

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

2017 JUN -1 10 05

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

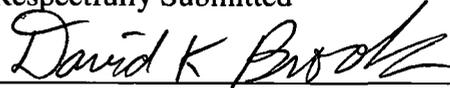
<u>Name</u>	<u>Employer</u>	<u>Position</u>	<u>Field(s) of Expertise</u>
Phillip Goetze PG	NMEMNRD	Geoscientist and Hearing Examiner	Geology Hydrology Division permitting procedures
Lewis Land PhD	National Cave and Karst Institute NMBGMR	Karst Hydrogeologist	Geology Hydrology

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



David K Brooks