

2016 SEP 23 P 4:36

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

**APPLICATION OF MEWBOURNE OIL COMPANY TO REVOKE THE INJECTION
AUTHORITY GRANTED UNDER SWD-744 FOR THE WILLOW LAKE WELL NO. 1
OPERATED BY PYOTE WELL SERVICE, LLC, EDDY COUNTY, NEW MEXICO**

CASE NO. 15519

SECOND MOTION FOR CONTINUANCE

David Baker, Receiver for the benefit of Pyote Water Solutions LLC and Pyote SWD II LLC ("Receiver") moves the Division enter its order continuing the hearing on the Application in this matter from the September 29, 2016 Examiner hearing docket to October 13, 2016. As grounds for this motion the Receiver states:

The Applicant in this case, Mewbourne Oil Company, seeks an order revoking the injection authority granted under SWD-744 for the Willow Lake Well No. 1 located in Section 22, Township 24 South, Range 28 East in Eddy County (the "Willow Lake SWD"). The permitted disposal interval is the Bone Spring formation and disposal operations have been conducted without incident since 1999. Occidental Permian Limited Partnership ("Oxy") has also appeared in this case through Holland & Hart.

Mewbourne asserts that water production from Bone Spring producers in the vicinity is "abnormally high" and the primary focus of its investigation of area producers has been on the Occidental Permian LP Stent "21" Federal Com. No. 2H Well located in Section 21, T24S R28E (API No. 30-015-41221). As evidenced by a slide provided by Mewbourne (Exhibit A), the Oxy

Stent 21 2H Well has never been a prolific producer. In addition, the well did not produce for more than three months in 2015.

Since September 2, 2016, Pyote has endeavored to gain Oxy's cooperation in order to obtain information on the Stent 21 2H well, but those efforts were unsuccessful. (See Exhibit B, attached). Subsequently, on September 15, 2016, Pyote obtained a Subpoena Duces Tecum for the materials for the Oxy Stent 21 2H Well (Exhibit C), and on September 22, 2016 Oxy produced certain but not all of the documents sought (Exhibit D).

Oxy was requested to produce (1) the Schlumberger open hole log for the Stent 21 2H Well dated December 16, 2013 (Exhibit E). A subsequently generated version of the log was produced, but it appears that one of the curves on the log has been shifted. Pyotes consulting engineer needs to know the cause for this, so Oxy was asked to produce the header and comments section for the log. Oxy was also requested to produce (2) the daily workover and recompletion reports for the well for the period when the well was not producing in 2015. These materials are necessary to enable Pyote to discover what was done to restore the well to production and to explain the subsequent characteristics of water and oil production from the well. All of these materials are necessary for Pyote to present a fully-informed rebuttal to the assertions of Mewbourne's Application. Proceeding to a hearing on an Application which seeks the revocation of properly permitted injection authority without a party having fulfilled its discovery obligations is prejudicial to the injection well owner and operator.

Mewbourne Oil Company is opposed to this motion.

WHEREFORE, the Receiver requests the Division continue the hearing to the **October 13, 2016** Examiner hearing docket.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: T. Scott Hall

J. Scott Hall

Seth C. McMillan

Post Office Box 2307

Santa Fe, New Mexico 87504-2307

(505) 982-3873

shall@montand.com

smcmillan@montand.com

Attorneys for Pyote Water Solutions LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on the following counsel of record by electronic mail on September 23, 2016:

