

JAMES BRUCE  
ATTORNEY AT LAW

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SANTA FE, NEW MEXICO 87504

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[jamesbruce@aol.com](mailto:jamesbruce@aol.com)

RECEIVED OCD

2011 JAN 31 A 7:58

January 31, 2011

Via fax

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

Re: Case No. 14583/Farleigh Oil Properties

Dear Mr. Sanchez:

Enclosed is Farleigh's response to Shell's motions. A decision is needed today on the  
continuance motion.

Very truly yours,

  
James Bruce

cc: Counsel of record

1-31-11

*I feel the case should  
be heard Thurs. Feb 3  
TW.*

*Cont to  
Feb 17, 2011*

*JTB*

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

**IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF FARLEIGH OIL PROPERTIES  
FOR A COMPLIANCE ORDER AGAINST SWEPI LP  
AND SHELL EXPLORATION AND PRODUCTION  
COMPANY, GUADALUPE COUNTY, NEW MEXICO.**

**Case No. 14,583**

**FARLEIGH OIL PROPERTIES' CONSOLIDATED RESPONSE  
TO MOTIONS TO DISMISS, QUASH SUPOENA, FOR A PROTECTIVE ORDER,  
AND FOR A CONTINUANCE**

Farleigh Oil Properties ("Farleigh") submits this response to the various motions filed by SWEPI LP and Shell Exploration and Production Company (collectively, "Shell").

**I. INTRODUCTION.**

Shell has been playing games with the Division's reporting regulations for several years. It continues to do so.

This application was filed by Farleigh because Shell has not complied with the Division's reporting requirements. Rather than set forth specifics in this response, Farleigh refers you to the letter it wrote to the Division on August 30, 2010, succinctly outlining the deficiencies in Shell's reporting practices. Exhibit A. In summary, Shell has not timely filed all logs on the subject wells, and has misleadingly reported production and well tests. Farleigh simply asks for Shell to comply with Division regulations, as all other operators in the state must do

**II. MOTION TO DISMISS.**

Shell asserts that Farleigh does not have the right to file this action. That is wrong, for several reasons:

A. In addition to the August 30, 2010 letter, Farleigh had a telephone conference with Division personnel in October 2010. Farleigh did not receive what it considered a satisfactory response to its complaints. However, the Division itself informed Farleigh that it could file an application for a hearing to seek the relief it requested. Exhibit B.

B. The Division has entered an appearance in this matter in support of Farleigh's application. See the Division's Pre-Hearing Statement, filed on December 8, 2010.

C. The regulation cited by Shell does not state that the Division is the sole entity that may file a proceeding of this type. Thus, the Division's right to file an application is not exclusive.

Therefore, Shell's motion to dismiss is without merit, and must be denied.

### III. MOTION TO QUASH.

Likewise, the motion to quash must be denied. As noted in **Exhibit A**, Shell initially filed only mud logs and a fraction of an uphole segment of a gamma ray curve and a neutron curve. Farleigh obtained a subpoena and served it on Shell. Pursuant thereto, Shell (finally) turned over to the Division and Farleigh the nine logs itemized in Shell's pleading. In addition, on January 22, 2010 Shell's counsel informed the undersigned that Shell would turn over additional data to the Division and Farleigh during the week of January 24th. That was not done. Shell has reneged on its agreement to turn over additional data.

Moreover, public records and Shell's own filings with the Division indicate that there is additional data which has not been provided:

A. As stated in **Exhibit A**:

IHS Energy has posted on their scout tickets the logging suites that were run in each of the four wells – at the minimum, a dual induction, compensated density, compensated neutron, caliper, spontaneous potential and gamma ray were reported.

B. In addition, Shell's APD for the Latigo 2-34 well (FOP Exhibit 3-1, page 3, which is part of **Exhibit C** attached hereto) states under "Logging and Testing" that the following would be done:

Wireline-Logging, including but not limited to:

Gamma Ray, Resistivity, Porosity, Neutron and Sonic data collection

Flow Testing:

Flow individual production zones for up to 3 days

C. FOP Exhibit 3-2 (part of **Exhibit C** attached hereto) states that "Shell has completed the completions work and flow testing for this well, as specified in the approved APD.

Shell claims that all logs have been turned over, but that does not square with the record. There seem to be several logs per well that Shell has not filed with the Division.

In addition, the filed C-105's (see FOP Exhibit 3-7, part of **Exhibit C** attached hereto) do not comply with Division regulations in that, at a minimum, testing rates on perforated intervals, 24 hour rates, drill stem tests, and individual flowing-tubing and casing pressures, are not

reported. Cf. Exhibit D, the Division's Form C-105. Instead, Shell averages the various data figures. Shell's filings are completed in a fashion to hide data, rather than to report it in a straightforward manner.

Farleigh is not seeking anything other than data required by the Division's rules -- data all other operators must file, and which operators use as a matter of course in planning exploration and production activities in this state. Allowing Shell to skate by the reporting rules, if followed by other operators, will impair the accuracy of the Division's public data and makes it useless to the public.

#### IV. MOTION FOR PROTECTIVE ORDER.

Farleigh obtained a subpoena against Schlumberger, which ran the logs on Shell's wells. That was done since Shell didn't produce all logs on the wells. Farleigh has no interest in obtaining Shell's proprietary or confidential data, and disclaims any intent to obtain such data. However, if Shell is not forthcoming on its well logs, it is proper to, at least, obtain a listing from Schlumberger identifying all logs on the wells -- logs which Shell should have filed with the Division long ago.

#### V. MOTION FOR CONTINUANCE.

This case was set for hearing on December 16, 2010, and has already been continued twice at Shell's request. Farleigh is ready and willing to proceed with the hearing regardless of a Shell witness being present. In addition, Farleigh's witnesses are coming from three different states, must leave on Tuesday, and the costs to reschedule transportation and lodging are significant. Farleigh requests that the motion be denied.

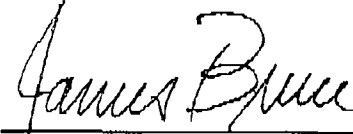
#### VI. CONCLUSION.

WHEREFORE, Farleigh requests that:

1. The motion to dismiss be denied.
2. The motion to quash be denied.
3. Farleigh's subpoena to Schlumberger be modified so that Schlumberger does not have to turn over Shell's proprietary or confidential data.
4. The motion for a continuance be denied.

If Shell continues to refuse to comply with Division reporting requirements, then its Authority to Transport should be canceled.

