

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

APPLICATION OF CONOCOPHILLIPS COMPANY TO MAKE PERMANENT THE AUTHORITY GRANTED UNDER ADMINISTRATIVE ORDER WFX-945 TO INJECT WATER, CARBON DIOXIDE AND PRODUCED GAS FOR ENHANCED OIL RECOVERY WITHIN THE EAST VACUUM GRAYBURG-SAN ANDRES UNIT; TO AMEND THE SPECIAL RULES ENACTED UNDER ORDER R-5897 GOVERNING ENHANCED OIL RECOVERY OPERATIONS WITHIN THE UNIT; TO ALLOW ADMINISTRATIVE APPROVAL OF ADDITIONAL INJECTION WELLS WITHIN THE UNIT WITHOUT FURTHER NOTICE AND HEARING; AND TO CLARIFY THE SURFACE INJECTION PRESSURES AND INJECTION AUTHORITY PREVIOUSLY AUTHORIZED BY THE DIVISION, LEA COUNTY, NEW MEXICO.

CASE NO. 15497

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by ConocoPhillips Company ("COP") as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

ConocoPhillips Company

ATTORNEY

Michael H. Feldewert
Jordan A. Kessler
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile

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STATEMENT OF THE CASE

COP seeks an order from the Division providing the following relief for the enhanced oil recovery operations within COP's East Vacuum Grayburg-San Andres Unit ("the Unit"):

- (a) to make permanent the authority granted under Administrative Order WFX-945 to use water-alternating-gas (WAG) injection utilizing water, carbon dioxide and produced gas in the twelve wells identified in the Order;

- (b) to modify the Special Rules adopted under Division Order R-5897 governing the enhance oil recovery operations within the Unit as follows:
 - i. to eliminate the project area allowable and associated requirements set forth in Rules 2, 3, 4, 6, 7, 15 and 16;
 - ii. to eliminate the annual determination and submission of a “weighted average project area reservoir pressure” as set forth in Rule 5;
 - iii. to eliminate the requirement in Rule 8 that wells remain at least 10 feet from any quarter-quarter section line or subdivision inner boundary within the Unit; and
 - iv. to modify Rule 12 and subsequent Division administrative orders as necessary to reflect that the maximum surface injection pressures for injection wells within the Unit are as follows:
 - 1350 psi for water;
 - 1850 psi for carbon dioxide; and
 - 1850 psi for produced gas.
- (c) to grant an exception to the requirements in NMAC 19.15.26.8.C and 19.15.26.8.F to allow for administrative approval of additional injection wells for water, carbon dioxide and produced gas within the Unit without further notice and hearing;
- (d) to confirm that the well limitation for quarter-quarter sections set forth in NMAC 19.15.15.9(A) does not apply to the enhance oil recovery operations within the Unit; and
- (e) to modify Administrative Order WFX-887 to reflect approval of the injection of water, carbon dioxide and produced gas.

On April 13, 2015, the Division issued Administrative Order WFX-945 approving a twelve-well “pilot project” for enhanced oil recovery in the lower portion of the San Andres formation (known as the TZ/ROZ zone) using water-alternating-gas (WAG) injection with carbon dioxide combined with produced gas.¹ This Administrative Order contains the following requirements in a bolded provision:

¹ Since one of the twelve injection wells approved under WFX-945 included the injection well approved under WFX-912, the entry of subsequent order WFX-945 expressly “rescinded” WFX-912.

This administrative order that approves WAG injection for the 12 subject wells shall be effective for one (1) year following the commencement of injection into the first of the subject wells listed in this order. Within the one year period, ConocoPhillips shall make application for Division hearing to present results of the WAG operation that shall make the injection authority permanent for the 12 subject wells and to amend the exiting Division orders to accommodate future expansions. If applicant does not make application for Division hearing within the one-year time period, then the subject wells contained in this order will lose their injection authority ipso facto.

The purpose of this hearing is to meet the requirements in WFX-945, as well as to amend existing Division orders governing this tertiary recovery project to make it more efficient and to accommodate future expansions of the injection authority within the Unit. A brief history of the Division orders governing this project is set forth in Oxy's filed Application.

APPLICANT'S PROPOSED EVIDENCE

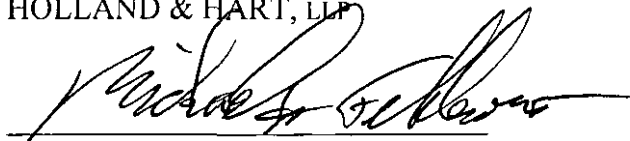
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Susan Maunder, Senior Regulatory Coordinator	Approx. 30 minutes	Approx. 5
Greg Salts, Project Engineer	Approx. 1.5 hours	Approx. 20

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART, LLP



Michael H. Feldewert
Jordan A. Kessler
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(505) 983-6043 Facsimile

ATTORNEYS FOR CONOCOPHILLIPS COMPANY