

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



August 4, 2009

Louis and Judy Fulton
d/b/a CFM Oil Co.
P.O. Box 1176
Artesia, NM 88210

Certified Mail No.: 7002 0510 0003 5125 1969

FORMAL NOTICE OF LOSS OF INJECTION AUTHORITY **OPERATOR REQUIRED TO CEASE AND DESIST INJECTION**

Re: DeKalb Federal #001, 30-015-03950
DeKalb Federal #003, 30-015-03952
Federal E #003, 30-015-03960

Dear Mr. and Mrs. Fulton:

The purpose of this letter is to give you formal notice that your authority to inject into the wells identified above has been terminated. **You must immediately cease and desist injecting into these wells.**

19.15.26.12(C)(1) NMAC provides:

"Whenever there is a continuous one year period of non-injection into all wells in an injection or storage project or into a salt water disposal well or special purpose injection well, the division shall consider the project or well abandoned, and the authority for injection shall automatically terminate ipso facto."

19.15.26.12(C)(2) NMAC provides:

For good cause shown, the director may grant an administrative extension or extensions of injection authority as an exception to Paragraph (1) of Subsection C of 19.15.26.12 NMAC, provided that any such extension



August 4, 2009

Page 2

may be granted only prior to the end of one year or [sic] continuous non-injection, or during the term of a previously granted extension.

The wells identified above were included in a waterflood project in the Square Lake Unit Area, in Section 31, Township 16 South, Range 30 East. See Case No. 2940, Order No. R-2609, attached. A search of injection reports for Section 31, Township 16 South, Range 30 East shows that no injection was reported for a 7-year period from 1995 to 2001. A copy of the production/injection search result is attached. The Oil Conservation Division (OCD) has not found any administrative extensions of the injection authority for this project.

By operation of 19.15.26.12(C)(1) NMAC, the waterflood authorized under Order No. R-2609 has been abandoned, and the authority for injection into wells in the waterflood has automatically terminated. No extension can be granted now. If you wish to operate a waterflood in this area you will need to apply for a new permit under 19.15.26.8 NMAC.

You have reported injection in the wells identified above since the automatic termination of injection authority. All injection into these wells must cease immediately. By copy of this letter, I am notifying the Artesia District Office that your injection authority for these wells has been terminated. Artesia District Office inspectors will be checking the wells to determine if they are continuing to inject.

If you continue to inject into these wells without authority the OCD intends to take further enforcement action. The OCD may seek an administrative order requiring you to plug the wells under NMSA 1978, Section 70-2-14(B), and authority for the state to plug the wells if you do not do so. Or the OCD may seek an order from District Court pursuant to NMSA 1978, Section 70-2-28 enjoining you from injecting into the identified wells and assessing penalties under NMSA 1978, Section 70-2-31(A) for the knowing and willful violation of 19.15.26.12 (C)(1).

If you disagree with the OCD's conclusion that the waterflood has been abandoned and that the authority to inject has been terminated, please provide documentary proof that there has not been a period of one year of non-injection, or that you are operating under an administrative extension of injection authority.

Sincerely,

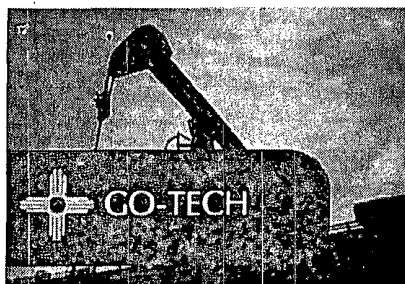


Daniel Sanchez

Underground Injection Control Director for the State of New Mexico

Attachments: Order No. R-2609
 Injection report summary for S31-T16S-R30E

Ec: Randy Dade, Supervisor, Artesia District Office



- ~ Home
- ~ Production Data
- ~ Well Data
- ~ Lease Sale Data
- ~ NM Pricsheet
- ~ Water Data
- ~ Projects
- ~ Software
- ~ Other Links
- ~ News
- ~ Help

North American Oil and Gas News
Oilsands Quest Announces Extension of Permit Leases
Technip Awarded Contract for the K2 Field in the Gulf of Mexico
Triangle Petroleum Markets Nova Scotia Joint Venture Opportunity
American Petro-Hunter Appoints Senior Executives

Source: Oil Voice

NYMEX LS Crude 68.55
Navajo WTXI 65.05
Henry Hub 4.12

Updated : 6/27/2009

State Land Office Data Access

OCD well/log image files

PRRC NM-TECH NM-BGMR

SEARCH BY
LOCATION

SEARCH BY
COUNTY

SEARCH BY
OPERATOR : A-Z A-F G-Q R-Z

SEARCH BY
POOL : A-Z A-F G-Q R-Z

- ~ Home
- ~ Production Data
 - Other Searches
 - Older Data
 - Production Summaries
- ~ Well Data
 - Well Activity
 - NM/CO Rig Count
 - Frontier Well Information
 - First Production
 - Inactive Wells
 - Maps
- ~ Lease Sale Data
 - Lease Sale Notices
 - Lease Sale Results
 - BLM Lease Data
- ~ NM Pricsheet
- ~ Water Data
 - Produced Water
 - Ground Water
- ~ Projects
 - NM WAIDS
 - San Juan Data
 - GO-TECH
 - SLO
- ~ Software
 - C-115 Filing
 - Decline Curve Plotting
 - Decline Curve Analysis
- ~ Other Links
 - External Links
 - Other State Links
- ~ News
 - Calendar
 - Events
 - Other Calendars
- ~ Help
 - Contact
 - Land Unit Description
 - Acknowledgements

