

**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

APPLICATION

Mewbourne Oil Company ("MOC") applies for an order revoking the injection authority granted by Administrative Order R-744. In support of its application, MOC states:

1. Pyote Well Service, LLC ("Pyote") is the current operator of record for the Willow Lake Well No. 1 (30-015-21499), a produced water disposal well located 660 feet from the North line and 1980 feet from the West line (Unit C) in Section 22, Township 24 South, Range 28 East, N.M.P.N., Eddy County, New Mexico (the "Willow Lake SWD").

2. On July 1, 1999, the Division issued Administrative Order SWD-744 authorizing Griffin Petroleum to re-complete the Willow Lake well for disposal in the Bone Spring formation through perforations at depths of "approximately 7,184 feet to approximately 8,850 feet." Division records reflect the Willow Lake SWD was subsequently "[p]erforated Bone Spring formation from 7184'-8850'" and that a packer was set at 7140 feet.

3. The Willow Lake SWD was initially completed as a Morrow and Atoka Gas producing well. At the time SWD-744 was issued, Griffin Petroleum represented to the Division in the filed Form C-108 that "there are no upper zones commercially productive of oil & gas" and stated "[w]ater injection will be into a zone not productive of oil or gas"

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4. While it remains unclear exactly where the current perforations are in the Willow Lake SWD, the approved injection zone includes the following oil and gas zones that have proven to be productive or potentially productive of hydrocarbons since 1999 with the advent of horizontal drilling:

- First Bone Spring Sand,
- Second Bone Spring Carbonate,
- Second Bone Spring Sand,
- Third Bone Spring Carbonate, and
- Harkey Sand

5. Recent horizontal wells completed in the Bone Spring formation underlying acreage offsetting the Willow Lake SWD have exhibited abnormally high and increasing water cuts impacting the production of hydrocarbons.

6. The evidence accumulated since 1999 indicates that not only is the permitted injection zone potentially productive of recoverable hydrocarbons, but the continued operation of the Willow Lake SWD is negatively affecting the correlative rights of MOC and other offsetting operators to recover reserves from the Bone Spring formation underlying their acreage.

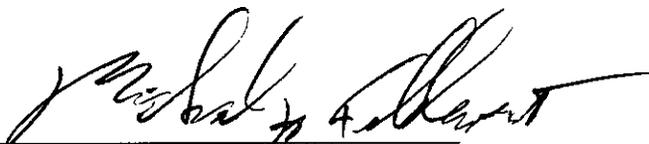
7. MOC has requested but Pyote has refused to voluntarily cease injection of produced water into the Willow Lake SWD.

8. Revocation of the injection authority granted under SWD-744 will prevent the waste of recoverable hydrocarbons and will protect correlative rights.

WHEREFORE, MOC requests that the Division set this matter for hearing before an Examiner of the Oil Conservation Division on July 21, 2015, and that after notice and hearing enter an order revoking or substantially modifying the injection authority approved under SWD-744 for the Willow Lake SWD, and grant such further relief as the Division seems appropriate.

Respectfully submitted,

HOLLAND & HART, LLP

By: 

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ATTORNEYS FOR MEWBOURNE OIL COMPANY

Case No. 1551.9 **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.** Applicant seeks an order revoking the injection authority granted by Administrative Order SWD-744 for the Willow Lake Well No. 1 (30-015-21499), a salt water disposal well located 660 feet from the North line and 1980 feet from the West line (Unit C) in Section 22, Township 24 South, Range 28 East, N.M.P.N., Eddy County, New Mexico. This well is currently operated by Pyote Well Service, LLC and disposing produced water into the Bone Spring formation through perforations at depths of approximately 7,184 feet to approximately 8,850 feet. The well is located approximately 5 miles South of Loving, New Mexico.

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OPERATED BY PYOTE WELL SERVICE, LLC, EDDY COUNTY, NEW MEXICO.**

CASE NO. 15519

PRE-HEARING STATEMENT

Mewbourne Oil Company ("Mewbourne"), the applicant in the above-referenced matter, submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Mewbourne Oil Company
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OPPONENT

Pyote Water Systems
400 W. Illinois, Suite 950
Midland, Texas 79701

ATTORNEY

None

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STATEMENT OF THE CASE

Mewbourne Oil Company ("Mewbourne") seeks an order revoking the injection authority granted by Administrative Order SWD-744 for the Willow Lake Well No. 1 (30-015-21499), a produced water disposal well, located 660 feet from the North line and 1980 feet from the West

line (Unit C) in Section 22, Township 24 South, Range 28 East, N.M.P.N., Eddy County, New Mexico (the "Willow Lake SWD"). The operator of record for the subject well is Pyote Well Service, LLC ("Pyote").

