

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

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

Case No. 15219

APPLICATION OF BOPCO, L.P. FOR REVOCATION OF INJECTION AUTHORITY
UNDER ADMINISTRATIVE ORDER SWD-542, EDDY COUNTY, NEW MEXICO

Case No. 15231

**BOPCO, L.P.'S RESPONSE TO MOTION
FOR CONSOLIDATION AND CONTINUANCE**

Applicant BOPCO, L.P. ("BOPCO") hereby responds to the Motion for Consolidation and Continuance that Chevron U.S.A. Inc. ("Chevron") and OXY USA, Inc. ("OXY") jointly filed on October 23, 2014 ("Chevron/Oxy Motion"). In support of its response, BOPCO states:

1. BOPCO agrees that the consolidation of Case Nos. 15219 and 15231 is appropriate. Additionally, BOPCO has consented to Chevron's second request to continue Case No. 15219 and OXY's initial request to continue Case No. 15231. However, BOPCO is constrained to clarify and refute certain assertions in the Chevron/OXY Motion.

2. BOPCO acknowledges that it has asserted similar produced water intrusion claims against Mesquite SWD, Inc. ("Mesquite") in Case No. 15192. **See Chevron/OXY Motion at 2, ¶ 4.** Mesquite voluntarily shut in its two SWD wells immediately upon receiving BOPCO's notification of the produced water intrusion on July 23rd, and has not injected any produced water into the wells since that date. **See Exhibit A to BOPCO's Motion for Entry of Order Revoking Injection Authority filed in Case No. 15192 on 9.15.14.** BOPCO disagrees with the assertion in the Chevron/OXY Motion that its claims against Mesquite "involve a different set of

facts than those involved in the allegations” against Chevron and OXY. *Id.* at 2, ¶ 6. The factual contexts of BOPCO’s claims against Mesquite, Chevron, and OXY are substantially similar.

3. BOPCO is informed and believes that the Chevron/OXY Motion overstates the depths at which Mesquite had been injecting produced water for disposal prior to July 23rd and understates the depth at which OXY has been injecting. ***See Chevron/OXY Motion at 2, ¶ 5.*** Mesquite injected produced water into the Bell Canyon, Cherry Canyon, and Brushy Canyon sections of the Delaware, with injection into the Heavy Metal 12 Federal No. 1 well at depths of 4,586 to 6,140 feet and injection into the Bran SWD #1 well at depths of 4,874 to 6,740 feet. OXY has been injecting produced water into its SDS Federal “11” Well No. 1 at levels as deep as 5,207 feet.

4. BOPCO takes issue with the Chevron/OXY Motion’s attempt to create the impression that Chevron and OXY have only recently become aware of BOPCO’s claims of produced water intrusion and, therefore, have not had sufficient time to consider and evaluate the claims. ***See Chevron/OXY Motion at 3, ¶ 8.*** During a meeting on August 6th, BOPCO informed Chevron of the produced water intrusion issue and invited Chevron to meet regarding the issue at its earliest convenience. Chevron waited until October 6th to meet and discuss the issue with BOPCO. OXY became aware of the produced water intrusion issue in mid-September, then met with BOPCO on October 14th. During both meetings, BOPCO voluntarily shared the data it has gathered during its investigation of the cause of the produced water intrusion that has impacted and continues to impact Poker Lake Unit producing wells.

5. BOPCO further takes issue with the characterization of BOPCO’s communications during its meetings with Chevron and OXY to the effect that BOPCO

represented that Mesquite's cessation of produced water "has had a positive impact" on BOPCO's Poker Lake Unit producing wells. **Chevron/OXY Motion at 2, ¶ 7.** To the contrary, BOPCO continues to experience a precipitous drop in production from each and every one of its Poker Lake Unit wells that have been impacted by the produced water intrusion. More than three months after Mesquite stopped injecting produced water, the negative impact on BOPCO's Poker Lake Unit producing wells remains. One of BOPCO's wells, the PLU # 401H, remains completely watered out, and three other wells still have abnormally high water cuts.

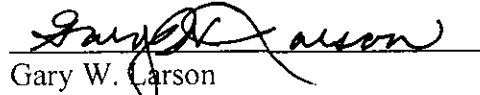
6. BOPCO is unaware of the factual basis for the unsupported assertion in the Chevron/ OXY Motion that Chevron and OXY have been injecting produced water "without incident". **Chevron/OXY Motion at 3, ¶ 10.** Because BOPCO's horizontal well development in the affected area of its Poker Lake Unit and the area adjacent to the Mesquite, Chevron and OXY SWD wells is new, it is difficult to ascertain when the produced water intrusion began.

7. Finally, BOPCO disagrees with the assertion that there is "no harm" in further postponing the Division's resolution of BOPCO's claims. **Chevron/OXY Motion at 3, ¶ 10.** BOPCO has suffered and continues to suffer economic harm arising from the significant reduction in its production of oil from the impacted Poker Lake Unit wells.

8. From BOPCO's perspective, time is of the essence with regard to the Division's resolution of its claims against Chevron and OXY. Accordingly, BOPCO requests that the special hearing be set as soon as possible after the Thanksgiving holiday.

Respectfully submitted,

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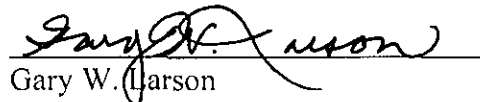
Counsel for Applicant BOPCO, L.P.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 29th day of October, 2014 I served a true and correct copy of the foregoing *BOPCO, L.P.'s Response to Motion for Consolidation and Continuance* via email to:

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Gary W. Larson