



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 22, 2005

Larry R. Scott
Lynx Petroleum Consultants, Inc.
3325 Enterprise Dr.
PO Box 1708
Hobbs, NM 88241

RECEIVED

FEB 28 2005

ARTESIA

RE: Division Administrative Order SWD-966
Jones Federal "B" Well No. 3
API 30-015-10394
660 FSL 660 FEL, Section 23, Township 19 South, Range 31 East
Eddy County, New Mexico

Dear Mr. Scott:

The Division issued administrative Order No. SWD-966 on January 20, 2005, permitting Lynx Petroleum Consultants, Inc. to utilize the above referenced well for saltwater disposal in the Yates and Seven Rivers formations.

Subsequently, the Division's geologist in the Artesia District office has expressed a concern that the permitted injection interval may be near the Capitan Reef facies. Other concerns are the proximity of the injection interval in this well to the Salado formation and whether the Jones Federal 3-23, located within the area of review, is plugged well enough to prevent vertical movement of injected fluids.

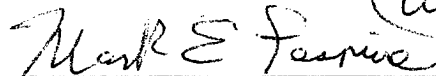
Please be advised, the Division is considering revoking this permit and this matter is being set for a Division examiner hearing and placed on the docket. At 8:15am of March 17, 2005, in Porter Hall in the Wendell Chino building, located at 1220 South St. Francis, Santa Fe, New Mexico, a hearing examiner, appointed by the Director, will hear testimony and evidence in this case.

The advertisement will read as follows:

Case _____:

Application of the Division through the Director of the New Mexico Underground Injection Control Program to revoke Division Administrative Permit SWD-966, Eddy County, New Mexico. Applicant seeks approval to revoke the permit granted January 20, 2005, to Lynx Petroleum Consultants, Inc. for the Jones Federal "B" Well No. 3 (API No. 30-015-10394) located 660 feet from the South line and 660 feet from the East line, Unit P, Section 23, Township 19 South, Range 31 East, NMPM, to dispose of produced water into the Yates and Seven Rivers formations through perforations from 2,370 feet to 2,720 feet. This well is located southeast of Loco Hills, New Mexico.

Please cease injection or plans for injection into this well until this matter is resolved.

 (WVJ)

MARK E. FESMIRE, P.E.,
Director

MEF/wvj

cc: Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad