

**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 COMPLIANCE
AND ENFORCEMENT BUREAU FOR:**

2011 11 27
AGAIN OFFERED BY OWL
(APPLICANT)
IN Case # 15723

**A COMPLIANCE ORDER AGAINST OWL SWD
OPERATING, LLC FOR THE MARALO SHOLES B
WELL NO. 2**

Case No. 15753

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by an additional party presenting evidence as required by the Oil Conservation Division under 19.15.4.13 (B) NMAC.

APPEARANCES

APPLICANT

Oil Conservation Division

APPLICANT'S ATTORNEY

David K. Brooks

OPPONENTS

OWL SWD Operating, LLC

OPPONENT'S ATTORNEY

Dalva L. Moellenberg and Rikki-lee Chavez

**ADDITIONAL PARTY PRESENTING
EVIDENCE**

New Mexico State Land Office

**ADDITIONAL PARTY PRESENTING
EVIDENCE'S ATTORNEY**

Katherine M. Moss

STATEMENT OF THE CASE

APPLICANT

Case No. 15753: The New Mexico Oil Conservation Division, Compliance and Enforcement Bureau ("OCD") filed an application for a compliance order (1) determining operator OWL SWD Operating LLC ("Operator") is out of compliance with 19.15.16.9 NMAC and 19.16.15.10

(2) requiring Operator to return its well to compliance with 19.15.16.9 (3) in the event of non-compliance, requiring Operator to suspend injection operations and to plug and abandon pursuant to 19.16.16.11 NMAC. The Application dealt specifically with Operator's violation of OCD rules regarding the proper construction of an injection well. On information and belief Owl currently injects into the Maralo Sholes B Well No. 2. The well has a total depth of approximately 3,055 feet, for injection of water into the Yates Seven River's formation and is located SW of Jal, NM.

OPPONENT NEW MEXICO STATE LAND OFFICE

The SLO is opposed to this well being used as a SWD well into this formation because at 3,055 feet the Tansill, Yates Seven River's zones, as well as the Capitan Reef, contain protectable groundwater of the State of New Mexico. In addition the Maralo Sholes B Well No. 2 is in poor condition as evidenced by reports filed in 2016 with the OCD and the Application brought by OCD in Case No. 15753.

PROPOSED EVIDENCE

APPLICANT

The State Land Office has not received notice of witnesses or exhibits that will be presented by the Applicant.

STATE LAND OFFICE

WITNESSES

EST. TIME

EXHIBITS

Anchor Holm

1 hour

8

The State Land Office incorporates by reference the Position Statement it filed in Case No. 15723 and reserves the right to present any evidence it presents on August 1, 2017 in Case No. 15723.

OTHER OPPONENTS

The State Land Office has received notice of witnesses and exhibits that will be presented by OWL OPERATING, LLC.

PROCEDURAL MATTERS

No procedural matters have been identified that are to be resolved prior to the hearing.

Respectfully submitted,

Katherine M. Moss

Katherine M. Moss
Associate General Counsel
New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148
(505) 827-5713

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 27th day of July, 2017 by email:

Dalva L. Moellenberg
Anthony J. Trujillo
Rikki-Lee Chavez
1239 Paseo de Peralta
Santa Fe, New Mexico 87501
Gallagher and Kennedy, PA
dlm@gknet.com
Rikki-lee.chavez@gknet.com
Lynda.muncy@gknet.com

David K. Brooks
Assistant General Counsel
Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505
Davidkbrooks@state.nm.us

Katherine M. Moss

Katherine M. Moss

See Case 15753
FOR ORIGINAL
COLORED COPY
ATTACHED EXH.