



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



December 10, 2009

Patterson Operating and Pumping Inc.
P.O. Box 50076
Midland, TX 79710

Certified Mail No.: 7002 3150 0005 2327 4652

FORMAL NOTICE OF LOSS OF INJECTION AUTHORITY
OPERATOR REQUIRED TO CEASE AND DESIST INJECTION

Re: Patterson Operating and Pumping Inc., OGRID 188566
Glenn-Ryan Cooperative Waterflood Project

Dear Operator:

The purpose of this letter is to give Patterson Operating and Pumping Inc. (Patterson) formal notice that its authority to inject into the Glenn-Ryan Cooperative Waterflood has terminated. **Patterson no longer has authority to inject into the wells in that waterflood.**

19.15.26.12(C)(1) NMAC provides:

"Whenever there is a continuous one year period of non-injection into all wells in an injection or storage project or into a salt water disposal well or special purpose injection well, the division shall consider the project or well abandoned, and the authority for injection shall automatically terminate ipso facto."

19.15.26.12(C)(2) NMAC provides:

For good cause shown, the director may grant an administrative extension or extensions of injection authority as an exception to Paragraph (1) of Subsection C of 19.15.26.12 NMAC, provided that any such extension may be granted only prior to the end of one year or [sic] continuous non-injection, or during the term of a previously granted extension.

According to Oil Conservation Division (OCD) records, Order R-5675 in Case 6161 allowed two lease waterfloods: the Leonard Brothers Waterflood and the Leonard



Federal Waterflood. A copy of that order is attached. By letter dated November 20, 1991, the OCD consolidated the project into the Glenn-Ryan Waterflood Project. A copy of that letter is attached. The Glenn-Ryan Waterflood Project includes the following acreage:

Township 26 South, Range 37 East, NMPM:
Section 13: E/2, NW/4, N/2 SW/4, SW/4 SW/4
Section 14: N/2
Township 26 South, Range 37 East, NMPM:
Section 14: S/2.

The OCD researched that acreage and found the following injection wells, all operated by Patterson:

Glenn Ryan #006, 30-025-11985
Glenn Ryan #008, 30-025-25981
Glenn Ryan #013, 30-025-25982
Glenn Ryan #015, 30-025-25857
Glenn Ryan #019, 30-025-25581
Glenn Ryan #021, 30-025-25856
Glenn Ryan #023, 30-025-25561
Glenn Ryan #030, 30-025-25339

None of these wells is currently reporting injection. None of these wells has reported injection for a period in excess of one year. A copy of Patterson's well list, showing the last reported injection for each well, is attached.

Because all injection in the waterflood ceased for a period in excess of one year, the authority for injection into wells in the Glenn-Ryan Waterflood Project automatically terminated pursuant to 19.15.26.12(C)(1) NMAC. **If Patterson wishes to operate a waterflood in this area or inject into any of the identified wells it will need to apply for a new permit under 19.15.26.8 NMAC. Please note that to be eligible for a permit Patterson must be in compliance with 19.15.5.9 NMAC.**

By copy of this letter, I am notifying the Hobbs District Office that your injection authority for these wells has been terminated.

If you disagree with the OCD's conclusion that the authority to inject in the Glenn-Ryan Waterflood Project has terminated, please provide documentary proof that there has not been a period of one year of non-injection, or that you are operating under an administrative extension of injection authority.

Sincerely,


Daniel Sanchez
Underground Injection Control Director for the State of New Mexico

Ec: Larry "Buddy" Hill, Supervisor, Hobbs District Office
Sylvia Dickey, Hobbs District Office

*Entered May 8, 1968
A.P.*

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3770
Order No. R-3421

APPLICATION OF TEXAS PACIFIC OIL
COMPANY FOR A WATERFLOOD PROJECT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 8 a.m. on May 22, 1968,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 29th day of May, 1968, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Texas Pacific Oil Company, seeks
permission to institute a waterflood project in the South Leonard
(Queen) Unit Area, South Leonard-Queen Pool, by the injection of
water into the Queen formation through five injection wells in
Sections 13, 23, and 24, Township 26 South, Range 37 East, NMPM,
Lea County, New Mexico.

(3) That the wells in the project area are in an advanced
state of depletion and should properly be classified as "stripper"
wells.

(4) That the proposed waterflood project should result in
the recovery of otherwise unrecoverable oil, thereby preventing
waste.