Michael H. Feldewert

Jordan L. Kessler

Holland & Hart, LLP

Post Office Box 2208

Santa Fe, NM 87504-2208

mfeldewert@hollandhart.com

jlkessler@hollandhart.com

Kaiser-Francis Oil Company

James Bruce

Post Office Box 1056

Santa Fe, NM 87504

jamesbruc@aol.com

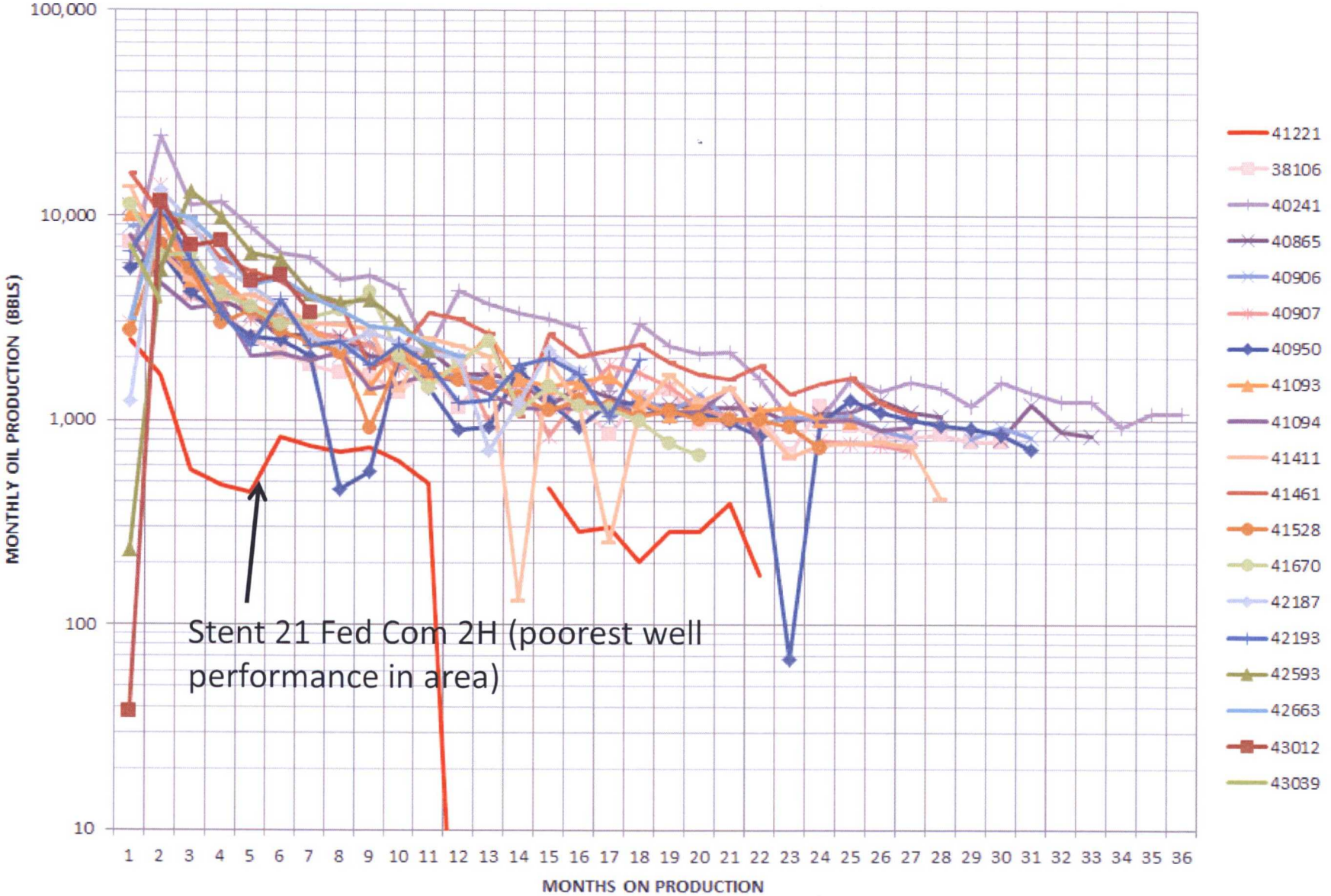
T. Scott Hall

J. Scott Hall

SECOND BONE SPRINGS WELL PERFORMANCE COMPARISON

HZ WELL NORMALIZED OIL PRODUCTION - BONE SPRINGS 2 FORMATION

EXHIBIT A





**MONTGOMERY
& ANDREWS**
LAW FIRM

J. SCOTT HALL
Cell: (505) 670-7362
Email: shall@montand.com
www.montand.com

September 2, 2016

Michael H. Feldewert
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, NM 87504-2208
mfeldewert@hollandhart.com

VIA EMAIL

**RE: APPLICATION OF MEWBOURNE OIL COMPANY TO REVOKE THE INJECTION
AUTHORITY GRANTED UNDER SWD-744 FOR THE WILLOW LAKE WELL NO. 1
OPERATED BY PYOTE WELL SERVICE, LLC, EDDY COUNTY, NEW MEXICO
CASE NO. 15519**

Dear Mike:

On behalf of our client, we ask for Oxy's cooperation by providing us with the following documents and materials for the Occidental Permian LP Stent "21" Federal Com. No. 2H Well (Sec. 21 T24S R28E; API No. 30-015-41221):

1. All well logs and associated LAS files.
2. All daily drilling reports.
3. All completion and re-completion reports.
4. All documents relating to the period of non-production for February, March and April of 2015.

If possible, we would like to receive these documents on or before September 16th. It is hoped that Oxy will make these materials available to us voluntarily. Please let me know if we need to discuss.

Very truly yours,

J. Scott Hall

JSH:dl

cc: James Bruce, Esq.
Brian F. Antweil, Esq.