Respectfully submitted,



James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Farleigh Oil Properties

CERTIFICATE OF SERVICE


I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 31<sup>st</sup> day of January, 2011 by facsimile transmission:

William F. Carr  
Holland & Hart LLP  
P.O. Box 2208  
Santa Fe, New Mexico 87504  
(505) 983-6043

W. Thomas Kellahin  
706 Gonzales Road  
Santa Fe, New Mexico 87501  
(505) 216-2780

Gail MacQuesten  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505  
(505) 476-3462

John Michael Richardson  
P.O. Box 16  
Stanley, New Mexico 87056  
(505) 832-1479



James Bruce

**BILL D. FARLEIGH****THE FARLEIGH CORPORATION****FARLEIGH OIL PROPERTIES**

August 30, 2010

Via E-mail and USPS Priority Mail

Signature Confirmation 420 87505 9410 8036 9930 0010 5688 20

Mr. Daniel Sanchez  
Enforcement & Compliance Manager  
New Mexico Oil Conservation Division  
1220 South St. Francis  
Santa Fe, NM 87505

Re: Reporting Practices of Shell Exploration and Production Company

- |   |  |
|---|--|
| 1. Latigo Ranch 2-34<br>API 30-019-20136<br>T10N, R23E, Section 34  | 4. Webb 3-23<br>API 30-019-20135<br>T11N, R27E, Section 23 |
| 2. Latigo Ranch 3-5<br>API 30-019-20137<br>T10N, R23E, Section 5    | 5. Webb CD#1<br>API 30-019-20134<br>T11N, R23E, Section 25 |
| 3. Latigo Ranch 3-33<br>April 30-019-20138<br>T10N, R23E, Section 3 |  |

EXHIBIT **A**

Dear Mr. Sanchez:

Farleigh Oil Properties, dba Bill D. Farleigh, Trustee of the Bill D. Farleigh Revocable Trust dated January 21, 1983, has for the past year made a sizeable investment in fee leases in the Tucumcari Basin. Our future plans of development for these leases have been delayed indefinitely until we are able to access data from the captioned wells that have not been timely submitted to the State of New Mexico. Shell Exploration and Production Company's delay in timely adherence to the Rules and Regulations of the State of New Mexico has caused and will continue to cause postponed development of New Mexico's resources and revenues.

Instructions on Form C-105 clearly states that 20 days after completion of any newly drilled or deepened well the fully completed form accompanied by all electrical and radio-activity logs and a summary of all special tests, including drill stem tests shall be filed. Further, the State of New Mexico instructions state, for multiple completions, items 25-29 on said form shall be reported for each zone.

Shell Exploration and Production reports on it's Webb #CD-1, API 30-019-20134, under item 17 on it's Form C-105, "If Multiple Completion, How Many Zones?" to which Shell responds "10." This response correlates with Shell's answer to item 26, Perforation Record, 10 zones perforated. The above-cited instructions state each zone should be reported separately in items 25-29, and yet in item 28, Shell reports the date of test, but not the interval or zone and

Mr. Daniel Sanchez

August 30, 2010

Page 2

further confuses the issue by reporting hours tested and sums the volumes of the hours tested divided by 24 to report a calculated 24-hour rate as 1,740 MCF/24 hours.

The methodology, while confusing at best and misleading, does not satisfy the Rules and Regulations of the New Mexico Oil Conservation Division. This methodology does not allow the reader to determine which zones were tested, the footage that was tested, the amount of gas flared for individual zones, and grossly misreports the calculated 24-hour rate as the sum of all gas tested in an unknown number of zones and unknown footage of said zone. This is not what industry knows as a 24-hour-rate, nor does this methodology comply with the instructions of the State of New Mexico.


This behavior, while accomplishing the desired confusion, is wrong. The reason the commission of every state has rules and regulations is to foster further exploration to benefit their state. This continued use of flawed reporting is not sloppy; it is dishonest and unethical. I respectfully request that this blatant disregard for New Mexico's Rules and Regulations be stopped by the Enforcement and Compliance Division of the Oil Conservation Division.

Further, although I have requested since April 1, 2010 from Mr. Ed Martin, District IV Supervisor, the suite of electric logs for the Latigo Ranch 2-34, Latigo Ranch 3-5, Latigo Ranch 3-33, and the Webb 3-23 be submitted by Shell as the rules and regulations require, only mud logs and a fraction of an uphole segment of a gamma ray curve and a neutron curve have been submitted and posted on the web site. IHS Energy has posted on their scout tickets the logging suites that were run in each of the four wells -- at the minimum, a dual induction, compensated density, compensated neutron, caliper, spontaneous potential and gamma ray were reported. Now, some 125 days following my first request and more than a full year after completion of some of the wells, no useable logs are posted on your website.

This behavior by Shell is purposeful and useful only to Shell; the hiding of data by Shell is unethical at best.

Please require Shell to submit their data honestly and to follow the instructions and rules of the State of New Mexico as most industry professionals do everyday. Thank you.

Respectfully,



Tom E. Swanson  
Exploration Manager

TES:cdv

c: Ed Martin, NMOCC, Oil and Gas Inspector, District Supervisor  
James Garrett Bruce, Esquire  
Dr. David W. Bowen

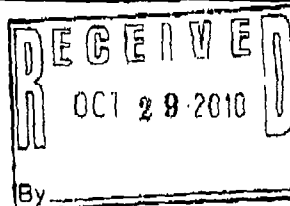
# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

**Jim Noel**  
Cabinet Secretary

**Karen W. Garcia**  
Deputy Cabinet Secretary

**Mark Fearnix**  
Division Director  
Oil Conservation Division



**Mr. Tom Swanson**  
The Furlough Corporation  
P.O. Box 3215  
Casper, WY 82602

Dear Mr. Swanson:

Completed Well Completion or Recompletion Report and Log (C-105) forms have been submitted by SWEPI, LLP for all of the wells noted in your letter of October 20, 2010. Logs on all of the five SWEPI wells have also been received from SWEPI, LLP and the C-105's and logs are available on our website. SWEPI, LLP has assured the New Mexico Oil Conservation Division (NMOCD) that all of the data required by NMOCD rules have been submitted for the five wells in question.

NMOCD rules do not specify any format to be used when an operator is submitting such data. Therefore, the NMOCD is satisfied that SWEPI has complied with the letter of the rule.

Please see NMAC 19.15.4.8 INITIATING AN ADJUDICATORY HEARING: in the NMOCD rules which states, in pertinent part ... "A. The division, attorney general, an operator or producer or other person with standing may file an application with the division for an adjudicatory hearing." That portion of the rule goes on to specify the format to which an application for hearing must adhere. Should you wish to file an application challenging the adequacy of SWEPI, LLP's compliance with NMOCD's rules, you may do so in accordance with that provision and other applicable provisions of 19.15.4 NMAC.

