

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

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

**APPLICATION OF AGAVE ENERGY COMPANY
FOR AUTHORITY TO INJECT, LEA COUNTY,
NEW MEXICO.**

Case No. 14720

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Kaiser-Francis Oil Company as required by the Oil Conservation Commission.

APPEARANCES

APPLICANT

Agave Energy Company

APPLICANT'S ATTORNEY

Gary W. Larson

OPPONENT

Kaiser-Francis Oil Company
P.O. Box 21468
Tulsa, Oklahoma 74121

OPPONENT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attention: Jim Wakefield

STATEMENT OF THE CASE

APPLICANT

OPPONENT

Agave Energy Company (Agave) plans to inject acid gas into its proposed Red Hills AGI Well No. 1, to be located 150 feet FEL & 1600 feet FSL (Unit I) of Section 13-T24S-R33E, Lea County, New Mexico. Agave is currently constructing its Red Hills Gas Plant on a 79.69 acre tract in the SE/4 of Section 13. The natural gas processing facility will furnish to the injection well a gas stream comprised of 95% carbon dioxide and 5% hydrogen sulfide, which Agave plans to inject into the Delaware Cherry Canyon formation at approximate depths of 6200-6530 feet subsurface.

Kaiser-Francis Oil Company (Kaiser) is the operator of the South Bell Lake Unit, which lies immediately to the north of the injection well. The Delaware Cherry Canyon injection zone underlies the South Bell Lake Unit and is considered to be a continuous depositional feature with hydraulic communication between the injection well and South Bell Lake Unit wells in Section 12-T24S-R33E and Sections 7 and 8-T24S-34E.

Agave has not proven that the acid gas plume would not adversely affect existing and planned wells in the South Bell Lake Unit.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

OPPONENT

WITNESSES

EST. TIME

EXHIBITS

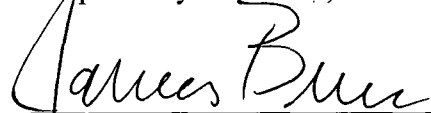
Jim Wakefield
(engineer)

40 min.

The witness will testify using Applicant's exhibits.

PROCEDURAL MATTERS

Respectfully submitted,




James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for Kaiser-Francis Oil Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 19th day of December, 2011 by facsimile transmission:

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James Bruce