

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

2010 OCT 18 P 2:58

APPLICATION OF JUDAH OIL, LLC
FOR APPROVAL OF SALTWATER
DISPOSAL WELL, EDDY COUNTY,
NEW MEXICO.

Case No. 14561

APPLICANT'S PRE-HEARING STATEMENT

Applicant Judah Oil, LLC submits its Pre-Hearing Statement in connection with the October 28, 2010 hearing on its Application.

APPEARANCES OF THE PARTIES

Applicant

Judah Oil, LLC

Attorney

Stephen D. Ingram
Cavin & Ingram, P.A.
P.O. Box 1216
Albuquerque, NM 8103-1216
(505) 243-5400
(505) 243-1700 (Fax)

Opponent

Regan P. Weems and Mary Ann
Weems, Surface Owners
9 Berrendo Meadows Circle
Roswell, NM 88201
(575) 623-6084

Attorney

None

STATEMENT OF CASE

Applicant filed a form C-108 with the Division seeking administrative approval to convert its Tecolote State No. 1 (API #30-015-27346) oil well to a lease-only saltwater disposal well. Said well is located on state-owned surface lands 2,673 feet from the North line and 1,650 feet from the West line of Section 2, Unit K, Township 21 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant seeks to inject an average of 80 barrels of produced water per

day at an average pressure of 706 psi into the upper Delaware formation through perforations from 3,530 feet to 4,916 feet.

Regan P. Weems and Mary Ann Weems, the owner of an undivided interest in the surface within one-half mile of the wellsite, filed an objection with the Division, which has required this matter to be set for hearing. *See*, Attachment 1. No other surface or mineral owners have submitted any pending objections to the current application. Surface owner Joseph E. Gant III previously submitted a protest; he is no longer a surface owner and has retracted his protest. *See*, Attachment 2. Adjoining leasehold owner BEPCO submitted a protest to a prior application concerning this well and has been notified of this hearing, but has not protested this Application.

PROPOSED EVIDENCE

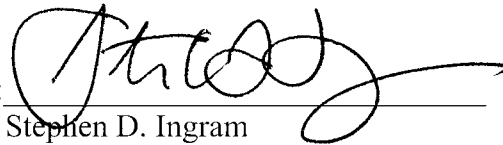
<u>WITNESSES</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
James B. Campanella, President Judah Oil, LLC	10 minutes	Approx. 5
George Scott, Geologist	10 minutes	Approx. 5

PROCEDURAL MATTERS

None.

RESPECTFULLY SUBMITTED,

CAVIN & INGRAM, P.A.

By: 
Stephen D. Ingram
P.O. Box 1216
Albuquerque, NM 87103-1216
(505) 243-5400

ATTORNEYS FOR APPLICANT
JUDAH OIL, LLC

CERTIFICATE OF SERVICE

I hereby certify that on October ~~15th~~ 2010, I served a copy of the foregoing document to
the following by Certified Mail, Return Receipt Requested, to:

Regan P. Weems and Mary Ann Weems
9 Berrendo Meadows Circle
Roswell, NM 88201

CAVIN & INGRAM, P.A.

By: 
Stephen D. Ingram

Regan P. Weems and Mary Ann Weems
9 Berrendo Meadows Circle
Roswell, New Mexico 88201

RECEIVED OCD

2010 AUG 11 P 2: 23

August 5, 2010

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

Re: Form C-108 filed by Judah Oil, LLC. (Application for Authorization to Inject)
Telcolote State #001 from oil well to a lease Delaware salt water disposal well
Received July 30, 2010

Ladies and Gentlemen:

The purpose of this letter is to file an objection to the conversion of the above referenced oil well to a salt water disposal well.

My ex-wife, Mary Ann Weems and I are each owners of a one-sixth joint tenancy interest in the surface acreage described as Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16, Section 2 township 21 South, Range 26, Eddy County, New Mexico. In total we represent a one-third ownership interest in approximately 500 total surface acres located approximately 15 miles east of Carlsbad and split approximately one-third on the north side of the Hobbs highway, the remainder on the south side. We were informed in a telephone conversation on August 5, 2010 with Mr. Mike Schultz of Southwest Petroleum Land Services, LLC. that he has recently acquired the other two-thirds interest in said surface acres "for Judah Oil, LLC."

