

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

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

APPLICATION OF LRE OPERATING,
LLC FOR APPROVAL OF A PILOT
WATER FLOOD PROJECT IN THE
SAN ANDRES FORMATION,
EDDY COUNTY, NEW MEXICO

Case No. 15343

LRE OPERATING, LLC'S PRE-HEARING STATEMENT

LRE Operating, LLC ("LRE") submits its Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

LRE is the applicant in this case. Its business address is Heritage Plaza, 1111 Bagby Street, Suite 4600, Houston, Texas 77002. LRE is represented by the undersigned counsel.

STATEMENT OF THE CASE

LRE's application requests an order approving a pilot water flood project in the NE/4 and SW/4 of Section 32, Township 17 South, Range 28 East, N.M.P.M., in Eddy County. For purposes of its pilot water flood project, LRE proposes to convert to injection: (i) the NW State No. 1 (API 30-015-30609), which is located 990 feet from the north line and 990 feet from the east line of Section 32; (ii) the NW State No. 3 (API 30-015-30684), which is located 1,650 feet from the north line and 1,650 feet from the east line of Section 32; and (iii) the NW State No. 7 (API 30-015-30685), which is located 990 feet from the south line and 990 feet from the west

line of Section 32. LRE proposes to inject into the San Andres zone of the Artesia Queen-Grayburg-San Andres Pool between 2,400 and 3,300 feet subsurface. The proposed pilot water flood project is located 15 miles east of Artesia, New Mexico.

PROPOSED EVIDENCE

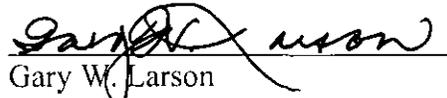
<u>WITNESS</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
Bobby Reynolds (Landman)	10 minutes	Approx. 3
John Maxey (Engineer)	15 minutes	Approx. 8

LRE reserves the right to call a rebuttal witness(es) if appropriate.

PROCEDURAL MATTERS

LRE is not aware of any procedural matters to be resolved prior to the hearing.

HINKLE SHANOR, LLP



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