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DATE: January 6, 2015
TO: NM OIL CONSERVATION DIVISION
ATTN: FLORENE DAVIDSON
FAX NO.: 505 476-3462
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FROM: W.T. Martin, Jr.
OUR FILE: APPLICATION OF CIMAREX

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I do hereby certify that I have completed the transmission set forth above.

By: _____
CARLA GALLOWAY

MESSAGE:
MS. DAVIDSON,

PLEASE FIND GEORGE ROSS RANCH'S AMENDED REPLY TO CIMAREX'S RESPONSE ON MOTION FOR REHEARING.

Thank you for your help.

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

In the Matter of the Application of Cimarex Energy)
Co. of Colorado to Reinstate Injection Authority,)
Eddy County, New Mexico)

Case # 14994

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**GEORGE ROSS RANCH'S AMENDED REPLY TO CIMAREX'S RESPONSE TO
GEORGE ROSS RANCH'S MOTION FOR REHEARING**

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COMES NOW Applicant, **George Ross Ranch, LLC**, by and through its attorney, W. T. Martin, Jr., of Martin, Dugan & Martin, for its *Reply to Cimarex's Response to George Ross Ranch's Motion For Rehearing* states:

1. Paragraph 18 of the Order portion of the *Order of the Division* entered November 19, 2014 provides:

Jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing or prior to notice and hearing in the event of an emergency, terminate the disposal authority granted herein.

2. The Director has issued an Order Staying Injection Authority.
 - a. Under the retained jurisdiction of the Division in Paragraph 18 of the Order portion of the *Order of the Division*, the Division has the right to issue further orders it deems necessary. Such authority is inherent in the retention of jurisdiction by the Division. A Stay Order falls within that retained jurisdiction.
3. Under the New Mexico Administrative Code, the Director clearly has the authority to issue such a Stay Order. NMAC 19.15.4.23
4. The Director has made a finding that "The information provided by George Ross Ranch's Amended Motion for Re-hearing indicates that Division Order No. R-13934 should not have been granted without further evidence and testimony."
 - a. That further evidence and testimony has to relate to the condition of the wellbore as indicated by the failure on July 17, 2014.
 - b. Wellbore failures do not arise overnight. As pointed out in George Ross Ranch's

Requested Findings & Conclusions:

- i. In its Application, Cimarex's data was, in most instances, approximately 24 years old. Twenty-four year old data cannot be treated as current or necessarily accurate. (See ¶6 of George Ross Ranch's *Requested Findings & Conclusions*)
 - ii. Cimarex did not present complete data regarding the injection well. ((See ¶7 and its subparts of George Ross Ranch's *Requested Findings & Conclusions*)
 - iii. Cimarex's witnesses also failed to establish the current condition of the well:
 - 1) Nash Dowdle testimony was based on rank hearsay and no first hand knowledge. (See ¶9 of George Ross Ranch's *Requested Findings & Conclusions*)
 - 2) David Pearcy did not testify as to the integrity of well as to the condition of the casing and cement, all of which directly relates to whether there would be wellbore failure. (See ¶9 of George Ross Ranch's *Requested Findings & Conclusions*)
 - iv. Cimarex presented no evidence it had satisfied BLM requirements to have the BLM withdraw its objections and presented no evidence that the BLM had authorized disposal of water in the injection well. (See ¶14 of George Ross Ranch's *Requested Findings & Conclusions*)
5. The wellbore failure in July of 2014, well before the Division Order granting new authority, clearly points to the inaccurate, inadequate and misleading evidence presented by Cimarex.

6. Cimarex did not provide evidence as to the current condition of the injection well. The current condition of the well in July of 2014 belies Cimarex's evidence and testimony.
7. Clearly, this is an issue that requires rehearing.
8. While Cimarex has now admitted wellbore failure and the fact it is plugging and abandoning the well, findings that there were no issues for 24 years with well should not

be allowed to stand as evidenced by the wellbore failure and the failure of Cimarex to show the current condition of the well in its Application process.
9. As of the date of this Reply, there is no authority to inject into the well, and hence no final Order. The Order entered as a result of the George Ross Ranch Motion will be the final order.
10. A finding there has been no issues for 24 years is clearly improper. A proper Order for the Division to enter is one that denies the Application based upon inadequate evidence and the fact of the wellbore failure leading to the plugging and abandoning of the well.
11. A proposed Order is attached as **Exhibit "A."**

Martin, Dugan & Martin



By _____

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Attorney for George Ross Ranch, LLC

CERTIFICATE OF SERVICE

Martin, Dugan & Martin certifies that on the 5th day of January 2015 a copy of the foregoing *Amended Reply to Cimarex's Response to George Ross Ranch's Motion For Rehearing* was served on the following persons or entities:

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Santa Fe, NM 87504

Attorney for Applicant, Cimarex Energy of Colorado

Bureau of Land Management
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Carlsbad, NM 88220



W. T. Martin, Jr.

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

IN THE MATTER OF THE APPLICATION OF)
CIMAREX ENERGY CO. OF COLORADO TO)
REINSTATE INJECTION AUTHORITY, EDDY)
COUNTY, NEW MEXICO)

~~CASE # 14994~~

ORDER OF THE DIVISION

EXHIBIT "A"

THIS MATTER came before the Division upon the *George Ross Ranch's Motion For Rehearing* filed by George Ross Ranch, by and through its attorney, W. T. Martin, Jr., of Martin, Dugan & Martin. The Division has entered an Order staying Order R-12934 and ordering Cimarex to respond to the Order. Cimarex has responded and George Ross Ranch has filed a reply. The Division has reviewed the record and the pleadings filed by Cimarex and George Ross

Ranch. The Division has retained jurisdiction over this matter and finds the Application of Cimarex Energy Co. of Colorado to reinstate injection Authority in Amoco Fed. Well No. 1 (API No. 30-015-24666) should be denied and that Order R-12934 should be withdrawn.

IT IS THEREFORE ORDERED THAT the *Order of the Division* dated November 19, 2014 is withdrawn and that the Application of Cimarex Energy Co. of Colorado to reinstate injection Authority in Amoco Fed. Well No. 1 (API No. 30-015-24666) **IS DENIED.**

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

**SCOTT DAWSON
Acting Director**

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