If you need further information, please contact us.

Sincerely,

NEW MEXICO OIL CONSERVATION DIVISION

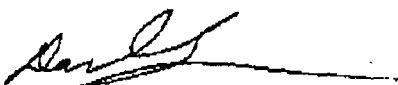
  
**Daniel Sanchez**  
Enforcement and Compliance Manager

EXHIBIT **B**

Oil Conservation Division  
1220 South St. Francis Drive • Santa Fe, New Mexico 87505  
Phone (505) 476-3440 • Fax (505) 476-3462 • [www.emnrd.state.nm.us/OCD](http://www.emnrd.state.nm.us/OCD)



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

Form C-101  
May 27, 2004

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

Submit to appropriate District Office

☐ AMENDED REPORT

**CONFIDENTIAL**

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

Operator Name and Address SWEPI LP, P.O. Box 576, Houston, Texas 77001		OGRID Number <b>250036</b>
(Local Contact: Shell Exploration & Production Company, 4582 S. Iliac St. Plwy, Suite 1400, Denver, CO 80237)		API Number <b>30-019-30136</b>
Property Code <b>37165</b>	Property Name Singleton Properties LLC	Well No. Latigo 2-34
Proposed Pool 1 <b>Exhibit FOP 3-1</b>		Proposed Pool 2

Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
R	34	10N	23E		1880 +/-	North	1946 +/-	West	Guadalupe

Proposed Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Work Type Code N	Well Type Code G	Cable/Rotary R	Lense Type Code P	Ground Level Elevation 4716.2 graded
Multiple N	Proposed Depth 13,000' / 3,350'	Formation Mississippian	Contractor Nabors Drilling	Spud Date August 1, 2008
Depth to Groundwater ~900 feet (Santa Rosa aquifer)		Distance from nearest fresh water well ~2 miles (CD-1 water well)		Distance from nearest surface water ~2400 feet (unnamed ephemeral drainage)
Liner: Synthetic <input checked="" type="checkbox"/> 20 mils thick Clay <input type="checkbox"/>		Pit Volume: 84,430 bbls		
Closed-Loop System <input type="checkbox"/>		Drilling Method: Fresh Water 0-1300', Brine 1300'-13500'		
		Fresh Water <input checked="" type="checkbox"/> Brine <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>		

Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
30-inch	20-inch	Conductor	90-feet	NA	0 feet
14.75-inch	10.75-inch	40.5 lbs.	1300-feet	930	0 feet
9.875-inch	7.625-inch	29.7 lbs.	6200-feet	1257	1000 feet
6.5-inch	4.5-inch	13.5 & 15.1 lbs.	13350-feet	359	5700 feet

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

**OIL CONSERVATION COMMISSION TO BE NOTIFIED  
WITHIN 24 HOURS OF BEGINNING OPERATIONS**

Attachment A3 - Nabors B.O.P. Stack Diagram  
See Attachment B - Latigo 2-34 Surface Use Plan  
See Attached Maps  
Location Photos  
Well Location, Latigo 2-34  
Location Layout for Latigo 2-34  
Topographic Map A  
Topographic Map B

EXHIBIT **C**

COLLECT AND SACK SAMPLES FOR  
MEXICO BUREAU OF MINES, SOCORRO  
AT AT LEAST TEN FOOT INTERVALS

23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC guidelines ☒ a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Signature:

*Michael L. Bergstrom*

Printed name: Michael L. Bergstrom

Title: Regulatory Coordinator

E-mail Address: michael.bergstrom@shell.com

Date: 5/9/2008

Phone: 303.222.6347

OIL CONSERVATION DIVISION

Approved by:

*Ed Martin*

Title:

**DISTRICT SUPERVISOR**

Approval Date: 5/15/08

Expiration Date: 5/15/10

Conditions of Approval Attached ☐

- Lithology
  - Tucumcari Basin
    - This area has been the subject of limited oil & gas exploration activity
    - Approximate depths of key geologic formations are shown in Attachment A1
  - Prospective formations are in the Pennsylvanian section
- Fluid Bearing Formations
  - Potable water (Surface – 1500 feet below ground surface)
  - Brackish water (1500+ feet below ground surface)
  - Natural gas/condensate (~8000+ feet below ground surface)
- Drilling Fluids
  - Freshwater drilling fluids (see Attachment A2)
    - Potable (TDS < 3,000 ppm) water-based, 8.3-8.6 ppg, viscosifiers and LCM additives
  - Brackish water drilling fluids (see Attachment A2)
    - Non-potable (TDS > 10,000 ppm) water-based fluids, 8.6-10.0 ppg, salt, lime, caustic soda, viscosifiers and LCM additives
  - Lost Circulation Materials (LCM)
    - As needed, LCM consisting of, but not limited to, cedar fibers, mica, drilling paper, graphite, walnut plug, cottonseed hulls and calcium carbonate may be introduced into the well bore to address any lost circulation zones encountered during drilling
- Wellhead Pressure Control (Blowout Prevention (BOP))
  - Wellhead BOP equipment is standard design for "tight gas" wells, as shown on Attachment A3
    - Maximum pressures for equipment (wellhead A section to be 11" 5,000 psi; wellhead B section to be 11" 10,000 psi; BOP with 11" 5,000 psi annular preventer; and Ram preventers with 11" 10,000 psi)
    - Maximum downhole pressures anticipated ~6500 psi.
  - BOP testing procedures conducted by third party contractor upon installation
    - Ram preventers to 10,000 psi and 250 psi; Annular preventer to 2500 psi and 250 psi, for 10 minutes and 5 minutes, respectively

**CONFIDENTIAL****Casing and Cementing Program**

- All casing run and set will be new and unused. Details are included Table 1
- Surface Casing
  - 14.75-inch diameter well bore, drilled to 1300 feet.
  - 10.75-inch diameter casing installed and cemented to surface
- Intermediate Casing
  - 9.875-inch diameter well bore, drilled to 6200 feet.
  - 7.625-inch diameter casing installed and cemented to 1000 feet
- Production Casing
  - 6.5-inch diameter well bore, drilled to 13350 feet.
  - 4.5-inch diameter casing installed and cemented to 5700 feet

**Well Completion**

- Casing Perforation
  - Perforate casing in prospective sand zones, using three shots per foot (spf), 120 degree, phased perforating guns
- Hydraulic Fracturing
  - Treat prospective sand zones with ceramic and/or sand proppant materials during hydraulic fracturing