Our first objection is that the application list the surface owner as Southwest Petroleum Land Services. This application is not accurate because my ex-wife and I are each one-sixth owners of the surface acres and are not listed in the application. Additionally, Mr. Schultz admits that the surface owner of the other two-thirds interest is Judah Oil, LLC. or Blaise Campanella, not Southwest Petroleum Land Services. We believe that these two inaccuracies in the application were intended to misrepresent the ownership, leading to the misconception that the entire surface ownership was independent from the applicant, and that the entire surface ownership was in agreement with the application.

The application clearly states that the Tecolote State #001 is to be used to inject salt water from "wells operated by Judah Oil from the Bone Springs and Delaware formations." One year ago Mr. Blaise Campanella of Judah Oil, LLC. called me inquiring about purchasing our one-third interest. He offered to buy our interest (I cannot remember if he said \$50 or \$75 per acre) based on what he said was an appraisal he had commissioned. During our telephone conversation. Mr. Campanella told me that the reason for acquiring the entire 500 acres was so that he "could put a commercial salt water disposal business on the property." During our telephone conversation with Mr. Schultz on August 5, 2010, we asked why Judah Oil would need to acquire 500 surface acres to convert one well to salt water injection. Mr. Schultz could not answer the question, but did not disagree with our suggestion that the true purpose was to place a commercial salt water injection business on the property.



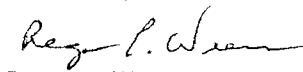
Oil Conservation Division
August 5, 2010
Page 2

Our second objection to the application is that the true purpose of the application is not disclosed in either the cover letter or the application. We believe what is intended, but not disclosed, is a commercial business on the property without adequate compensation for the use of our one-third interest. We are not in agreement with using 500 surface acres with approximately one mile of highway frontage for a commercial business in which we have no financial interest and have not given our approval. We believe that approval of this application would have a negative impact on the fair value of the surface acres in which we have a one-third interest. Unless and until we are adequately compensated for our one-third interest we will continue to object to the use of Telcolote State #001 or any other well on this property for salt water injection.

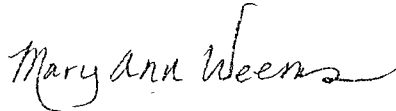
Based on the two objections described above we request that Oil Conservation Division deny the application from Judah Oil, LLC. to convert the Tecolote State #001 to a salt water injection well.

Thank you very much for your consideration in this matter.

Yours Truly,



Regan P. Weems
Mary Ann Weems



SOUTHWEST PETROLEUM LAND SERVICES L.L.C.**100 N. PENNSYLVANIA
ROSWELL, NEW MEXICO 88203**

jschultz80@hotmail.com

(575) 622-6713 OFFICE
(575) 626-6879 CELLPHONE(575) 622-9282 FAX
(575) 622-3615 HM

August 21, 2010

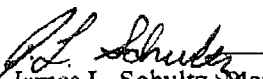
Joseph E. Gant III
P.O. Box 1119
Carlsbad, NM 88220RE: Sec. 2: Lots 1-16
T21S, R28E
Eddy County, NM

Dear Mr. Gant:

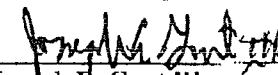
In accordance with a request from the New Mexico Oil and Gas Oil Conservation Division, this letter is to request your formal withdraw of objection to the conversation of the Judah Oil, LLC's Tocolote State #1 Well, located in Unit K, Sec. 2, T21S, R28E, to a Salt Water Disposal Well. Please sign in the space provided below and return to this office for filing.

Thank you for your cooperation and assistance.

Sincerely,


James L. Schultz, Manager
Agent for Judah Oil, LLC

I do hereby withdrawal my objection to the conversion of the Tocolote State #1 Well to a Salt Water Disposal Well as I no longer own any interest in the captioned land.


Joseph E. Gant IIISept 2, 2010
Date