of injection pressure over the other wells is 1300 PSI to 1324 PSI. The pressure differentials allow wells with lower pressures to take water before the #4 well. The well is not shut in nor abandoned. No change in the status of this well as an active injector is justified.

WHEREFORE, Burnett Oil Co, Inc. having fully responded to the allegations contained in the Application, and ask that this Application be dismissed and further that Burnett Oil Co., Inc. be provided such further and other relief as deemed just in the premises.

LOSEE, CARSON, HAAS & CARROLL, P. A.

By: Ernest L. Carroll by James E. Haas
Ernest L. Carroll
P.O. Box 1720
Artesia, NM 88260
(505)746-3505

Attorneys for Burnett Oil Co., Inc.

I hereby certify that I caused a true and correct copy of the foregoing pleading to be mailed to counsel of record this September 24, 2001.

James E. Haas
James E. Haas

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION
DIVISION, THROUGH THE SUPERVISOR OF DISTRICT II,
FOR AN ORDER REQUIRING OPERATORS TO BRING NINETY-
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ASSESSING APPROPRIATE CIVIL PENALTIES;
EDDY AND CHAVES COUNTIES, NEW MEXICO

CASE NO. 12733

MOTION FOR CONTINUANCE

COMES NOW BURNETT OIL CO., INC. ("Burnett"), by its attorneys, Losee, Carson,
Haas & Carroll, P. A. (Ernest L. Carroll), and in support hereof respectfully state:

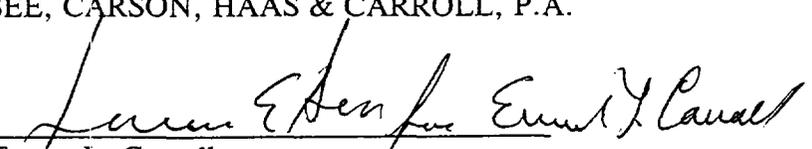
1. On September 17, 2001, attorneys for Burnett received a letter dated September 12,
2001, written by David K. Brooks, Chief Hearing Officer/Engineer setting the referenced case for
a hearing on Thursday, October 4, 2001, at 8:15 a.m.

2. Ernest L. Carroll, counsel for Burnett, will commence a trial the week of October 1,
2001, which will in all likelihood not be completed by October 4, 2001, thereby denying counsel
the opportunity to appear or adequately prepare for the described hearing.

WHEREFORE, Applicant prays that Case No. 12733 and the hearing scheduled herefore as
to Burnett be continued to such other time as is convenient for both the examiner and opposing
counsel, and for such other and further relief as may be just in the premises.

Respectfully submitted,

LOSEE, CARSON, HAAS & CARROLL, P.A.

By: 

Ernest L. Carroll

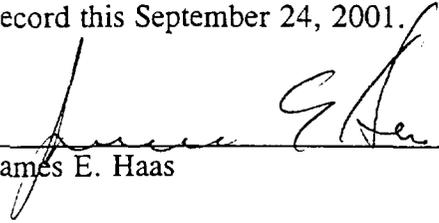
P. O. Box 1720

Artesia, New Mexico 88211-1720

(505)746-3505

Attorneys for Burnett Oil Co., Inc.

I hereby certify that I caused to be mailed a true and correct copy of the foregoing to all counsel of record this September 24, 2001.


James E. Haas

FD-002

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Burnett Oil Co., Inc.
301 Cherry St., Ste. 1500
Ft. Worth, TX 76102

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C. Signature [Signature] Agent Addressee
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Recipient's Name (Please Print Clearly) (To Be Completed by Mailer)
Burnett Oil Co., Inc.
Street, Apt. No., or PO Box No.
801 Cherrt St., Ste 1500
City, State, ZIP+4
Ft. Worth, TX 76102