**Logging and Testing**

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

**Water Supply for Drilling and Completions**

- One water well (minimum 5 1/4-inch and maximum 7-inch diameter casing) will be drilled on-site about 500 feet east of the well location, on the edge of the well site
  - A temporary appropriation of up to 3 acre feet (AF) of potable water will be obtained from the Office of State Engineer-District 6 (OSE) for production of potable water from the Santa Rosa aquifer
- Potable groundwater will be available from the CD-1 water well located on the Webb Ranch, about 3 miles from the well site
  - A temporary appropriation of up to 3 acre feet (AF) of potable water was previously approved by the Office of State Engineer-District 6 (OSE) for production of potable water from the Santa Rosa aquifer. This appropriation will expire in August 2008, and will be renewed with the OSE.
- Potable groundwater will be available from wells located on the Pajarito Ranch, about 22 miles from the well site
  - Pajarito Creek Ranch holds appropriations for more than 500 acre feet (AF) of potable groundwater, which may be sold for any and all uses.
- Nonpotable produced water will be available from the CD-1 well located on the Webb Ranch, about 3 miles from the well site
  - Produced water from the completion and testing of CD-1 well is currently stored, and may be treated and re-used at other well locations



## Shell Exploration & Production

State of New Mexico  
Energy, Minerals and Natural Resources Dept.  
Oil Conservation Division-District 4  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505  
Attn.: Ed Martin, District Supervisor

**Shell Exploration & Production Co.**  
Regulatory Affairs-EP Americas  
4582 S. Ulster Street Parkway  
Suite 1400  
Denver, Colorado 80237

### EXHIBIT FOP 3-2

April 8, 2010

**Subject:** Subsequent Report of Completion  
Shell Exploration & Production Co., Latigo Ranch 2-34 (API No. 30-019-20136)  
Guadalupe County, New Mexico

Dear Mr. Martin:

Shell Exploration & Production Company (Shell), as service provider to SWEPI LP in New Mexico, is submitting our Subsequent Report (Form C-103) to [REDACTED] to New Mexico Oil Conservation Division-District 4 (OCD) for your review and approval. [REDACTED] and is currently preparing the Well Completion or Recompletion Report and Log (Form C-105). [REDACTED]

If you have any questions or require any additional information regarding these reports, please contact me at (303) 222-6347, or David Janney at Kleinfelder in Albuquerque at (505) 344-7373.

Regards,

Michael L. Bergstrom  
Senior Regulatory Advisor  
Shell Exploration & Production Company

Attachments: Form C-103 w/additional details attached

Submit 1 Copy to Appropriate District Office  
**District I**  
 1625 N. French Dr., Hobbs, NM 88240  
**District II**  
 1301 W. Grand Ave., Artesia, NM 88210  
**District III**  
 1000 Rio Brazos Rd., Aztec, NM 87410  
**District IV**  
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 October 13, 2009

OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		<b>WELL API NO.</b> <b>30-019-20136</b>
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator <b>SWEPI LP</b>		6. State Oil & Gas Lease No. <b>NA</b>
3. Address of Operator <b>P.O. Box 576, Houston, TX 77001</b>		7. Lease Name or Unit Agreement Name <b>Singleton Properties LLC</b>
4. Well Location Unit Letter <b>F</b> <b>1919+/-</b> feet from the <b>North</b> line and <b>2019+/-</b> feet from the <b>West</b> line Section <b>34</b> Township <b>11 N</b> Range <b>23 E</b> NMPM County <b>Guadalupe</b>		8. Well Number <b>Latigo Ranch 2-34</b>
11. Elevation (Show whether DR, RKE, RT, GR, etc.) <b>4717' +/- graded</b>		9. OGRID Number <b>250036</b>
		10. Pool name or Wildcat <b>Wildcat</b>

**EXHIBIT FOP 3-3**

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

**NOTICE OF INTENTION TO:**

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
 TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
 PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐  
 DOWNHOLE COMMINGLE ☐

**SUBSEQUENT REPORT OF:**

REMEDIAL WORK ☐ ALTERING CASING ☐  
 COMMENCE DRILLING OPNS. ☐ P AND A ☐  
 CASING/CEMENT JOB ☐

OTHER: ☐

OTHER: Completion ☒

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. ~~See Workplan for details.~~

Pertinent dates are as follows:

TD Date	TD	Backplog TD	Directional Survey
1/22/09	13,460	13,868'	Yes

Casing Details	Set Date	Interval	Weight	Cement
10-3/4"	9/24/08	0-1,483'	40.5#	636sx
7-5/8"	10/4/08	0-6,078'	29.7#	1,000sx
4-1/2"	2/01/09	0-13,843'	13.5#	1,155sx

Latitude/Longitude location is: North 35.162697, West 104.473350 (NAD 83)

See Additional Details Attached

Spud Date:

9-22-08

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

*Michael L. Bergstrom*

TITLE

Senior Regulatory Advisor

DATE

April 8, 2010

Type or print name

Michael L. Bergstrom

E-mail address:

michael.bergstrom@shell.com

PHONE:

(303) 222-6347

For State Use Only

APPROVED BY:

*Ed. Martin*

TITLE

DISTRICT SUPERVISOR

DATE

4/15/10

Conditions of Approval (if any):

LATIGO RANCH 2-34 WELL API NO. 30-019-20136

Form C-103  
October 13, 2009

## ADDITIONAL DETAILS

Perf. Intervals	Perf. Date
11,776'-11,836'	11/14/09
12,604'-12,706'	11/13/09
13,006'-13,093'	11/12/09
13,180'-13,254'	11/11/09
13,290'-13,372'	11/10/09
13,402'-13,510'	09/27/09
13,722'-13,790'	09/27/09

**SUBMIT TO Appropriate District Office**  
**District I**  
 1625 N. French Dr., Hobbs, NM 88240  
**District II**  
 1301 W. Grand Ave., Artesia, NM 88210  
**District III**  
 1000 Rio Brazos Rd., Aztec, NM 87410  
**District IV**  
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 October 13, 2009

OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

WELL API NO.  
**30-019-20136**

5. Indicate Type of Lease

STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

NA

7. Lease Name or Unit Agreement Name  
**Singleton Properties LLC**

8. Well Number  
**Latigo Ranch 2-34**

9. OGRID Number  
**250036**

10. Pool name or Wildcat  
**Wildcat**

**SUNDY NOTICES AND REPORTS ON WELLS**  
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator  
**SWEPI LP**

3. Address of Operator  
**P.O. Box 576, Houston, TX 77001**

4. Well Location

Unit Letter **F** **1919+/-** feet from the **North** line and **2019+/-** feet from the **West** line  
 Section **34** Township **11N** Range **23E** NMPM County **Guadalupe**

