

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

**APPLICATION OF DEVON ENERGY PRODUCTION  
COMPANY L.P. TO REVOKE THE INJECTION  
AUTHORITY GRANTED BY ADMINISTRATIVE  
ORDER SWD-640, LEA COUNTY, NEW MEXICO.**

**CASE NO. 15397**

**OXY'S AMENDED PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by OXY USA, Inc. ("OXY") as required by the  
Oil Conservation Division.

**APPEARANCES**

**APPLICANT**

Devon Energy Production Company L.P.

**ATTORNEY**

James Bruce  
Post Office Box 1056  
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**OTHER APPEARANCES**

OXY USA, Inc.

**ATTORNEY**

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**STATEMENT OF THE CASE**

Devon has filed an Application seeking to revoke Oxy's injection authority under  
Corrected Administrative Order SWD-640 for its Diamond "34" State Well No. 1 (API  
No. 30-025-33387) located 990 feet from the South Line and 1650 feet from the West

line (Unit N) of Section 34, Township 22 South, Range 33 East in Lea County, New Mexico. The basis for this request is Devon's statement that in September of 2015 it experienced "abnormally high water pressure at an approximate depth of 1,820 feet" while drilling the vertical portion of a Bone Spring horizontal well in the SW/4 SW/4 of Section 34.

Oxy and its predecessor, Pogo Producing Company, have been disposing produced water into the Bell Canyon and Upper Cherry Canyon formations through this well at perforations located at 5335-5748 feet without incident since 1997. Division records reflect periodic mechanical integrity tests on this well, the most recent of which was conducted on October 1, 2015, with oversight by the Division's District Office. The vertical distance between Oxy's permitted disposal zone and the shallower interval where Devon experienced "abnormally high water pressure" is over 3,500 feet, with various impenetrable barriers between the disposal zone and this shallower zone. This vertical distance alone raises serious questions about Devon's suggestion that produced water injected into the Diamond "34" State Well No. 1 is migrating over 3,500 feet upward and pressurizing the interval where Devon experienced its water flow. Moreover, Oxy has conducted tests confirming that the disposal water is remaining within the permitted disposal zone. There is no evidence to support Devon's hypothesis that water disposed into the subject well is migrating upward and pressurizing a shallower zone.

### **OXY'S PROPOSED EVIDENCE**

| <b>WITNESS<br/>Name and Expertise</b>                          | <b>ESTIMATED TIME</b> | <b>EXHIBITS</b> |
|--|-----------------------|-----------------|
| Thomas Clifford, Engineer                                      | Approx. 60 minutes    | Approx. 15      |
| Brent Vangolen, Engineer<br>(may need to appear via telephone) | Approx. 10 minutes    | Approx. 3       |
| Russ Cooper, Geologist   | Approx. 20 minutes    | Approx. 5       |

### **PROCEDURAL MATTERS**

Oxy has filed a motion to continue this matter.

Respectfully submitted,

HOLLAND & HART LLP



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**ATTORNEYS FOR OXY USA, INC.**

**CERTIFICATE OF SERVICE**

I hereby certify that on February 10, 2016, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

James Bruce  
Post Office Box 1056  
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A handwritten signature in black ink, appearing to read "Michael H. Feldewert", written over a horizontal line.

Michael H. Feldewert