

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

**APPLICATION OF CHEVRON U.S.A. INC.
TO APPROVE SALT WATER DISPOSAL
WELL IN LEA COUNTY, NEW MEXICO. CASE NO. 23686**

**APPLICATION OF CHEVRON U.S.A. INC.
TO APPROVE SALT WATER DISPOSAL
WELL IN LEA COUNTY, NEW MEXICO. CASE NO. 23687**

MEWBOURNE OIL COMPANY’S PRE-HEARING STATEMENT

Mewbourne Oil Company (“Mewbourne” or “Applicant”) submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Commission (“Commission”).

APPEARANCES

APPLICANT

Chevron U.S.A., Inc.

ATTORNEYS

Deana M. Bennett
Earl E. DeBrine, Jr.
MODRALL, SPERLING, ROEHL,
HARRIS & SISK, P.A
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
Telephone: 505.848.1800

INTERESTED PARTIES

Mewbourne Oil Company

ATTORNEYS

Dana S. Hardy
Jaclyn M. McLean
HINKLE SHANOR LLP
P.O. Box 2068
Santa Fe, NM 87504-2068
Telephone: (505) 982-4554
dhardy@hinklelawfirm.com
jmclean@hinklelawfirm.com

COG Operating LLC

Beth Ryan
Jobediah Rittenhouse

ConocoPhillips
1048 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone: (505) 780-8000
beth.ryan@conocophillips.com
joby.rittenhouse@conocophillips.com

New Mexico Oil Conservation Division

Jesse K. Tremaine
Chris Moander
New Mexico Energy, Minerals & Natural
Resources Department
1220 South St. Francis Dr.
Santa Fe, NM 87505
Telephone: (505) 231-9312
Jessek.tremaine@emnrd.nm.gov
Chris.moander@emnrd.nm.gov

Commissioner of Public Lands of the
State of New Mexico and New Mexico
State Land Office

Ari Biernoff
General Counsel
New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148
Telephone: (505) 827-5756
abiernoff@slo.state.nm.us

STATEMENT OF THE CASE

In Case No. 23686, Chevron U.S.A. Inc. (“Chevron”) seeks an order approving the Papa Squirrel State SWD#1 well at a surface location 1,928’ from the South line and 870’ from the West line, Unit L, Section 13, Township 26 South, Range 32 East, NMPM, Lea County, New Mexico for the purpose of operating a saltwater disposal well. Injection formations will be the Bell Canyon, Cherry Canyon, and Brushy Canyon at a depth of 4,625’ to 8,939’. The tubing packer will be set at 4,525’ and production casing and cement will be set at 8,500’. The maximum anticipated injection rate will be 20,000 BWPD and maximum surface injection pressure will be 925 p.s.i.

In Case No. 23687, Chevron seeks an order approving the Severitas 2 State SWD#1 well at a surface location 185’ from the North line and 1,082’ from the East line, Unit A, Section 2, Township 26 South, Range 27 East, NMPM, Eddy County, New Mexico for the purpose of

operating a saltwater disposal well. Injection formations will be the Bell Canyon, Cherry Canyon, and Brushy Canyon at a depth of 2,343' to 6,012'. The tubing packer will be set at 2,243' and production casing and cement will be set at 5,500'. The maximum anticipated injection rate will be 15,000 BWPD and maximum surface injection pressure will be 468 p.s.i.

Mewbourne supports Chevron's Applications for Authorization to Inject, for the proposed Severitas 2 State SWD #1 and Papa Squirrel State SWD #1 wells, to be completed as Delaware Mountain Group ("DMG") saltwater disposal ("SWD") wells. Because saltwater production in Southeast New Mexico has more than doubled since 2019, additional disposal options are necessary to accommodate current production levels and predicted increases in saltwater production. The technical information gathered during the Severitas and Papa Squirrel injection pilot will additionally help the industry better understand the causes of the historical interference between DMG disposal and underlying producing horizons and determine if there are less risky areas for the operation of DMG SWD wells in southeast New Mexico. This pilot is scheduled to collect frac gradient data on individual layers within the DMG, which will help determine the maximum bottom-hole injection pressure allowed to reduce the risk of interference between DMG disposal and deeper producing horizons.

Mewbourne operates Avalon producers and has undeveloped locations near Chevron's proposed SWDs. As a result, Mewbourne recommends that these permits and all new DMG SWD permits include a special stipulation that requires operators to perform a step-rate-injection test ("SRT") prior to first disposal. The SRT shall be performed according to Oil Conservation Division ("OCD") guidelines, and the SRT results should be submitted to the OCD for interpretation and permit modification if appropriate.

Mewbourne notes that Rule 19.15.26.10B NMAC, which addresses the Operation and Maintenance of Injection, states:

The operation of an injection project shall operate and maintain at all times the injection project, including injection wells, producing wells and related surface facilities, **in such a manner as will confine the injected fluids to the interval or intervals approved** and prevent surface damage or pollution resulting from leaks, breaks or spills.

Thus, it is critical that any injection wells must be operated in a manner that ensures injection fluids are confined to the approved intervals.

Mewbourne requests that if all parties agree that the pilot is successful, that the OCD take a cautious and measured approach to additional DMG SWD approvals as industry continues to learn and gather information regarding the impacts of injection into the DMG.

PROPOSED EVIDENCE

Mewbourne does not intend to present testimony in this matter but reserves the right to examine witnesses and participate in the hearing.

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HINKLE SHANOR LLP

/s/ Dana S. Hardy

Dana S. Hardy

Jaclyn M. McLean

Post Office Box 2068

Santa Fe, NM 87504-2068

(505) 982-4554 (phone)

(505) 982-8623 (fax)

dhardy@hinklelawfirm.com

jmclean@hinklelawfirm.com

Counsel for Mewbourne Oil Company

CERTIFICATE OF SERVICE

I hereby certify that on November 2, 2023, I caused a true and correct copy of the foregoing Prehearing Statement to be electronically served on the following counsel of record:

Earle E. DeBrine, Jr.
Deana M. Bennett
Post Office Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, New Mexico 87103-2168
505-848-1800
edebrine@modrall.com
deana.bennett@modrall.com
Attorneys for Chevron U.S.A. Inc

Elizabeth Ryan
Jobediah Rittenhouse
ConocoPhillips
1048 Paseo de Peralta
Santa Fe, New Mexico 87501
(505) 780-8000
ocean.munds-dry@conocophillips.com
beth.ryan@conocophillips.com
joby.rittenhouse@conocophillips.com
Attorneys for COG Operating LLC

Ari Biernoff
State of New Mexico and New Mexico
General Counsel
P.O. Box 1148
Santa Fe, NM 87504-1148
(505) 827-5756
abiernoff@slo.state.nm.us
Attorney for New Mexico State Land Office

Jesse K. Tremaine
Chris Moander
New Mexico Energy, Minerals & Natural
Resources Department
1220 South St. Francis Dr.
Santa Fe, NM 87505
(505) 231-9312
Jessek.tremaine@emnrd.nm.gov
Chris.moander@emnrd.nm.gov
*Attorneys for New Mexico Oil Conservation
Division*

/s/ Dana S. Hardy
Dana S. Hardy

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720

District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 282113

QUESTIONS

Operator: MEWBOURNE OIL CO P.O. Box 5270 Hobbs, NM 88241	OGRID: 14744
	Action Number: 282113
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>