

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

2015 JAN 15 P 4: 22

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

APPLICATION OF MESQUITE
SWD, INC. FOR APPROVAL OF A
SALT WATER DISPOSAL WELL,
LEA COUNTY, NEW MEXICO

Reopened
Case No. 14979

**PRE-HEARING STATEMENT OF YATES PETROLEUM CORPORATION,
ABO PETROLEUM CORPORATION, AND MYCO INDUSTRIES, INC.**

Abo Petroleum Corporation ("Abo"), Myco Industries, Inc. ("Myco"), and Yates Petroleum Corporation ("Yates") jointly submit this Pre-Hearing Statement as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Mesquite SWD, Inc.
P.O. Box 1478
Carlsbad, NM 88220

ABO, MYCO AND YATES

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STATEMENT OF THE CASE

Applicant Mesquite SWD, Inc. ("Mesquite") seeks an order amending Order No. R-13735, which approved the disposal of produced water into Mesquite's Paduca Fed SWD Well No. 3. Mesquite requests the Division to allow disposal into its substitute Paduca Fed SWD Well No. 3Y located in Unit Letter C, Section 23, Township 25 South, Range 32 East in Lea County.

Abo and Myco are record owners of the federal lease in the NW/4 of Section 23 and Abo, Myco, and Yates own working interests pursuant to an operating agreement naming Yates as the designated operator. Abo, Myco and Yates opposed Mesquite's initial application for injection authority, which resulted in the entry of Order No. R-13735, on the grounds that the proposed injection of produced water would detrimentally impact Yates' horizontal well drilling program and impair Abo's, Myco's and Yates' correlative rights. They do not oppose Mesquite's current request for authorization to inject produced water into the substitute Paduca Fed SWD Well No. 3Y.

Abo, Myco, and Yates do request that the Division include a requirement in its amended order that any increase in tubing pressure may be authorized by the Division only after proper notice and a hearing. Counsel for Mesquite does not oppose their request.

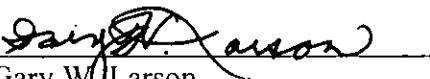
PROPOSED EVIDENCE

Abo, Myco and Yates will jointly present their position by affidavit.

PROCEDURAL MATTERS

Abo, Myco and Yates are not aware of any procedural matters to be resolved prior to the hearing.

HINKLE SHANOR, LLP


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Counsel for Yates Petroleum Corporation, Abo Petroleum Corporation, and Myco Industries, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on this 15th day of January, 2015, I transmitted a true and correct copy of the foregoing *Pre-Hearing Statement of Yates Petroleum Corporation, Abo Petroleum Corporation, and Myco Industries, Inc.* via email to:

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*Counsel for Applicant
Mesquite SWD, Inc.*


Gary W. Larson