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
**4717+/- graded**

**EXHIBIT FOP 3-4**

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

**NOTICE OF INTENTION TO:**

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
 TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
 PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐  
 DOWNHOLE COMMINGLE ☐  
 OTHER: ☐

**SUBSEQUENT REPORT OF:**

REMEDIAL WORK ☐ ALTERING CASING ☐  
 COMMENCE DRILLING OPNS. ☐ P AND A ☐  
 CASING/CEMENT JOB ☐  
 OTHER: PRODUCTION ☒

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. ~~See Rule 1103 for details on how to complete this section.~~

**Preliminary Production Data**

Date of Test	Hours Tested	Choke Size (In.)	Cumil Oil (bbls)	Cumil Gas (mcf)	Cumil Water (bbls)
9/17/09 - 9/18/09	88	48/64	0	0	288
9/21/09 - 9/23/09	85	?	0	0	44
9/25/09 - 10/2/09	88	14/64	0	1360	2570
11/9/09 - 11/9/09	8	?	0	0	370
11/23/09 - 12/12/09	88	14/64 - 22/64	0	4300	2782
<b>SUM</b>	<b>88</b>		<b>0</b>	<b>5660</b>	<b>6054</b>

Average Flow Tbg. P (psi)	Average Csg. P (psi)	Calculated 24hr Oil Rate (bbl)	Calculated 24hr Gas rate (mcf)	Calculated 24hr water rate (bbl)
638	255	0	221	236

Spud Date:

**September 21, 2008**

Rig Release Date:

**February 3, 2009**

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Michael L. Bergstrom TITLE: Senior Regulatory Advisor DATE: 04/13/2010

Type or print name: Michael L. Bergstrom E-mail address: michael.bergstrom@shell.com PHONE: 303-222-6347

**For State Use Only**

APPROVED BY: A. Martin TITLE: **DISTRICT SUPERVISOR** DATE: 4/19/10  
 Conditions of Approval (if any):



## Shell Exploration & Production

State of New Mexico  
Energy, Minerals and Natural Resources Dept.  
Oil Conservation Division-District 4  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505  
Attn: Ed Martin, District Supervisor

**Shell Exploration & Production Co.**

Regulatory Affairs-EP Americas  
4582 S Ulster Street Parkway  
Suite 1400  
Denver, Colorado 80237

### EXHIBIT FOP 3-5

April 15, 2010

**Subject:** Subsequent Report of Production  
Shell Exploration & Production Co., Latigo Ranch 2-34 (API No. 30-019-20136)  
Guadalupe County, New Mexico

Dear Mr. Martin:

Shell Exploration & Production Company (Shell), as service provider to SWEPI LP in New Mexico, is submitting our Subsequent Report (Form C-103) to provide preliminary production data for the subject well to New Mexico Oil Conservation Division-District 4 (OCD) for your review and approval. [REDACTED]

[REDACTED] (Form C-105). Shell anticipates submitting the Well Completion or Recompletion Report and [REDACTED] for this well, on or before [REDACTED].

If you have any questions or require any additional information regarding these reports, please contact me at (303) 222-6347, or David Janney at Kleinfelder in Albuquerque at (505) 344-7373.

Regards,

Michael L. Bergstrom  
Senior Regulatory Advisor  
Shell Exploration & Production Company

Attachments: Form C-103



**Shell Exploration & Production**

State of New Mexico  
Energy, Minerals and Natural Resources Dept.  
Oil Conservation Division-District 4  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505  
Attn: Ed Martin, District Supervisor

**Shell Exploration & Production Co.**

Regulatory Affairs-EP Americas  
4582 S. Ulster Street Parkway  
Suite 1400  
Denver, Colorado 80237

**EXHIBIT FOP 3-6**

May 13, 2010

**Subject:** Well Completion Report and Log, and Notice of Intent to Temporarily Abandon  
Shell Exploration & Production Co., Latigo Ranch 2-34 (API No. 30-019-20136)  
Guadalupe County, New Mexico

Dear Mr. Martin:

Shell Exploration & Production Company (Shell), as service provider to SWEPI LP in New Mexico, is submitting our Well Completion Report and Log (Form C-105) for the subject well to New Mexico Oil Conservation Division-District 4 (OCD) for your review and recordkeeping. [REDACTED] Additionally, Shell is submitting our Notice of Intent (Form C-103) to temporarily abandon the subject well.

If you have any questions or require any additional information regarding these reports, please contact me at (303) 222-6347, or David Janney at Kleinfelder in Albuquerque at (505) 344-7373.

Regards,

Michael L. Bergstrom  
Senior Regulatory Advisor  
Shell Exploration & Production Company

