

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

APPLICATION OF QUAY VALLEY, INC.
FOR AMENDMENT OF DIVISION ORDER
NO. R-4629 TO AUTHORIZE A TERTIARY
RECOVERY PROJECT BY THE INJECTION
OF CARBON DIOXIDE IN ITS NORTH
EL MAR-DELAWARE UNIT WATERFLOOD
PROJECT AREA. AND TO QUALIFY THIS
PROJECT FOR THE RECOVERED OIL TAX
RATE PURSUANT TO THE ENHANCED
OIL RECOVERY ACT,
LEA COUNTY, NEW MEXICO.

RECEIVED

JUN 11 1997

Oil Conservation Division

CASE 11826

PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A.,
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Quay Valley, Inc.
c/o Stella Swanson
Post Office Box 10280
Midland, TX 79702
(915) 687-4220

ATTORNEY

William F. Carr, Esq.
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

OTHER PARTY

ATTORNEY

name, address, phone and
contact person

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Quay Valley, Inc., applicant in the above-styled cause, seeks approval to institute a tertiary recovery project in its North El Mar Unit Waterflood Project Area by the injection of carbon dioxide into the Delaware formation in the El Mar-Delaware Pool. The El Mar-Delaware Unit Waterflood Project Area encompasses portions of Sections 24, 25, 26, 27, 34, 35 and 36 of Township 26 South, Range 32 East; and Sections 19, 30 and 31 of Township 26 South, Range 33 East. Applicant also seeks to increase the approved surface injection pressure for carbon dioxide injection in this project area to 1160 pounds. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

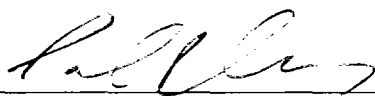
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Stella Swanson, Landman	15 Min.	Approximately 3
William G. Watson, Geologist	20 Min.	Approximately 5
Robert M. Orr, Petroleum Engineer	30 Min.	Approximately 4

OTHER PARTY

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)



Signature