

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

**APPLICATION OF CONOCOPHILLIPS
COMPANY TO REMOVE CAMBRIAN
MANAGEMENT, LTD AS OPERATOR OF
RECORD OF THE CHEM STATE #2, CHEM
STATE #5, AND CHEM STATE #6 WELLS,
LEA COUNTY, NEW MEXICO.**

CASE NO. 23384

PRE-HEARING STATEMENT

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

APPLICANT

ConocoPhillips Company

ATTORNEYS

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INTERESTED PARTY

New Mexico State Land Office

ATTORNEYS

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STATEMENT OF THE CASE

Applicant applies for an order removing Cambrian Management, Ltd. (“Cambrian”) as operator of record of the Chem State #2, Chem State #5, and Chem State #6 wells and designating ConocoPhillips as operator of record. ConocoPhillips is record title owner of State Lease #B0-9680, dated June 10, 1942. The Lease covers the following lands in Lea County, New Mexico: Lots 1, 2, 3, 4, S/2 NE/4, SW/4 NW/4, SW/4, SE/4 of Township 15 South, Range 32 East, N.M.P.M. Cambrian operates certain wells and facilities on the Lease and is operator of record of the Chem State #2, Chem State #5, and Chem State #6 Wells at the following locations:

1. Chem State #2 (API # 30-025-00336) – 2240 feet from the north line and 658 feet from the east line (Unit H) of Section 3, Township 15 South, Range 32 East, Lea County, New Mexico;
2. Chem State #5 (API # 30-025-23273) – 1980 feet from the south line and 1980 feet from the west line (Unit K) of Section 3, Township 15 South, Range 32 East, Lea County, New Mexico; and
3. Chem State #6 (API # 30-025-27977) – 2229 feet from the north line and 660 feet from the west line (Unit E) of Section 3, Township 15 South, Range 32 East, Lea County, New Mexico.

By letter dated July 16, 2020, the New Mexico Commissioner of Public Lands demanded that ConocoPhillips, Cambrian, and Pyrite (a Cambrian affiliate) cease and desist operations on the Lease due to cancellation of the Lease in September 2018. Shortly thereafter, the State Land Office (“SLO”) sent a letter to ConocoPhillips, Pyrite, and Cambrian demanding remediation for a site on the Lease. ConocoPhillips attempted to contact Pyrite/Cambrian several times to request that Pyrite/Cambrian perform the remediation. In December 2022, ConocoPhillips learned that

Octane Energy (“Octane”) had acquired Cambrian, and ConocoPhillips attempted to contact Octane to perform the remediation. To date, ConocoPhillips has received no response from Cambrian, Pyrite, or Octane. As a result, Cambrian, the operator of record, is unavailable. In addition, Cambrian is not in good standing under the Division’s regulations.

Applicant requests that the Division issue an order removing Cambrian as operator of the Wells and designating ConocoPhillips as operator so that ConocoPhillips may properly plug and abandon the Wells in accordance with the SLO’s demand.

The Wells are located approximately 20 miles northeast of Lovington, New Mexico.

PROPOSED EVIDENCE

Witness	Occupation	Estimated Time	Exhibits
Ocean Munds-Dry	Managing Counsel Lower 48	Affidavit	Approx. 10

PROCEDURAL MATTERS

Applicant will present this matter by affidavit if there is no opposition.

Respectfully submitted,

HINKLE SHANOR, LLP

/s/ Dana S. Hardy

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CERTIFICATE OF SERVICE

I hereby certify that on February 23, 2023, I served a true and correct copy of the foregoing prehearing statement on the following counsel by electronic mail:

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
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QUESTIONS

Action 189829

QUESTIONS

Operator: CONOCOPHILLIPS COMPANY 600 W. Illinois Avenue Midland, TX 79701	OGRID: 217817
	Action Number: 189829
	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>