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CASE No. 3770
Order No. R-3421

(5) That the subject application should be approved and the project should be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Texas Pacific Oil Company, is hereby authorized to institute a waterflood project in the South Leonard (Queen) Unit Area, South Leonard-Queen Pool, by the injection of water into the Queen formation through the following-described wells in Township 26 South, Range 37 East, NMPM, Lea County, New Mexico:

<u>COMPANY</u>	<u>LEASE</u>	<u>WELL NO.</u>	<u>UNIT</u>	<u>SECTION</u>
Tenneco	Parker Federal	4	N	13
Tenneco	Parker Federal	1	A	23
Shell	Scarborough	6	I	23
Texas Pacific				
Oil Company	Dublin-Federal	4	N	24
Unit	Dublin-Federal			
	(to be drilled)	10	H	24

(2) That the subject waterflood project is hereby designated the TP South Leonard Queen Waterflood Project and shall be governed by the provisions of Rules 701, 702, and 703 of the Commission Rules and Regulations.

(3) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

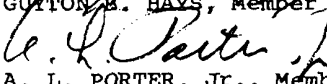
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman


GULTON B. HAYS, Member


A. L. PORTER, Jr., Member & Secretary

S E A L

esr/



BRUCE KING
GOVERNOR

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

RECEIVED

APR 20 1993

G.C.D.
JERRY

CASE FILE
6/6/61

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

November 20, 1991

United Gas Search, Inc.
P.O. Box 151
Tulsa, Oklahoma 74101-0151

Re: Leonard Brothers Waterflood Project
Leonard Federal Waterflood Project

Dear Sir:

Reference is made to your recent request to consolidate the Leonard Brothers and Leonard Federal Waterflood Projects, both projects previously approved by Division Order No. R-5675 dated March 21, 1978. It is our understanding that the subject waterflood projects currently comprise the following described acreage in Lea County, New Mexico:

Leonard Brothers Waterflood Project
Township 26 South, Range 37 East, NMPM

Section 13: E/2, NW/4, N/2 SW/4, SW/4 SW/4
Section 14: N/2

Leonard Federal Waterflood Project
Township 26 South, Range 37 East, NMPM

Section 14: S/2

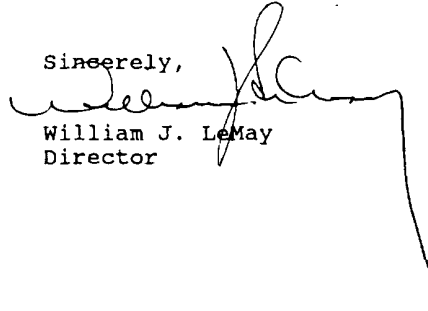
It is further our understanding that the subject acreage is one common Federal Lease (NM-7951), that all interest is common, that the Bureau of Land Management has approved your proposed consolidation, and that both projects involve only the South Leonard Queen Pool. It is further our understanding that you wish to redesignate the wells as "Glenn-Ryan" wells and amend the well numbers.

Authorization is hereby given to consolidate the Leonard Brothers and Leonard Federal Waterflood Projects as described above. The newly consolidated waterflood project is hereby designated the Glenn-Ryan Waterflood Project and shall comprise the following described acreage:

Glenn-Ryan Waterflood Project
Township 26 South, Range 37 East, NMPM

Section 13: E/2, NW/4, N/2 SW/4, SW/4 SW/4
Section 14: All

Sincerely,

A handwritten signature in dark ink, appearing to read 'William J. LeMay', is written over the typed name. The signature is fluid and cursive, with a long horizontal stroke extending to the right and a vertical line dropping down from the end.