Attachments: Form C-105 w/ mud logs  
Form C-103

Submit To Appropriate District Office Two Copies <b>District I</b> 1625 N. French Dr., Hobbs, NM 88240 <b>District II</b> 1301 W. Grand Avenue, Artesia, NM 88210 <b>District III</b> 1000 Rio Brazos Rd., Aztec, NM 87410 <b>District IV</b> 1220 S. St. Francis Dr., Santa Fe, NM 87505		<b>State of New Mexico</b> <b>Energy, Minerals and Natural Resources</b>  <b>Oil Conservation Division</b> <b>1220 South St. Francis Dr.</b> <b>Santa Fe, NM 87505</b>		<b>Form C-105</b> July 17, 2008	
		1. WELL API NO. 30-019-20136		2. Type of Lease <input type="checkbox"/> STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> FED/INDIAN	
		3. State Oil & Gas Lease No. NA		5. Lease Name or Unit Agreement Name Singleton Properties LLC	
				6. Well Number: Latigo Ranch 2-34	
<b>WELL COMPLETION OR RECOMPLETION REPORT AND LOG</b>					
4. Reason for filing:  <input checked="" type="checkbox"/> <b>COMPLETION REPORT</b> (Fill in boxes #1 through #31 for State and Fee wells only) <input type="checkbox"/> <b>C-144 CLOSURE ATTACHMENT</b> (Fill in boxes #1 through #9, #15 Date Rig Released and #32 and/or #33, attach this and the plat to the C-144 closure report in accordance with 19.15.17.13.K NMAC)					
7. Type of Completion: <input checked="" type="checkbox"/> NEW WELL <input type="checkbox"/> WORKOVER <input type="checkbox"/> DEEPENING <input type="checkbox"/> PLUGBACK <input type="checkbox"/> DIFFERENT RESERVOIR <input type="checkbox"/> OTHER					
8. Name of Operator SWEPI LP				9. OGRID 250036	
10. Address of Operator P.O. Box 576, Houston, TX 77001				11. Pool name or Wildcat Wildcat	
12. Location	Unit Ltr	Section	Township	Range	Lot
Surface:	F	34	11N	23E	1919
13. Date Spudded 9-22-08	14. Date T.D. Reached 11-22-09	15. Date Rig Released 2-3-09	16. Date Completion 11-22-09		17. Elevations (D <sup>7</sup> and RKB, RT, GR, etc.) GR
18. Total Measured Depth of Well 13,868'		19. Plug Back Measured Depth 13,460'		20. Was Directional Survey Made? Yes	21. Type Electric and Other Logs Run GR/Neutron
22. Producing Interval(s), of this completion - Top, Bottom, Name T. Penn, B. Penn					
<b>CASING RECORD (Report all strings set in well)</b>					
CASING SIZE	WEIGHT LB/FT	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
10-3/4"	40.5	0-1,483'	14.75	636 sx	
7-5/8"	29.7	0-6,078'	9.875	1,000 sx	
4-1/2"	13.5	0-13,854'	6.5	1,155 sx	
<b>24. LINER RECORD</b>					
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	
NA					
<b>25. TUBING RECORD</b>					
SIZE	DEPTH SET	PACKER SET			
NA					
26. Perforation record (interval, size, and number)			27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.		
Intervals	Size	Number	DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED	
11,776'-11,836'	0.28"	6/foot	11,776'-11,836'	205,500#, 20/40 sand	
12,604'-12,706'	0.28"	6/foot	12,604'-12,706'	180,000#, 20/40 sand	
13,006'-13,092'	0.28"	6/foot	13,006'-13,092'	60,000#, 20/40 sand	
13,180'-13,254'	0.28"	6/foot	13,180'-13,254'	54,081#, 20/40 sand	
13,290'-13,372'	0.28"	6/foot	13,290'-13,372'	58,529#, 20/40 sand	
13,402'-13,510'	0.28"	6/foot	13,402'-13,510'	290,853#, Econoprop	
13,722'-13,790'	0.28"	6/foot	13,722'-13,790'	31,672#, Econoprop	
<b>28. PRODUCTION</b>					
Date First Production NA		Production Method (Flowing gas lift, pumping - Size and type pump) NA		Well Status (Prod or Shut-in) Shut-in	
Date of Test 9/17/09 - 9/19/09 9/21/09 - 9/23/09 9/25/09 - 10/2/09 11/9/09 - 11/9/09 11/23/09 - 12/12/09	Hours Tested 8 8 8 8 8	Choke Size 48/64 ? 14/64 ? 14/64-22/64	Prod'n For Test Period	Oil - Bbl 0	Gas - MCF 0 0 1360 0 4300
					Water - Bbl. 288 44 2570 370 2782 6054 CUM
					Gas - Oil Ratio NA
Flow Tubing Press. Avg. 636	Casing Pressure Avg. 255	Calculated 24-Hour Rate	Oil - Bbl. NA	Gas - MCF 221	Water - Bbl. 236
					Oil Gravity - API - (Corr.) NA
29. Disposition of Gas (Sold, used for fuel, vented, etc.) All flared					30. Test Witnessed By
31. List Attachments Mud and geophysics logs on CDs					
32. If a temporary pit was used at the well, attach a plat with the location of the temporary pit. Temp pit used for completions only, drilling used closed loop system all cuttings removed and transported to Gandy-Marly, Inc. Tatum, NM					

33. If an on-site burial was used at the well, report the exact location of the on-site burial:

Latitude

Longitude

NAD 1927 1983

I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature

Printed

Name Michael L. Bergstrom

Title Senior Regulatory Advisor

Date 5/13/2010

E-mail Address Michael.Bergstrom@shell.com

**INSTRUCTIONS**

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well and not later than 60 days after completion of closure. When submitted as a completion report, on the well and a summary of All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported.

**INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE**

Southeastern New Mexico		Northwestern New Mexico	
T. Anhy	T. Canyon	T. Ojo Alamo	T. Penn A"
T. Salt	T. Strawn	T. Kirtland	T. Penn. "B"
B. Salt	T. Atoka	T. Fruitland	T. Penn. "C"
T. Yates	T. Miss	T. Pictured Cliffs	T. Penn. "D"
T. 7 Rivers	T. Devonian	T. Cliff House	T. Leadville
T. Queen	T. Silurian	T. Menefee	T. Madison
T. Grayburg	T. Montoya	T. Point Lookout	T. Elbert
T. San Andres	T. Simpson	T. Mancos	T. McCracken
T. Glorieta	T. McKee	T. Gallup	T. Ignacio Otzite
T. Paddock	T. Ellenburger	Base Greenhorn	T. Granite
T. Blinberry	T. Gr. Wash	T. Dakota	
T. Tubb	T. Delaware Sand	T. Morrison	
T. Drinkard	T. Bone Springs	T. Todilto	
T. Abo	T.	T. Entrada	
T. Wolfcamp	T.	T. Wingate	
T. Penn 6,536"	T.	T. Chinle	
T. Cisco (Bough C)	T.	T. Permian	

**OIL OR GAS  
SANDS OR ZONES**

No. 1, from.....11,776...to.....11,836... No. 5, from.....13,290 ... to.....13,372.....  
 No. 2, from.....12,604...to.....12,706... No. 6, from.....13,402.....to.....13,510.....  
 No. 3, from.....13,006...to.....13,092... No. 7, from.....13,722.....to.....13,790.....  
 No. 4, from.....13,180...to.....13,254...

**IMPORTANT WATER SANDS**

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....1,035.....to.....1,060.....feet.....  
 No. 2, from.....1,070.....to.....1,080.....feet.....  
 No. 3, from.....1,190.....to.....1,320.....feet.....

**LITHOLOGY RECORD (Attach additional sheet if necessary)**

From	To	Thickness In Feet	Lithology	From	To	Thickness In Feet	Lithology

Please see mud log on enclosed CD.

