



**MONTGOMERY  
& ANDREWS**  
LAW FIRM

**J. SCOTT HALL**

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RECEIVED OGD  
2012 APR 12 P 3:10

April 12, 2012

Ms. Florene Davidson, Secretary  
NM Oil Conservation Commission  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

**Hand Delivered**

**Re: NMOCD Case No. 14752: Application of Cimarex Energy Company of  
Colorado For Approval of a Water Disposal Well, Eddy County, New Mexico**

Dear Ms. Davidson:

On behalf of Nearburg Producing Company LLC, enclosed for filing is an original  
and six copies of Nearburg's Motion to Stay Order No. R-13494.

Thank you.

Very truly yours,

J. Scott Hall

JSH:kw

cc: W. Thomas Kellahin, Esq.

367600

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**REPLY TO:**

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

RECEIVED OOD  
2012 APR 12 P 3:10

**APPLICATION OF CIMAREX ENERGY COMPANY  
OF COLORADO FOR APPROVAL OF A WATER  
DISPOSAL WELL, EDDY COUNTY, NEW MEXICO**

**CASE NO. 14752**

**MOTION TO STAY ORDER NO. R-13494**

Nearburg Producing Company LLC, ("Nearburg"), by its undersigned attorneys, Montgomery & Andrews, P.A., moves pursuant to Rule 19.15.4.23.B NMAC that the Division Director enter an order staying Order No. R-13494 and directing Cimarex Energy Company to abstain from the disposal of produced water through the Dorchester Exploration, Inc., Secrest et al Well No. 1, located in Section 7, Township 19 South, Range 26 East, NMPM pending the finalization of further Commission proceedings in this matter. Cimarex initially obtained authorization to conduct disposal operations pursuant to Order No. R-13494. *Order No. R-13494* (December 21, 2011).

Nearburg is the owner of leasehold working interests where the Secrest et al. Well No. 1 is located and is concerned that the proposed injection operations will interfere with its drilling and development operations. In support of this motion, there are attached hereto the affidavits of Nearburg's Petroleum Engineer, Mr. Tim Speer, and Nearburg's Geologist, Mr. Bill Elton. *Exhibits "A" and "B"*. Mr. Speer and Mr. Elton conclude that the Morrow formation in the area is prospective and that the NE/4 of Section 7 is identified as a possible location for the

drilling of a Morrow gas well. However, Mr. Speer and Mr. Elton express concern that drilling through the disposal interval may present increased risk.<sup>1</sup>

The Division's rule on stays of orders provides, in part, as follows:

"...The director may grant a stay pursuant to a motion for stay or upon the director's own initiative, after according parties who have appeared in the case notice and an opportunity to respond, ***if the stay is necessary to prevent waste, protect correlative rights, protect public health or the environment or prevent gross negative consequences to an affected party***".

19.15.4.23.B NMAC (emphasis added).

Until Nearburg has the opportunity to present more comprehensive evidence to the Commission in a *de novo* hearing, granting the stay will preserve the status quo and avoid the possible creation of additional drilling risks which currently do not exist. Conversely, if a stay is not granted and the adverse conditions are permitted to accrue, then the Commission's consideration of additional technical evidence will effectively be negated. A stay is also proper in order to preserve the movants' right to a *de novo* hearing and avoid the accrual of gross negative consequences to an affected party in accordance with the Division's rules.


WHEREFORE, Nearburg Producing Company requests the Division Director enter an order of partial stay substantially in the form of the proposed order attached hereto as Exhibit "C".

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<sup>1</sup> Recently, the Division Director ordered a similar stay pending Commission deliberations in order to protect an operator's efforts to re-enter a well for a re-completion in the Morrow formation. *Order Granting Motion To Stay Order No. R-13372* (undated); Case No. 14538 *De Novo, Application of Marshall & Winston, Inc. to Cancel an Operator's Authority and Terminate a Spacing Unit and Approve a Change of Operator*; and Case No. 14497, *Application of David H. Arrington Oil & Gas, Inc. for Compulsory Pooling, Lea County, New Mexico*.

Respectfully submitted,

MONTGOMERY & ANDREWS, P. A.

