

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

2005 JUL 13 AM 8 39

**IN THE MATTER OF J. W. NEAL, et al.'s
APPLICATION TO RESCIND DIVISION
ADMINISTRATIVE ORDER NO. SWD-984
GRANTED TO PLATINUM EXPLORATION, INC.**

CASE NO. 13532

APPLICATION

J. W. Neal, Patricia Neal, and the Claudia Young Trust (collectively, "the Neals") seek a hearing and an Order of the Division rescinding Permit No. SWD-984 administratively issued by the Division on June 10, 2005. The permit allows Platinum Exploration, Inc. to inject up to 15,000 gallons per day of salt water into the Devonian formation underlying portions of Section 18, Township 17 South, Range 39 East, Lea County, New Mexico. In support of this application, the Neals state:

1. The Neals are the owners of the mineral estate underlying the NE $\frac{1}{4}$ and the N $\frac{1}{2}$ of the SE $\frac{1}{4}$ of Section 18, Township 17 South, Range 39 East, Lea County, New Mexico where Platinum Exploration, Inc. proposes to inject salt water under Division Permit No. SWD-984. J. W. Neal and Patricia Neal did not receive notice of Platinum Exploration, Inc.'s application to the Division until after the Division had administratively approved the application on June 10 2005.

2. Platinum's injection application seeks to utilize a well drilled as an exploratory well and since abandoned by a former mineral lessee of the Neals. Upon abandonment, the casing and associated fixtures became the property of the Neals. The Neals assert that neither Platinum nor anyone else can utilize the Summers No. 1 hole and its fixtures or equipment without their consent.

3. The existence of the Summers No. 1 and associated equipment are valuable property interests of the Neals, especially in their negotiations with potential mineral lessees who may seek to utilize the hole for exploration or other purposes.

4. The Neals believe that salt water disposal may interfere with future production of minerals from their property and that salt water disposal will constitute an underground trespass on their mineral estate.

5. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties listed on Exhibit A notifying each of this case and of the applicant's request for a hearing on this matter before the Division on the next available Examiner's docket now scheduled for August 11, 2005.

6. Attached hereto is a proposed notice advertisement for publication.

WHEREFORE, the Neals request this application be set for hearing on August 11, 2005, at 8:15 a.m., before the Division's duly appointed examiner and that after notice and hearing as required by law, the Division enter its Order rescinding its Administrative Order SWD-984 and that any application of Platinum Exploration, Inc. to inject salt water into the subsurface estate of the NW¹/₄ or the N¹/₂ of the SE¹/₄ of Section 18, Township 17 South, Range 39 East, Lea County, New Mexico be denied.

COMEAU, MALDEGEN, TEMPLEMAN
& INDALL, LLP

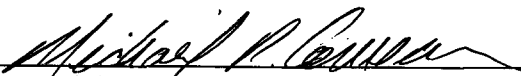
By 
Michael R. Comeau
P.O. Box 669
Santa Fe, New Mexico 87504-0669
505/982-4611
Attorneys for Applicants

EXHIBIT A

1. BLM-Carlsbad Field Office
620 E. Greene Street
Carlsbad, New Mexico 88220
2. Mr. Tarbet
3801 95th Street
Lubbock, Texas 79423-3919
3. William K. Warren Foundation
P.O. Box 470372
Tulsa, Oklahoma 74147-0372
4. Billy Glen Spradlin
29 Rim Road
Kilgore, Texas 75662
5. Hamon Operating Company
2626 Howell St., Suite 905
Dallas, Texas 75204
6. Tom R. Cone, ssp
P.O. Box 778
Jay, Oklahoma 74346
7. Kenneth G. Cone, et us
Christine Williams
2925 Red Oak Circle
Abilene, Texas 79609
8. Larry T. Long, Trustee
Long Trust
P.O. Box 3096
Kilgore, Texas 75663
9. Cathy Cone McCown, ssp
P.O. Box 658
Dripping Springs, Texas 78620
10. Melba Jean Morale, ssp
Box 97, Route 1
Gardenville, Texas 76245

11. Alton C. White, Jr.
3112 Above Stratford Place
Austin, Texas 78746
12. Regions Bank as Trustee of the
Cogle Trust
P.O. Box 2527
Mobile, Alabama 36622
13. Edna Faye Reinhardt Life Estate
Remainderman
Dickie Holcomb, ssp
9704 Joliet
Lubbock, Texas 79423
14. American State Bank, Trustee of the
The Williams Trust fbo MMP created u/t/a
Dated 4/10/96
P.O. Box 1401
Lubbock, Texas 79408
15. The David Sizer & Caroline H. Sizer
Revocable Living Trust
9820-224th SW
Edmonds, Washington 98020
16. J. Lawrence Green
Et ux Nila M. Green
P.O. Box 129
Lubbock, Texas 79413
17. Peggy Jean Cain
Trustee of the Leonard Cain Estate Trust
1802 Bangor Avenue
Lubbock, Texas 79416
18. Platinum Exploration, Inc.
550 W. Texas, Suite 500
Midland, Texas 79701

NOTICE OF PUBLICATION

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following meeting and public hearing to be held at 8:15 a.m. on August 11, 2005, in the Oil Conservation Division Hearing Room at 1220 South St. Francis Drive, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Division Administrator Florene Davidson at 505-476-3458 or through the New Mexico Relay Network (1-800-659-1779) as soon as possible. Public documents including the agenda and minutes can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

**STATE OF NEW MEXICO TO:
All named parties and persons
Having any right, title, interest
Or claim in the following cases
And notice to the public**

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE NO. 13532

Application of J. W. Neal, Patricia Neal, and the Claudia Young Trust who are owners of the mineral estate underlying the NE¼ and the N½ of the SE¼ of Section 18, Township 17 South, Range 39 East, Lea County, New Mexico and are seeking to rescind Permit No. SWD-984 administratively issued by the Division on June 10, 2005 allowing Platinum Exploration, Inc. to inject up to 15,000 gallons per day of salt water into the Devonian formation underlying portions of Section 18, Township 17 South, Range 39 East, Lea County, New Mexico.

2005 JUL 13 AM 8 39



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

June 22, 2005

Michael R. Comeau

Attorney for J.W. Neal, Patricia Neal, and the Claudia Young Trust

mcomeau@cmtisantafe.com

Phone: 505-982-4611 Fax: 505-988-2987

Comeau, Maldegen, Templeman & Indall, LLP

Coronado Building

141 E. Palace Avenue

PO Box 669

Santa Fe, NM 87504-0669

RE: Platinum Exploration, Inc. application for Salt Water Disposal

Summers Well No. 1 API No. 30-025-32254

Unit B, Section 18, Township 17 South, Range 39 East, NMPM, Lea County, NM

Dear Sir:

The Oil Conservation Division received your letter on June 21, 2005, on behalf of your clients protesting Platinum's application to inject.

We have reviewed our records and determined that Platinum's application has already been reviewed and a permit issued for injection into the Devonian formation from depths of 12,300 feet to 13,000 feet. The Division administratively issued permit No. SWD-984 on June 10, 2005.

If your clients feel this permit was issued in error or otherwise wish to have this permit rescinded, you should file an application with the Division and publish notice of the application as required by our rules (NMAC 19.15.14.1203). Your application will be placed into a scheduled docket and heard before a Division appointed hearing examiner.

Thank you,

William V. Jones PE

Engineer

Cc:

Oil Conservation Division – Hobbs District

Platinum Exploration, Inc. – Julie Figel

550 W. Texas, Suite 500

Midland, TX 79701

COMEAU, MALDEGEN, TEMPLEMAN & INDALL, LLP

Michael R. Comeau
Larry D. Maldegen
William P. Templeman
Jon J. Indall
Stephen J. Lauer
Paula A. Cook
Grey W. Handy
Joseph E. Manges
Sharon Horndeski
Pamela N.C. Emsden
Della M. Duran

Attorneys at Law
Coronado Building, 141 E. Palace Avenue
Post Office Box 669
Santa Fe, New Mexico 87504-0669
Telephone (505) 982-4611
Facsimile (505) 988-2987
mcomeau@cmtisantafe.com

RECEIVED
JUN 21 2005

G. Stanley Crout
1937-1987
Charles D. Olmsted
1925-1991

June 21, 2005

Hand Delivered

Oil Conservation Division
1220 South St. Francis Street
Santa Fe, New Mexico 87505

Re: C108 Notification for Summers #1 SWD Well

Dear Sir or Madam:

This office represents J. W. Neal, Patricia Neal, and the Claudia Young Trust who are the owners of the mineral estate underlying the NE $\frac{1}{4}$ and the N $\frac{1}{2}$ of the SE $\frac{1}{4}$ of Section 18, Township 17 South, Range 39 East of Lea County, New Mexico.

Claudia Young received notice that Platinum Exploration, Inc. is seeking Oil Conservation Division approval for a disposal well to inject salt water into our clients' subsurface property. J. W. Neal and Patricia Neal never received formal notice of Platinum's application for a salt water disposal well permit, and Mr. Neal first learned of Platinum's application last week.

Our clients object to Platinum's application. *First*, we understand that Platinum proposes to reenter a hole drilled as an exploratory well and since abandoned by one of our clients' previous lessees. Upon abandonment, the casing and associated fixtures became the property of our clients. Platinum has no right to use our clients' property without their consent. *Second*, the existence of the hole and associated equipment has value to our clients in their negotiations with potential mineral lessees who may seek to utilize the existing hole for exploration purposes or to dispose of salt water generated by production from our clients' property. We understand that Platinum proposes to inject salt water generated from lands owned by others. *Third*, we have no assurance that salt water disposal will not interfere with the future production of minerals from our clients' property, and we are concerned that the injection of salt water produced from property owned by others will constitute an underground trespass upon the estate owned by our clients.



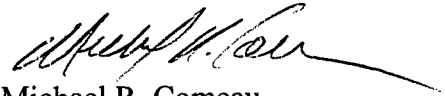
MERITAS LAW FIRMS WORLDWIDE

59/22/05
JUN 21 2005

June 21, 2005

If you have any questions about our position in this matter, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael R. Comeau", with a long horizontal flourish extending to the right.

Michael R. Comeau

MRC/sad

cc: J. W. Neal, Esq.

cc: Platinum Exploration, Inc.