Submit To Appropriate District Office Two Copies <b>District I</b> 1633 N. French Dr., Hobbs, NM 88240 <b>District II</b> 1901 W. Grand Avenue, Artesia, NM 88210 <b>District III</b> 1000 Rio Brazos Rd., Aztec, NM 87410 <b>District IV</b> 1220 S. St. Francis Dr., Santa Fe, NM 87505		<b>State of New Mexico</b> <b>Energy, Minerals and Natural Resources</b>  <b>Oil Conservation Division</b> <b>1220 South St. Francis Dr.</b> <b>Santa Fe, NM 87505</b>		<b>Form C-105</b> July 17, 2008	
		1. WELL API NO.			
		2. Type of Lease <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/> FED/INDIAN			
		3. State Oil & Gas Lease No.			
<b>WELL COMPLETION OR RECOMPLETION REPORT AND LOG</b>					
4. Reason for filing.  <input type="checkbox"/> <b>COMPLETION REPORT</b> (Fill in boxes #1 through #31 for State and Fee wells only)  <input type="checkbox"/> <b>C-144 CLOSURE ATTACHMENT</b> (Fill in boxes #1 through #9, #15 Date Rig Released and #32 and/or #33; attach this and the plat to the C-144 closure report in accordance with 19.15.17.13.K NMAC)				5. Lease Name or Unit Agreement Name  6. Well Number.	
7. Type of Completion: <input type="checkbox"/> NEW WELL <input type="checkbox"/> WORKOVER <input type="checkbox"/> DEEPENING <input type="checkbox"/> PLUGBACK <input type="checkbox"/> DIFFERENT RESERVOIR <input type="checkbox"/> OTHER					
8. Name of Operator				9. OGRID	
10. Address of Operator				11. Pool name or Wildcat	
12. Location	Unit Ltr	Section	Township	Range	Lot
Surface:					
BH:					
13. Date Spudded	14. Date T.D. Reached	15. Date Rig Released		16. Date Completed (Ready to Produce)	
				17. Elevations (DF and RKB, RT, GR, etc.)	
18. Total Measured Depth of Well		19. Plug Back Measured Depth		20. Was Directional Survey Made?	
				21. Type Electric and Other Logs Run	
22. Producing Interval(s), of this completion - Top, Bottom, Name					
<b>23. CASING RECORD (Report all strings set in well)</b>					
CASING SIZE	WEIGHT LB / FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
<b>24. LINER RECORD</b>			<b>25. TUBING RECORD</b>		
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE
26. Perforation record (Interval, size, and number):			27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. DEPTH INTERVAL      AMOUNT AND KIND MATERIAL USED		
<b>28. PRODUCTION</b>					
Date First Production		Production Method (Flowing, gas lift, pumping - Size and type pump)		Well Status (Prod. or Shut-in)	
Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF
Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl
29. Disposition of Gas (Sold, used for fuel, vented, etc.)				30. Test Witnessed By	
31. List Attachments					
32. If a temporary pit was used at the well, attach a plat with the location of the temporary pit.					
33. If an on-site burial was used at the well, report the exact location of the on-site burial:					
Latitude					
I hereby certify that the information shown on both sides of this form is true					
Signature		Printed Name		Date	
E-mail Address					

EXHIBIT

D

NAD 1927 1983

elevation



BEFORE THE  
NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES  
DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

APPLICATION OF FARLEIGH OIL PROPERTIES FOR A COMPLIANCE  
ORDER AGAINST SWEPI LP AND SHELL EXPLORATION AND  
PRODUCTION COMPANY, GUADALUPE COUNTY, NEW MEXICO.

CASE NO. 14583

MOTION FOR CONTINUANCE

SWEPI and Shell Exploration & Production Company, (hereinafter collectively referred to as "Shell") through their attorneys, HOLLAND & HART LLP, hereby move the Oil Conservation Division for a two week continuance of the hearing scheduled for February 3, 2011, in the above-referenced case and in support state as follows:

1. This application was filed by Farleigh Oil Properties seeking a compliance order against Shell to obtain certain information on Shell's activities in Guadalupe County, New Mexico. This is the first time a non-Division entity has attempted to initiate a self-prosecution under the Division's Compliance rules.

2. Following the filing of this application, Farleigh obtained a subpoena from the Division directing Shell to provide certain data to Farleigh on five wells. The Latigo Ranch 2-34 (API No. 30-019-20136), the Latigo Ranch 3-5 (API No. 30-019-20137), the Latigo Ranch 3-3 (API No. 30-019-20138), and the Webb 3-23 (API No. 30-019-20135) were drilled by Shell (the subject wells). The Webb CD-1 Well (API No. 30-019-20134) was drilled by a prior operator and all data responsive to this subpoena that is in Shell's possession can be found on-line on the Oil Conservation Division's files.

3. Shell believes that it has filed all information required by Oil Conservation Division Rules and therefore has filed a motion seeking the dismissal of the application in this case. Shell has requested that its motion to dismiss be argued to the Division on February 3, 2011.

4. Since the production of well logs to Farleigh and a request from Shell's undersigned counsel for Farleigh to identify any matters that Farleigh believes has not been filed as required by Oil Conservation Division rules, Farleigh has not responded to this inquiry with any specificity.

RECEIVED OCD  
JAN 27 P 3:51

??

5. All information sought by the subpoena has been produced to Farleigh, can be found in the on-line files of the Oil Conservation Division or does not exist and Shell has filed a motion to quash this subpoena. Shell has requested that its motion to quash be argued to the Division on February 3, 2011.

6. Shell has obtained information that causes it to believe that Farleigh has had issued and served on Shell's subcontractors subpoenas for information. Copies of these subpoenas were not provided to Shell which has caused it to move for a protective order. Shell has requested that the motion for protective order be argued to the Division on February 3, 2011.

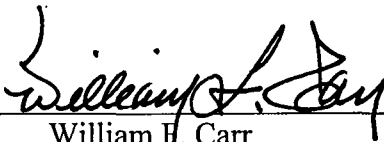
7. An additional subpoena was served on Shell on January 26, 2011, seeking the attendance of certain witness on February 3, 2011. Shell witnesses who meet the requirements of this new subpoena are not available on February 3, 2011 and another hearing date is required.

8. Since it appears that this matter cannot be resolved between the parties and since Farleigh has not identified what additional information it believes may not have been filed with the Division, Shell has obtained a subpoena for the exhibits that Farleigh identified in its pre-hearing statement in this case. The Subpoena requests that this data be produced on February 3, 2011. Without these exhibits and an opportunity to review the data contained therein, Shell cannot be prepared to proceed to a hearing on this application on February 3, 2011 and therefore requests a continuance.

9. Since the stated purpose of a pre-hearing conference in 19.15.4.16.B NMAC is "to narrow the issues, eliminate and resolve other preliminary matters and to encourage settlement." Shell has therefore requested that, once the Farleigh exhibits have been produced and reviewed, a pre-hearing conference be held in this matter with all attorneys present. Shell also requests that Mr. Ed Martin, the District Supervisor for Division District IV attend the prehearing conference and that Ms. Amy Vermersch of the Division's Aztec office be available by telephone.

WHEREFORE, Shell requests that the hearing on this application be continued from the February 3, 2011 examiner hearing docket to the examiner hearing schedule for February 17, 2011.

