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WRITER:

Gary W. Larson,  
Partner

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September 8, 2014

**VIA HAND DELIVERY**

Florene Davidson

Oil Conservation Division

1220 S. St. Francis Drive

Santa Fe, NM 87505

*Case 15219*

Re: BOPCO, L.P. Application for Revocation of Injection Authority

Dear Florence:

Enclosed for filing are the original and one (1) copy of BOPCO, L.P.'s Application for Revocation of Injection Authority. Also enclosed is a proposed legal notice.

As stated in the application, BOPCO requests that its application be placed on the Division's October 16, 2014 hearing docket.

Thank you for your assistance.

Very truly yours,

Gary W. Larson

GWL:sm

Enclosures

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

2014 SEP -8 A 11: 28

APPLICATION OF BOPCO, L.P. FOR  
REVOCATION OF INJECTION  
AUTHORITY UNDER ADMINISTRATIVE  
ORDER SWD-1073, EDDY COUNTY,  
NEW MEXICO

Case No. 15219

**APPLICATION FOR REVOCATION  
OF INJECTION AUTHORITY**

BOPCO, L.P. ("BOPCO") applies for an order revoking the injection authority granted to Chevron USA, Inc. ("Chevron") under Administrative Order SWD-1073, as amended by Administrative Order IPI-425. In support of its application, BOPCO states:

1. Chevron operates the Lotos 11 Federal Well No. 2 (API 30-015-28821), a produced water disposal well located 1,780 feet from the North line and 660 feet from the East line, Unit Letter K of Section 11, Township 24 South, Range 31 East in Eddy County. On February 10, 2007, the Division issued Administrative Order SWD-1073 authorizing Chevron's predecessor, Chesapeake Operating, Inc., to utilize the Lotos 11 Federal Well No. 2 for the disposal of produced water into the Bell Canyon and Cherry Canyon members of the Delaware Mountain Group through perforations from 4,570 feet to 5,632 feet and establishing a maximum wellhead injection pressure of 914 psi. On September 24, 2012, the Division issued Administrative Order IPI-425, which increased the maximum surface tubing pressure to 1,225 psi.

2. BOPCO recently discovered that four producing wells in its Poker Lake Unit have significantly elevated bottom-hole pressures and prohibitively high water cuts. BOPCO's

investigation of the potential cause of these conditions led to the conclusion that produced water injected into Chevron's Lotos 11 Federal Well No. 2 for disposal has migrated to the four BOPCO producing wells through a geologic fracture.

3. The BOPCO wells impacted by the produced water intrusion are: (i) the Poker Lake Unit ("PLU") #401H (API 30-015-39918), a horizontal well with a surface location 335 feet from the South line and 570 feet from the East line in Unit Letter P, and bottom hole location 359 feet from the North line and 544 feet from the West line in Unit Letter D, Section 21, Township 24 South, Range 31 East; (ii) the PLU #392H (API 30-015-40296), a horizontal well with a surface location 200 feet from the North line and 1,900 feet from the West line in Unit Letter C of Section 20, Township 24 South, Range 31 East and bottom hole location 753 feet from the South line and 575 feet from the West line, Unit Letter M of Section 21, Township 24 South, Range 31 East; (iii) the PLU #393H (API 30-015-40951), a horizontal well with a surface location 55 feet from the North line and 435 feet from the East line, Unit Letter A of Section 19, Township 24 South, Range 31 East and bottom hole location 1,150 feet from the South line and 644 feet from the East line, Unit Letter O of Section 20, Township 24 South, Range 31 East; and (iv) the PLU #394H (API 30-015-41083), a horizontal well with a surface location 1,125 feet from the South line and 200 feet from the East line in Unit Letter P of Section 19, Township 24 South, Range 31 East and bottom hole location 1,467 feet from the South line and 561 feet from the East line in Unit Letter I of Section 29, Township 24 South, Range 34 East.

4. BOPCO intends to present evidence demonstrating that Chevron's injection of produced water into the Lotos 11 Federal Well No. 2 for disposal has adversely impacted

BOPCO's PLU #401H, PLU #392H, PLU #393H, and PLU #394H producing wells, thereby impairing BOPCO's correlative rights and causing waste.

WHEREFORE, BOPCO requests that the Division set this matter for hearing on October 16, 2014 and, after notice and hearing, enter an order revoking Chevron's injection authority for the Lotos 11 Federal Well No. 2 produced water disposal well.

Respectfully submitted,

HINKLE, HENSLEY, SHANOR  
& MARTIN, LLP

A handwritten signature in black ink, appearing to read "Gary W. Larson", is written over a horizontal line.

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