William J. LeMay
Director

xc: OCD-Hobbs
BLM-Carlsbad
File-Case No. 6161
R. Brown
OCD-Data Processing

Well List

188566 PATTERSON OPERATING & PUMPING INC DBA/PENERGY**TOTAL WELL COUNT:29****PRINTED ON:THURSDAY, DECEMBER 10, 2009**

Property	Well Name	Lease Type	ULSTR	OCD UL	API	Well Type	Pool	Last Prod/Inj	Oil POD	Gas POD	In Add. Bond
26405	GLENN RYAN #002	F	J-11-26S-37E	J	30-025-11970	O	38760 LEONARD;QUEEN, SOUTH	9/2009	2584310	2584330	
	GLENN RYAN #003	F	N-11-26S-37E	N	30-025-11971	O	38760 LEONARD;QUEEN, SOUTH	9/2009	2584310	2584330	
	GLENN RYAN #004	F	O-11-26S-37E	O	30-025-25578	O	38760 LEONARD;QUEEN, SOUTH	8/1996	2584310	2584330	
	GLENN RYAN #005	F	C-14-26S-37E	C	30-025-25960	O	38760 LEONARD;QUEEN, SOUTH	9/2009	2584310	2584330	
	GLENN RYAN #006	F	B-14-26S-37E	B	30-025-11985	I	38760 LEONARD;QUEEN, SOUTH	11/2006			
	GLENN RYAN #007	F	A-14-26S-37E	A	30-025-25983	O	38760 LEONARD;QUEEN, SOUTH	9/2009	2584310	2584330	
	GLENN RYAN #008	F	D-13-26S-37E	D	30-025-25981	I	38760 LEONARD;QUEEN, SOUTH	10/2000			
	GLENN RYAN #009	F	C-13-26S-37E	C	30-025-25858	O	38760 LEONARD;QUEEN, SOUTH	9/2009	2584310	2584330	
	GLENN RYAN #010	F	E-14-26S-37E	E	30-025-25861	O	38760 LEONARD;QUEEN, SOUTH	9/2009	2584310	2584330	
	GLENN RYAN #011	F	F-14-26S-37E	F	30-025-25860	G	83810 RHODES;YATES-SEVEN RIVERS (GAS)	8/2006	2584110	2584130	
	GLENN RYAN #012	F	G-14-26S-37E	G	30-025-25859	O	38760 LEONARD;QUEEN, SOUTH	9/2009	2584310	2584330	
	GLENN RYAN #013	F	H-14-26S-37E	H	30-025-25982	I	38760 LEONARD;QUEEN, SOUTH	10/2000			
	GLENN RYAN #014	F	E-13-26S-37E	E	30-025-25980	O	38760 LEONARD;QUEEN, SOUTH	9/2009	2584310	2584330	
	GLENN RYAN #015	F	F-13-26S-37E	F	30-025-25857	I	38760 LEONARD;QUEEN, SOUTH	10/2000			
	GLENN RYAN #016	F	G-13-26S-37E	G	30-025-11981	O	38760 LEONARD;QUEEN, SOUTH	9/2009	2584310	2584330	
	GLENN RYAN #017	F	L-14-26S-37E	L	30-025-25855	G	83810 RHODES;YATES-SEVEN RIVERS (GAS)	7/2009		2584230	
	GLENN RYAN #018	F	K-14-26S-37E	K	30-025-25837	O	38760 LEONARD;QUEEN, SOUTH	3/2008	2584310	2584330	
	GLENN RYAN #019	F	J-14-26S-37E	J	30-025-25581	I	38760 LEONARD;QUEEN, SOUTH	10/2000			
	GLENN RYAN #020	F	I-14-26S-37E	I	30-025-11983	O	38760 LEONARD;QUEEN, SOUTH	9/2009	2584310	2584330	

GLENN RYAN #021	F	L-13-26S-37E	L	30-025-25856	I	38760	LEONARD;QUEEN, SOUTH	10/2000		
GLENN RYAN #022	F	K-13-26S-37E	K	30-025-25576	O	38760	LEONARD;QUEEN, SOUTH	9/2009	2584310	2584330
GLENN RYAN #023	F	J-13-26S-37E	J	30-025-25561	I	38760	LEONARD;QUEEN, SOUTH	10/2000		
GLENN RYAN #024	F	I-13-26S-37E	I	30-025-25449	O	38760	LEONARD;QUEEN, SOUTH	9/2009	2584310	2584330
GLENN RYAN #025	F	N-14-26S-37E	N	30-025-25833	O	38760	LEONARD;QUEEN, SOUTH	9/2009		
GLENN RYAN #026	F	O-14-26S-37E	O	30-025-25162	O	38760	LEONARD;QUEEN, SOUTH	9/2009	2584310	2584330
GLENN RYAN #027	F	P-14-26S-37E	P	30-025-25579	O	38760	LEONARD;QUEEN, SOUTH	10/2000	2584310	2584330
GLENN RYAN #028	F	M-13-26S-37E	M	30-025-25574	O	38760	LEONARD;QUEEN, SOUTH	9/2009	2584310	2584330
GLENN RYAN #029	F	O-13-26S-37E	O	30-025-25572	O	38760	LEONARD;QUEEN, SOUTH	9/2009	2584310	2584330
GLENN RYAN #030	F	P-13-26S-37E	P	30-025-25339	I	38760	LEONARD;QUEEN, SOUTH	10/2000		