REPLY TO:
325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289
Post Office Box 2307
Santa Fe, New Mexico 87504-2307

EXHIBIT B

J. Scott Hall

From: J. Scott Hall
Sent: Friday, September 09, 2016 3:30 PM
To: 'Michael Feldewert'
Cc: 'jamesbruc@aol.com'; 'brian.antweil@kattenlaw.com'
Subject: RE: OCD Case No. 15519: Request for documents regarding Oxy's Stent well

Mike:

(1). In reply to your last message, below, the relevance of the well logs for the Oxy Stent "21" Federal Com. No. 2H well was established by the Preferential Frac Direction exhibit previously provided by Mewbourne which attempts to demonstrate a fracture orientation pointing almost directly from the Stent well to the Willow Lake SWD well. They are also made relevant by Mewbourne's associated Performance Comparison exhibits specifically highlighting production from the Stent well. The possibility of horizontal and vertical migration of water near the Stent well are directly relevant to the Application. Further, NMOCD records show that Oxy obtained an open-hole log on the Stent well dated *December 16, 2013*. Although Oxy was required to do so, that well log does not appear to have been filed with NMOCD. In any event the time period for Oxy to avail itself of the confidentiality provisions of the Division's rules has long since passed. (See 19.15.7.16 NMAC).

(2, 3, 4). As to these matters, our requests would include any internal reports that were not filed with NMOCD. They are necessary to allow for a proper assessment of the Stent well's performance. Again, the issue of the performance of offsetting wells was raised in the Application and Pre-Hearing Statement filed on behalf of Mewbourne and Oxy.

(5). This is a new request: We would like to be provided from both Mewbourne and Oxy any analyses of the water produced from the Stent well or delivered to the Willow Lake SWD well.

Please let me know if you have any questions.

J. Scott Hall
Montgomery & Andrews, P.A.
P. O. Box 2307
Santa Fe, NM 87504-2307
shall@montand.com
(505) 986-2646



THIS MESSAGE CONTAINS INFORMATION WHICH MAY BE CONFIDENTIAL AND PRIVILEGED. UNLESS YOU ARE THE ADDRESSEE (OR AUTHORIZED TO RECEIVE FOR THE ADDRESSEE), YOU MAY NOT USE, COPY OR DISCLOSE TO ANYONE THE MESSAGE OR ANY INFORMATION CONTAINED IN THE MESSAGE. IF YOU HAVE RECEIVED THIS MESSAGE IN ERROR, PLEASE ADVISE THE SENDER BY REPLY E-MAIL TO shall@montand.com AND DELETE THE MESSAGE. THANK YOU.

From: Michael Feldewert [mailto:MFeldewert@hollandhart.com]
Sent: Wednesday, September 07, 2016 3:10 PM
To: J. Scott Hall
Cc: 'jamesbruc@aol.com'; 'brian.antweil@kattenlaw.com'
Subject: OCD Case No. 15519: Request for documents regarding Oxy's Stent well

Scott:

I have visited with Oxy about the four paragraphs in your attached September 2nd letter requesting documents relating to Oxy's Stent "21" Federal Com. No. 2H well.

With respect to paragraph 1, the well logs and associated LAS files are confidential, have not been provided to Mewbourne (the applicant in Case No. 15519), and have no apparent relevancy to the issues raised by Mewbourne's application. Oxy therefore declines to provide this confidential information to your client.

With respect to paragraphs 2 and 3, daily drilling and completion reports for the Stent well can be found in the NMOCD's public files.

With respect to paragraph 4, Oxy does not know what you mean by "all documents relating to the period of non-production for February, March and April of 2015." Further, Oxy does not see how this brief period of non-production in 2015, which was the result of a normal tubing failure, has any potential bearing on the issues raised by Mewbourne's application.

I am available to discuss further at your convenience.

Michael H. Feldewert
Santa Fe Office
505-988-4421
505-983-6043 (fax)
mfeldewert@hollandhart.com

HOLLAND&HART 

CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

From: Diana Luna [mailto:dluna@montand.com]
Sent: Friday, September 02, 2016 4:06 PM
To: Michael Feldewert
Cc: 'jamesbruc@aol.com'; 'brian.antweil@kattenlaw.com'; J. Scott Hall
Subject: Mewbourne Oil Company - OCD Case No. 15519

Please see attached letter from J. Scott Hall dated September 2, 2016.

