

MILLER STRATVERT

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- * New Mexico Board of Specialization Recognized Specialist in Natural Resources - Oil & Gas Law
- ** New Mexico Board of Specialization Recognized Specialist in Real Estate Law

February 17, 2004

FEB 18 2004

HAND-DELIVERED

Lori Wrotenbery, Director
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

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

Re: New Mexico Oil Conservation Case No. 13237; Application of J. C. Well Service, Inc. for an Order Rescinding Approval of Change of Operator, San Juan County, New Mexico

Dear Ms. Wrotenbery:

Enclosed is an original and two copies of the Application of J. C. Well Service, Inc. in the above referenced matter. On behalf of the Applicant, we request this matter be set for hearing on the March 18, 2004 Division Examiner hearing docket. Also enclosed on disk and in hard copy is a proposed advertisement for the case.

Thank you for your assistance.

Very truly yours,

MILLER STRATVERT P.A.



J. Scott Hall

JSH/glb
Enclosures

LAW OFFICES

ALBUQUERQUE
(505) 842-1950

FARMINGTON
(505) 326-4521

LAS CRUCES
(505) 523-2481

SANTA FE
(505) 989-9614

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

RECEIVED

FEB 18 2004

**IN THE MATTER OF THE APPLICATION OF J. C. WELL
SERVICE, INC. FOR AN ORDER RESCINDING APPROVAL
OF CHANGE OF OPERATOR, SAN JUAN COUNTY, NEW MEXICO**

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

Case No. 13237

APPLICATION

J. C. WELL SERVICE, INC., through its undersigned counsel, MILLER STRATVERT, P. A. (J. Scott Hall), applies for an order of the Division rescinding the approvals of C-104A Change of Operator forms issued by the District III office for those wells located in San Juan County, New Mexico described herein.

In support, Applicant states:

1. Applicant is the Operator of the following wells, all located in San Juan County:

Well Name	API Number	Legal Description
KING KONG No. 020	3004509899	L-4-30N-17W
UTE MTN B No. 007	3004510056	5-31-31N-15W
UTE MTN B No. 004	3004510143	F-32-31N-15W
UTE MTN B No. 011	3004510145	F-31-31N-15W
UTE MTN B No. 008	3004510155	H-31-31N-15W
UTE MTN B No. 010	3004510240	N-29-31N-15W
UTE MTN B No. 002	3004510346	F-29-31N-15W
UTE MTN B No. 001	3004510380	B-29-31N-15W
KING KONG No. 001X	3004520209	L-4-30N-17W
KING KONG No. 005	3004520224	Z-4-30N-17W

Well Name	API Number	Legal Description
CLARK KENT No. 001	3004520225	I-5-30N-17W
CLARK KENT No. 004	3004520254	I-5-30N-17W
KING KONG No. 008	3004520624	G-4-30N-17W
KING KONG No. 009	3004520806	G-4-30N-17W
KING KONG No. 014	3004521834	G-4-30N-17W
KING KONG No. 019	3004521840	J-4-30N-17W
KING KONG No. 015	3004521842	G-4-30N-17W
KING KONG No. 022	3004521867	G-4-30N-17W
UTE MTN B No. 015	3004524606	K-31-31N-15W
UTE MTN B No. 016	3004524621	J-31-31N-15W
UTE MTN B No. 022	3004525224	M-29-31N-15W
UTE MTN B No. 021	3004525239	B-31-31N-15W
UTE MTN B No. 020	3004525240	G-31-31N-15W

2. Applicant acquired title to the referenced wells pursuant to that Assignment, Bill of Sale and Conveyance executed by Action Oil Company, Inc. on February 11, 1998 (effective December 31, 1997) recorded with the San Juan County Clerk's office on March 17, 1998 at Book 1255/Page 774), and pursuant to those Bureau of Indian Affairs Form 5-1543e Assignments of Mining Leases executed by Action Oil Company, Inc. in favor of R&J Enterprises (Mr. John Cunningham). Mr. Cunningham operates the leases and wells through his operating company, J. C. Well Service, Inc. Pursuant to the Assignment, Bill of Sale and

Conveyance, Applicant became owner of the following Navajo and Ute Mountain Ute tribal oil and gas leases upon which the wells referenced above are located:

NOO-C-14-20-0603-903
(Navajo)

T-30-N, R-17-W
Sec. 5: NE/4, S/2

NOO-C-14-20-0603-639
(Navajo)

T-30-N, R-17-W
Sec. 4: All

14-20-604-90
(Ute Mountain Ute)

T-31-N, R-15-W
Sec. 29: All
Sec. 30: All
Sec. 31: All
Sec. 32: All

3. Applicant took possession of the leases in February of 1998 and has operated the wells located thereon at all pertinent times since. On approximately June 3, 1998, Applicant filed C-104's with the Division to reflect the Change of Operator from Action Oil Company, Inc. to J. C. Well Service, Inc. The Operator Certificate of Compliance on the forms was executed by John Cunningham d/b/a J. C. Well Service, and was also acknowledged by Gene Burson, president of Action Oil Company, Inc. The Division approved the Change of Operator on June 3, 1998.