Search Criteria

Section = 31
Township = 16.0S
Range = 30E

Summary Results

Total Records: 17

Show All

Print Friendly

Total Amount: GasVol: 0 CO2Vol: 0 WaterVol: 52206 OtherVol: 0

ProdYear	GasVol	CO2Vol	WaterVol	OtherVol	WellCount
1993	0	0	17656	0	5
1994	0	0	6238	0	5
1995	0	0	0	0	5
1996	0	0	0	0	5
1997	0	0	0	0	5
1998	0	0	0	0	5
1999	0	0	0	0	5
2000	0	0	0	0	5
2001	0	0	0	0	5
2002	0	0	2841	0	5
2003	0	0	5012	0	5
2004	0	0	7179	0	3
2005	0	0	6527	0	3
2006	0	0	5358	0	3
2007	0	0	1395	0	3

1 2

PETROLEUM RECOVERY RESEARCH CENTER, SOCORRO, NM-87801

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2940
Order No. R-2609

APPLICATION OF TEXACO INC.
FOR A WATERFLOOD PROJECT,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 20, 1963, at Santa Fe, New Mexico, before Daniel S. Nutter Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 6th day of December, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the Square Lake 31 Unit Agreement has been approved by the Commission by Order No. R-2608; that the Square Lake 31 Unit Area comprises 480 acres, more or less, of Federal land in Section 31, Township 16 South, Range 30 East, NMPM, Eddy County, New Mexico as more fully described in said order.

(3) That the applicant, Texaco Inc., seeks permission to institute a waterflood project in the Square Lake Pool in the Square Lake 31 Unit Area by the injection of water into the Premier Sand of the Grayburg formation through six wells located within said unit area.

(4) That the wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.

(5) That the proposed waterflood project is in the interest of conservation and should result in recovery of otherwise unrecoverable oil, thereby preventing waste.

(6) That the subject application should be approved and the project should be governed by the provisions of Rule 701 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Texaco Inc., is hereby authorized to institute a waterflood project in the Square Lake Pool in the Square Lake 31 Unit Area by the injection of water into the Premier Sand of the Grayburg formation through the following-described six wells:

SECTION 31, TOWNSHIP 16 SOUTH, RANGE 30 EAST,
NMPM, EDDY COUNTY, NEW MEXICO

Texaco Inc. Etz Federal NCT-1 Well No. 1, Unit L
Texaco Inc. Etz Federal NCT-2 Well No. 4, Unit H
John H. Trigg Federal E-31 Well No. 2, Unit N
John H. Trigg Federal E-31 Well No. 3, Unit F
A. C. Holder et al DeKalb Federal Well No. 1, Unit P
A. C. Holder et al DeKalb Federal Well No. 3, Unit J

(2) That the subject waterflood project shall be governed by the provisions of Rule 701 of the Commission Rules and Regulations, including the allowable provisions thereof, and including the provisions with respect to expansion of the waterflood project.

(3) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1119 of the Commission Rules and Regulations.

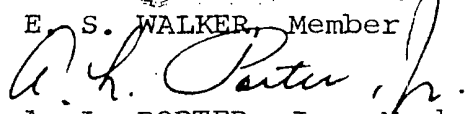
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JACK M. CAMPBELL, Chairman

E. S. WALKER, Member


A. L. PORTER, Jr., Member & Secretary

S E A L

esr/

Duran-Saenz, Theresa, EMNRD

From: Duran-Saenz, Theresa, EMNRD
Sent: Tuesday, August 04, 2009 1:54 PM
To: Dade, Randy, EMNRD
Cc: Sanchez, Daniel J., EMNRD; Macquesten, Gail, EMNRD (gail.macquesten@state.nm.us)
Subject: CFM Oil Co. - 2009 letter terminating injection authority 2940
Attachments: 2009 letter terminating injection authority 2940.doc

Copy with attachments to follow via U.S. Mail.

The message is ready to be sent with the following file or link attachments:

2009 letter terminating injection authority 2940

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to determine how attachments are handled.

UNITED STATES POSTAL SERVICE



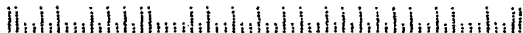
First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

- Sender: Please print your name, address, and ZIP+4 in this box •

RECEIVED

Gail Macquesten
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

2009 AUG 7 PM 1 40



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Louis and Judy Fulton
d/b/a CFM Oil Co.
P.O. Box 1176
Artesia, NM 88210

2. Article Number

(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☒ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

7002 0510 0003 5125 1969