Diana M. Luna
Assistant to J. Scott Hall, Louis W. Rose, Jeffrey J. Wechsler
Montgomery & Andrews, P.A.
P.O. Box 2307
Santa Fe, NM 87504-2307
(505) 986-2685 (direct line)
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dluna@montand.com

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

**APPLICATION OF MEWBOURNE OIL COMPANY TO
REVOKE THE INJECTION AUTHORITY GRANTED UNDER
SWD-774 FOR THE WILLOW LAKE WELL NO. 1
OPERATED BY PYOTE WELL SERVICE, LLC, EDDY
COUNTY, NEW MEXICO**

CASE NO. 15519

SUBPOENA DUCES TECUM

**TO: Occidental Permian Limited Partnership
c/o Michael H. Feldewert
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, NM 87504-2208**

Pursuant to Section 70-2-8, NMSA (1978), and 19.15.4.16 NMAC of the New Mexico Oil Conservation Division's Rules of Procedure, you are hereby ORDERED to appear at 9:00 a.m., September 21, 2016 at the offices of the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505 and to produce and make available to Pyote Water Solutions LLC and Pyote SWD II LLC and their attorneys, J. Scott Hall, Esq. and Seth C. McMillan, Esq. for copying, the documents and items specified in Exhibit "A", attached.

This subpoena is issued on application of Pyote Water Solutions LLC and Pyote SWD II LLC through its attorneys Montgomery and Andrews, P.A., P.O. Box 2307 Santa Fe, New Mexico 87504.

Dated this 15th day of September, 2016.

NEW-MEXICO OIL CONSERVATION DIVISION

By:  for
David Catanach, Director

EXHIBIT C

EXHIBIT "A"

The "Subject Well" means the Occidental Permian LP Stent "21" Federal Com. No. 2H Well the Occidental Permian LP Stent "21" Federal Com. No. 2H Well (API No. 30-015-41221) located in Section 21 Township 24 South, Range 28 East, N.M.P.M. in Eddy County, New Mexico.

For the Subject Well, produce the following documents and materials.

1. All well logs and associated LAS files, including that open-hole log dated December 16, 2013.
2. All internal daily drilling reports.
3. All completion and re-completion reports.
4. All documents relating to the period of non-production for February, March and April of 2015.
5. Any analyses of water produced from the Subject Well or delivered to the Pyote Willow Lake SWD No. 1 Well (API No. 30-015-21499) located in Section 22, Township 24 South, Range 28 East, N.M.P.M. in Eddy County, New Mexico.

These subpoena items are ongoing and you have the obligation to supplement the production of documents and materials responsive hereto as new documents and materials become available.

HOLLAND & HART LLP



Michael H. Feldewert
Recognized Specialist in the Area of
Natural Resources - Oil and Gas Law -
New Mexico Board of Legal Specialization
mfeldewert@hollandhart.com

September 22, 2016

VIA ELECTRONIC MAIL

J. Scott Hall
Montgomery & Andrews
Post Office Box 2307
Santa Fe, New Mexico 87504-2307
shall@montand.com

Re: Case No. 15519: Application of Mewbourne Oil Company to Revoke the Injection Authority Granted Under SWD-744 for the Willow Lake Well NO. 1 Operated by Pyote Well Service, LLC, Eddy County, New Mexico.

Scott:

Accompanying this letter are the following attachments responsive to Pyote's subpoena issued on September 15, 2016:

- LAS files (digital log files) for the open hole logs run on the Stent well (provided electronically) in response to paragraph 1;
- The daily drilling reports for the Stent well responsive to paragraph 2 (Oxy 1 through 103);
- Water analysis for the Stent well (Oxy 104 through 107).

Let me know if you have any problems opening the attachments.

Sincerely,

Michael H. Feldewert
ATTORNEY FOR
OCCIDENTAL PETROLEUM LIMITED PARTNERSHIP

EXHIBIT D

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C.

J. Scott Hall

From: J. Scott Hall
Sent: Thursday, September 22, 2016 1:50 PM
To: Michael Feldewert
Cc: jamesbruc@aol.com; jlkessler@hollandhart.com; Brian F. Antweil - Katten Muchin Rosenman (brian.antweil@kattenlaw.com)
Subject: FW: Case No. 15519: Response to Subpoena Issued by Pyote
Attachments: 30015412210000.LAS; 2016-09-22 Letter to Hall from Feldewert.pdf; 2019-09-22 CASE NO. 15519_OXY - 1 THROUGH OXY - 107.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Mike,

Thank you for these.

We need to obtain the header and the comments section for the log. We also need the daily workover reports for the period when the well was not producing in 2015.

Scott

J. Scott Hall
Montgomery & Andrews, P.A.
P. O. Box 2307
Santa Fe, NM 87504-2307
shall@montand.com
(505) 986-2646



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From: Lisamarie Ortiz [<mailto:LOrtiz@hollandhart.com>]
Sent: Thursday, September 22, 2016 11:02 AM
To: J. Scott Hall
Cc: jamesbruc@aol.com; Michael Feldewert; Jordan L. Kessler; Lisamarie Ortiz
Subject: Case No. 15519: Response to Subpoena Issued by Pyote

Attached please find correspondence from Michael Feldewert and responsive documents. Please let me know if you have any problems with the attachments.

Thank you,

EXHIBIT E