SWD-744 authorized disposal in the Bone Spring formation through perforations at depths of "approximately 7,184 feet to approximately 8,850 feet" ("injection zone"). Though it is unclear where the current perforations are in the Willow Lake SWD, the approved injection zone includes the oil and gas zones that have proven to be productive or potentially productive of hydrocarbons. Recent horizontal wells completed in the Bone Spring formation underlying acreage offsetting the Willow Lake SWD have exhibited abnormally high and increasing water cuts impacting the production of hydrocarbons. The injection zone is potentially productive of hydrocarbons, and the continued operation of the Willow Lake SWD is negatively affecting the correlative rights of Mewbourne and other offsetting operators to recover reserves from the Bone Spring formation underlying their acreage.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Nathan Cless, Petroleum Geologist	Approx. 20 minutes	Approx. 4
Tim Harrington, Petroleum Engineer	Approx. 35 minutes	Approx. 11

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART LLP



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ATTORNEYS FOR MEWBOURNE OIL COMPANY

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

**APPLICATION OF MEWBOURNE OIL COMPANY TO REVOKE THE INJECTION
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OPERATED BY PYOTE WELL SERVICE, LLC, EDDY COUNTY, NEW MEXICO.**

CASE NO. 15519

AMENDED PRE-HEARING STATEMENT

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

APPEARANCES

APPLICANT

Mewbourne Oil Company

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OPPONENT

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Pyote SWD II LLC
David Baker, Receiver, Aurora Management
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OTHER PARTIES

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Kaiser-Francis Oil Company

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STATEMENT OF THE CASE

Mewbourne seeks an order revoking the injection authority granted by Administrative Order R-744. Pyote Well Service, LLC ("Pyote") is the current operator of record for the Willow Lake Well No. 1 (30-015-21499), a produced water disposal well located 660 feet from the North line and 1980 feet from the West line (Unit C) in Section 22, Township 24 South, Range 28 East, N.M.P.N., Eddy County, New Mexico (the "Willow Lake SWD"). On July 1, 1999, the Division issued Administrative Order SWD-744 authorizing Griffin Petroleum to re-complete the Willow Lake well for disposal in the Bone Spring formation through perforations at depths of "approximately 7,184 feet to approximately 8,850 feet." Division records reflect the Willow Lake SWD was subsequently "[p]erforated Bone Spring formation from 7184'-8850'" and that a packer was set at 7140 feet.

The 1,666 feet approved injection zone includes the following oil and gas intervals that have proven to be productive or potentially productive of hydrocarbons since 1999 with the advent of horizontal drilling:

- First Bone Spring Sand,
- Second Bone Spring Sand, and
- Harkey Sand

Recent horizontal wells completed in the Bone Spring formation underlying acreage offsetting the Willow Lake SWD have exhibited abnormally high and increasing water cuts impacting the production of hydrocarbons. The evidence accumulated since 1999 indicates that not only is the permitted injection zone potentially productive of recoverable hydrocarbons, but the continued operation of the Willow Lake SWD is negatively affecting the correlative rights of Mewbourne and other operators to recover reserves from the Bone Spring formation underlying their acreage.

Mewbourne has requested but Pyote has refused to voluntarily cease injection of produced water into the Bone Spring formation. Revocation of the injection authority granted under SWD-744 is therefore necessary to prevent the waste of recoverable hydrocarbons and to protect correlative rights.

OPPONENT'S PROPOSED EVIDENCE

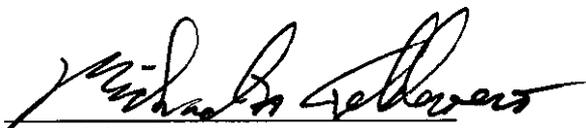
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Jason Lodge Petroleum Geologist	Approx. 20 minutes	Approx. 10
Tim Harrington Petroleum Engineer	Approx. 20 minutes	Approx. 10

PROCEDURAL MATTERS

Pyote has requested a continuance of the hearing scheduled for September 1st, which is opposed by the Applicant (Mewbourne), by Oxy USA, Inc., and by intervenor Kaiser Francis.

Respectfully submitted,

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ATTORNEYS FOR MEWBOURNE OIL COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 25th day of August, 2016 via electronic mailing to:

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