4. Applicant has subsequently assigned its interests in the Ute Mountain Ute lease and wells to Biya Operators, Inc. and it is anticipated that new C-104A's will soon be submitted to the District III office for approval.

5. In 2003, it was discovered that Carmen Wood, the purported owner of Action Oil, Inc. had filed C-104A's requesting a change of operator from J. C. Well Service, Inc. to Action Oil Co., Inc. for all of the wells referenced in paragraph 1, above. A copy of one of the C-104A's, attached as Exhibit A, shows the forms were filed with the Division's District III office on July 14, 2003 and that the change of operator to Action Oil was approved that same day.

5. That section on each of the forms for completion and signature by the previous operator was not completed and the term "*Not Available*" was inserted instead. It is not known what representations were made to the Division's District III office in order to obtain the approval of the C-104A's. J. C. Well Service, Inc.'s approval for the change was neither sought nor authorized and the C-104A's were submitted without the Applicant's knowledge.

6. The inappropriate filing of the C-104A's by Woods is an abuse of the Division's administrative processes and complicates the Division's enforcement of its rules, regulations and orders when Applicant and Biya Operators remain in possession and control of the subject wells.

7. Granting the relief sought by Applicant is in the interests of conservation.

WHEREFORE, Applicant requests that, after notice and hearing, the Division enter its order granting the Application and providing for such other relief as deemed appropriate.

Respectfully submitted,

MILLER STRATVERT P.A.

By: 

J. Scott Hall
Post Office Box 1986
Santa Fe, New Mexico 87504
(505) 989-9614
Attorneys for J. C. Well Service, Inc.

DRAFT NOTICE FOR ADVERTISEMENT

Case 13237: Application of J. C. Well Service, Inc. for an order of the Division rescinding the approvals of C-104A Change of Operator forms issued by the District III office. Applicant seeks rescission of the approvals for Action Oil, Inc. for the following described wells located in San Juan County, New Mexico:

Well Name	API Number	Legal Description
KING KONG No. 020	3004509899	L-4-30N-17W
UTE MTN B No. 007	3004510056	5-31-31N-15W
UTE MTN B No. 004	3004510143	F-32-31N-15W
UTE MTN B No. 011	3004510145	F-31-31N-15W
UTE MTN B No. 008	3004510155	H-31-31N-15W
UTE MTN B No. 010	3004510240	N-29-31N-15W
UTE MTN B No. 002	3004510346	F-29-31N-15W
UTE MTN B No. 001	3004510380	B-29-31N-15W
KING KONG No. 001X	3004520209	L-4-30N-17W
KING KONG No. 005	3004520224	Z-4-30N-17W
CLARK KENT No. 001	3004520225	I-5-30N-17W
CLARK KENT No. 004	3004520254	I-5-30N-17W
KING KONG No. 008	3004520624	G-4-30N-17W
KING KONG No. 009	3004520806	G-4-30N-17W
KING KONG No. 014	3004521834	G-4-30N-17W
KING KONG No. 019	3004521840	J-4-30N-17W
KING KONG No. 015	3004521842	G-4-30N-17W
KING KONG No. 022	3004521867	G-4-30N-17W
UTE MTN B No. 016	3004524621	J-31-31N-15W

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UTE MTN B No. 021	3004525239	B-31-31N-15W
UTE MTN B No. 020	3004525240	G-31-31N-15W

The subject lands and wells are located approximately 6 miles north of Waterflow, New Mexico.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-104A
Revised June 10, 2003

Submit 1 copy of the final affected wells
list along with 1 copy of this form per
number of wells on that list to appropriate
District Office

Change of Operator

Previous Operator Information:

OGRID: 169822
Name: IC Well Service Inc.
Address: Box 51
Address: Farmingtown
City, State, Zip: N.M. 87499

New Operator Information:

Effective Date: July 1, 2003
New Ogrid: 25872
New Name: Action Oil Co Inc.
Address: 437 Rd 2900
Address: Aztec
City, State, Zip: N.M. 87410

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the attached list of wells is true and complete to the best of my knowledge and belief.

New Operator

Signature: Carmen Wood

Printed name: Carmen Wood

Title: Owner

E-mail

Address: 437 Rd 2900 cburson@apenct.com

Date: 7-11-03 Phone: 505-334-8294



Previous operator complete below:

Previous

Operator:

Previous

OGRID:

Signature: Not Available

Printed Name:

E-mail

Address:

NMOCD Approval

Signature: JSZ

Printed

Name:

District:

SUPERVISOR DISTRICT # 3

Date:

JUL 14 2003

EXHIBIT

A