

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

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APPLICATION OF OWL SWD OPERATING, LLC FOR
AUTHORIZATION TO INJECT, LEA COUNTY, NEW MEXICO.

CASE NO. 15723

**OIL CONSERVATION DIVISION'S ENTRY OF APPEARANCE AND
PRE-HEARING STATEMENT**

The New Mexico Oil Conservation Division ("the Division") enters its appearance in this case. The Division hereby submits its Pre-Hearing Statement for the hearing scheduled on Thursday, June 8, 2017.

PARTIES

Applicant:

Owl SWD Operating, LLC

ATTORNEYS

Dalva L. Moellenberg
Gallagher & Kennedy, PA
1239 Paseo de Peralta
Santa Fe, NM 87501
Phone (512)-479-8888
Fax (512)-482-6891
DLM@gknet.com

Other Parties:

THE NEW MEXICO OIL CONSERVATION
DIVISION

David K. Brooks
Energy, Minerals and Natural Resources
Department,
State of New Mexico
1220 S. St. Francis Drive
Santa Fe, NM 87505
Phone: (505)-476-3415
FAX (505)-476-3462
Davidk.Brooks@state.nm.us

STATEMENT OF THE CASE

Applicant seeks a permit to inject up to 30,000 barrels per day of produced water into the Yates and Seven Rivers Formations at a depth interval from 2,915 feet to 3,060 feet below surface through its proposed Bobcat SWD Well No. 1, to be drilled 740 feet from the South line and 705 feet from the East line of Section 25, Township 25 South, Range 36 East, NMPM, in Lea County, New Mexico. Applicant proposes to drill this new well as a replacement for its existing Maralo Sholes B Well No. 2 (API No. 30-025-09806), located 660 feet from the South and East lines of the same section, township and range, which has been recently cited for violations due to defective construction and interference with a nearby producing gas well. Applicant proposes the well as a commercial operation for the purpose of disposal of produced water from multiple sources.

The Division opposes issuance of any permit that would authorize injection of produced water into the Yates and Seven Rivers Formations at, or in the vicinity of, the proposed location for the Bobcat SWD Well No. 1. The Division will show that the permit should be denied due to potential adverse effects to an identified Underground Source of Drinking Water (the Capitan Reef) under the Underground Injection Control Program and interference with oil and natural gas production from the Yates and Seven Rivers formations within the Jalmat; Tansill-Yates-Seven Rivers Pool (Pool code 33820).

WITNESSES TO BE CALLED BY THE DIVISION

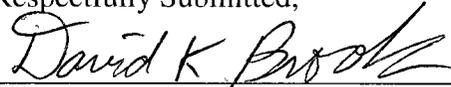
<u>Name</u>	<u>Employer</u>	<u>Position</u>	<u>Field(s) of Expertise</u>
Phillip Goetze, PG	NMEMNRD	Geoscientist and Hearing Examiner	Geology, Hydrology, Division permitting procedures
Lewis Land, PhD	National Cave and Karst Institute, NMBGMR	Karst Hydrogeologist	Geology, Hydrology

Time for Presentation: 2 hour

PROCEDURAL MATTERS

The Applicant knows of no unresolved procedural matters. Dr. Land will be providing testimony via telephone.

Respectfully Submitted,



David K. Brooks
Assistant General Counsel
Energy, Minerals and Natural Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505)-476-3415
Attorney for Oil Conservation Division

Certificate of Service

I hereby certify that the above pleading was served on the following parties by electronic mail on June 1, 2017.

Dalva L. Moellenberg
Gallagher & Kennedy, PA
1239 Paseo de Peralta
Santa Fe, NM 87501
Phone (512)-479-8888
Fax (512)-482-6891
DLM@gknet.com

Attorney for Owl SWD Operating, LLC

A handwritten signature in cursive script that reads "David K. Brooks". The signature is written in black ink and is positioned above a horizontal line.

David K. Brooks