By:   
J. Scott Hall


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Santa Fe, NM 87504-2307  
(505) 982-3873 - Telephone  
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Attorneys for Nearburg Producing Company

**Certificate of Service**

I hereby certify that on April 12, 2012, a true and correct copy of the foregoing was sent via electronic mail to the following party:

W. Thomas Kellahin, Esq.  
Kellahin & Kellahin  
706 Gonzales Rd.  
Santa Fe, NM 87501-8744  
tkellahin@comcast.net

  
J. Scott Hall

STATE OF TEXAS            )  
                                      ) ss  
COUNTY OF MIDLAND    )

**AFFIDAVIT**

1. My name is Tim Speer. I am a Petroleum Engineer for Nearburg Producing Company in the company's Midland, Texas office. I am familiar with the lands and the Seacrest et al. No. 1 Well which are the subject Cimarex Energy Company's Application in Case No. 14752 and am otherwise competent to testify to the matters set forth herein.
2. Cimarex Energy is proposing to convert the Seacrest et al #1, drilled by Dorchester Exploration in the NE quarter of Section 7, T19S R26E into a salt water disposal well. The intended disposal zone is the Cisco/Canyon section. The Cisco/Canyon in this area is composed of locally very porous shelf margin carbonates that exhibit good lateral communication.
3. Nearburg Producing Company, the current lease holder of this tract, considers the lease to be prospective for future Morrow exploration. The disposal of water into the Cisco/Canyon would very likely create drilling issues for future wells including large water flows that would significantly increase mud costs and could adversely affect hole stability. For this reason Nearburg Producing Company opposes the disposal of water into this well.

  
\_\_\_\_\_  
Tim Speer, PETROLEUM ENGINEER

SUBSCRIBED AND SWORN before me on this 12 day of April, 2012.

  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission expires:

7/15/2015

367480



**EXHIBIT A**

STATE OF TEXAS                    )  
                                          ) ss  
COUNTY OF MIDLAND        )

**AFFIDAVIT**

1. My name is Bill Elton. I am Senior Geologist for Nearburg Producing Company in the company's Midland, Texas office. I am familiar with the lands and the Secrest et al. No. 1 Well which are the subject Cimarex Energy Company's Application in Case No. 14752 and am otherwise competent to testify to the matters set forth herein.
2. Cimarex seeks authorization to dispose of produced water through the Dorchester Exploration, Inc., Secrest et al Well No. 1, located in the NE/4 of Section 7, Township 19 South, Range 26 East, NMPM in Eddy County, New Mexico. Nearburg Producing Company is an operator in the area and Nearburg Producing Company's affiliate, Nearburg Exploration Company, ("NEX"), owns oil and gas leases on these lands and in the immediate vicinity.
3. Attached is a current land map of Eddy County in the vicinity of the Secrest well. Shown on the plat is NEX's leasehold, wells that are producing or have produced from the Morrow formation, and the location of the Secrest well.
4. The Morrow formation in this area occurs at a depth of approx. 9000' which is below the Pennsylvanian Canyon interval (7780'-8010') into which Cimarex proposes to dispose produced Yezo formation water. The Morrow formation is located within the Four Mile Draw West field. It is likely that in the future Nearburg would consider drilling a Morrow well in the NE/4 Section 7 as this acreage is viewed as prospective.
5. At such time as Nearburg were to drill on its acreage, it is anticipated that as a result of disposal of Yezo formation water into the Canyon formation, drilling issues such as water flows may be encountered when penetrating the Canyon formation and therefore increase the risk of drilling operations to the Morrow formation.

  
\_\_\_\_\_  
Bill Elton, GEOLOGIST

SUBSCRIBED AND SWORN before me on this 12 day of April, 2012.

  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission expires:

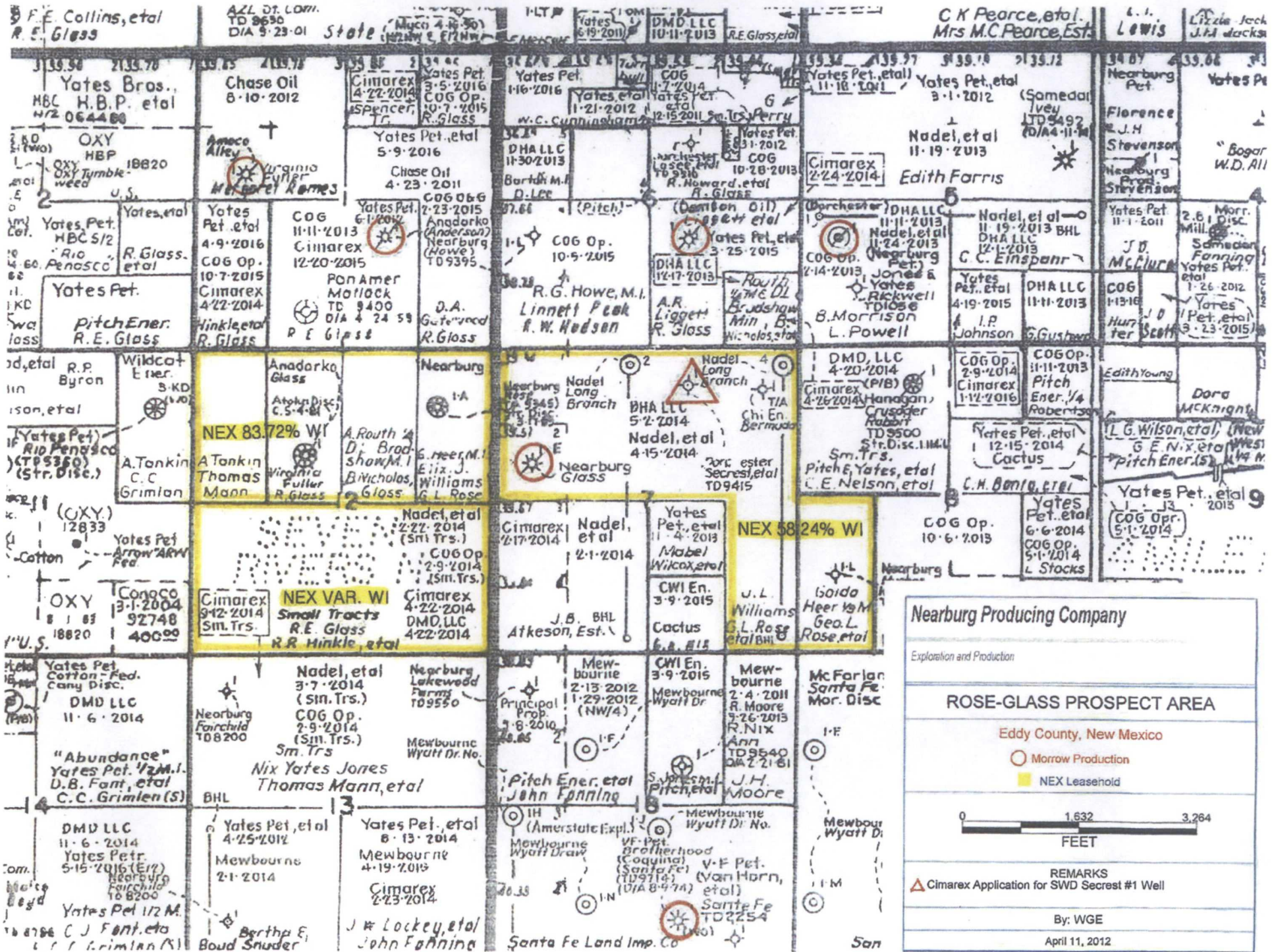
7/25/2015  
\_\_\_\_\_

367462



EXHIBIT B





**Nearburg Producing Company**

Exploration and Production

**ROSE-GLASS PROSPECT AREA**

Eddy County, New Mexico

Morrow Production  
 NEX Leasehold

0 1,632 3,264  
FEET

REMARKS  
 Cimarrex Application for SWD Secret #1 Well

By: WGE  
 April 11, 2012

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

**APPLICATION OF CIMAREX ENERGY  
CORPORATION FOR APPROVAL OF A  
WATER DISPOSAL WELL, EDDY COUNTY,  
NEW MEXICO**

**CASE NO. 14752  
ORDER NO. R-13494-A**

**ORDER STAYING ORDER NO. R-13494**

**BY THE DIVISION**

This matter came before the Division Director pursuant to Rule 19.15.4.23 (B) on the motion of Nearburg Producing Company for a stay of Division Order No. R-13494.

NOW, on this \_\_\_\_ day of April, 2012, the Division Director, having considered the motion and being fully advised in the premises,

**FINDS THAT:**

- (1) The above matter was heard by the Division on October 27, 2011. On December 21, 2011 the Division entered Order No. R-13494 granting the application of Cimarex Energy Company to inject produced water into the Canyon formation through the Dorchester Exploration, Inc. Secrest et al. Well No. 1 located in Section 7, Township 19 South, Range 26 East, NMPM.
- (2) Nearburg Producing Company is an operator in the area, and its affiliate company, Nearburg Exploration Company owns the oil and gas lease where the subject well is located. Nearburg seeks a hearing de novo before the Oil Conservation Commission on Cimarex Energy Company's Application in this matter.
- (3) The motion filed by Nearburg Producing Company seeks a stay of the provisions of Order No. R-13494 authorizing Cimarex Energy Company to dispose of produced water through the Secrest et al. No. 1 Well. Nearburg Producing Company asserts that disposal operations may adversely affect the drilling of wells into the Morrow formation.
- (4) If a stay is not granted, Cimarex Energy Company may proceed to commence injection and disposal operations. As a result, by the time this matter is decided by the Oil Conservation Commission, the right of Nearburg Producing Company to a de novo hearing will effectively be negated. Accordingly, a partial stay of Order No. R-13494 is proper.

**EXHIBIT C**



**IT IS THEREFORE ORDERED THAT:**

- (1) Division Order No. R-13494 is hereby STAYED until final resolution of the Oil Conservation Commission's proceedings herein.
- (2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

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JAMI BAILEY  
Director

SEAL