Respectfully submitted,  
HOLLAND & HART LLP

By:   
William H. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEY FOR SWEPI LP AND SHELL  
EXPLORATION & PRODUCTION  
COMPANY

**CERTIFICATE OF SERVICE**

I certify that on January 27, 2011, I served a copy of the foregoing document to the following by U. S. Mail or by facsimile:

James Bruce, Esq.  
Attorney at Law  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
Attorney for Farleigh Oil Properties  
FAX NO.: (505) 982-2151

Gail MacQuesten  
Oil Conservation Division  
Energy, Minerals and Natural  
Resources Department  
1220 South Saint Francis Drive  
Santa Fe, New Mexico 87505  
FAX NO: (505) 476-3451

W. Thomas Kellahin  
Bayswater Exploration and Production, LLC  
Kellahin & Kellahin  
706 Gonzales Road  
Santa Fe, New Mexico 87501  
FAX NO: (505) 216-2780

Granada Holdings Limited Partnership  
c/o John Michael Richardson  
Post Office Box 16  
Stanley, New Mexico 87056

  
William F. Carr



33. If an on-site burial was used at the well, report the exact location of the on-site burial.

Latitude

Longitude

NAD 1927 1983

I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature

Printed

Name Michael L. Bergstrom

Title Senior Regulatory Advisor

Date 5/13/2010

ail Address Michael.Bergstrom@shell.com

## INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well and not later than 60 days after completion of closure. When submitted as a completion report, this shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 11, 12 and 26-31 shall be reported for each zone.

### INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico		Northwestern New Mexico	
T. Anhy	T. Canyon.	T. Ojo Alamo	T. Penn. A"
T. Salt	T. Strawn	T. Kirtland	T. Penn. "B"
B. Salt	T. Atoka	T. Fruitland	T. Penn. "C"
T. Yates	T. Miss	T. Pictured Cliffs	T. Penn. "D"
T. 7 Rivers	T. Devonian	T. Cliff House	T. Leadville
T. Queen	T. Silurian	T. Menefee	T. Madison
T. Grayburg	T. Montoya	T. Point Lookout	T. Elbert
T. San Andres	T. Simpson	T. Mancos	T. McCracken
T. Glorieta	T. McKee	T. Gallup	T. Ignacio Otzie
T. Paddock	T. Ellenburger	Base Greenhorn	T. Granite
T. Blinbry	T. Gr. Wash	T. Dakota	
T. Tubb	T. Delaware Sand	T. Morrison	
T. Drinkard	T. Bone Springs	T. Todilto	
T. Abo	T.	T. Entrada	
T. Wolfcamp	T.	T. Wingate	
T. Penn. 6,536"	T.	T. Chinle	
T. Cisco (Bough C)	T.	T. Permian	

### OIL OR GAS SANDS OR ZONES

No. 1, from.....11,776...to.....11,836... No. 5, from.....13,290 .....to.....13,372.....  
 No. 2, from.....12,604...to.....12,706... No. 6, from.....13,402.....to.....13,510.....  
 No. 3, from.....13,006...to.....13,092... No. 7, from.....13,722.....to.....13,790.....  
 No. 4, from.....13,180...to.....13,254...

### IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from.....1,035.....to.....1,060.....feet.....  
 No. 2, from.....1,070.....to.....1,080.....feet.....  
 No. 3, from.....1,190.....to.....1,320.....feet.....

### LITHOLOGY RECORD (Attach additional sheet if necessary)

From	To	Thickness In Feet	Lithology	From	To	Thickness In Feet	Lithology

Please see mud log on enclosed CD.

## (ENFORCEMENT AND COMPLIANCE - Cont'd.)

## 19.15.5.10

**COMPLIANCE PROCEEDINGS** (As Added by Order No. R-12452, November 1, 2005, and Amended by Order Dated December 1, 2008.)

A. The provisions in 19.15.4 NMAC applicable to adjudicatory proceedings shall apply to compliance proceedings unless altered or amended by 19.15.5.10 NMAC.

B. A compliance proceeding is an adjudicatory proceeding in which the division seeks an order imposing sanctions for violation of a provision of the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38 or a provision of a rule or order issued pursuant to the act. Such sanctions may include but are not limited to:

(1) requiring compliance with a provision of the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38 or a provision of a rule or order issued pursuant to the act;

(2) assessment of civil penalties pursuant to NMSA 1978, Section 70-2-31(A);

(3) connective action including but not limited to abatement or remediation of contamination and removal of surface equipment;

(4) plugging and abandonment of a well and restoration and remediation of the well location, and authority for the division to forfeit the applicable financial assurance if the well is not plugged and abandoned and the location restored and remediated;

(5) denial, cancellation or suspension of a permit;

(6) denial, cancellation or suspension of authorization to transport;

(7) shutting in a well or wells.

C. The division initiates an administrative compliance proceeding by filing a written application with the division clerk:

(1) identifying the operator and any other responsible parties against whom the order is sought; including the surety if the division seeks an order allowing forfeiture of a surety bond;

(2) identifying the provision of the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, or the provision of the rule or order issued pursuant to the act, allegedly violated;

(3) providing a general description of the facts supporting the allegations;

(4) stating the sanction or sanctions sought; and

(5) providing proposed legal notice.

D. The division shall provide notice of compliance proceedings as follows:

(1) the division shall publish notice in accordance with 19.15.4.9 NMAC.

(2) the division shall provide notice to the operator and any other responsible parties against whom the compliance order is sought by following the provisions of 19.15.4.12 NMAC.

E. The director may enter into an agreed compliance order with an entity against whom compliance is sought to resolve alleged violations of any provision of the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38 or any provision of any rule or order issued pursuant to the act. The director may enter into an agreed compliance order prior to or after the filing of an application for an administrative compliance proceeding. An agreed compliance order shall have the same force and effect as a compliance order issued after an adjudicatory hearing.

F. Nothing in 19.15.5.10 NMAC precludes the division from bringing other actions provided for in the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, including but not limited to the following: suit for indemnification pursuant to NMSA 1978, Section 70-2-14(E) or NMSA 1978, Section 70-2-38(B); an action through the attorney general with respect to the forfeiture of illegal oil or illegal gas pursuant to NMSA 1978, Section 70-2-32; an injunction under NMSA 1978, Section 70-2-28; or collection of penalties pursuant to NMSA 1978, Section 70-2-31(A). [19.15.14.1227 NMAC - N, 12-15-05; 19.15.5.10 NMAC - Rp, 19.15.14.1227 NMAC, 12/1/08]

