

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

**APPLICATION OF KEY ENERGY RESOURCES, LLC FOR APPROVAL OF A SALT  
WATER DISPOSAL WELL, EDDY COUNTY, NEW MEXICO.**

**CASE NO. 15322**

**OBJECTING PARTIES PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by BC Operating, Inc. and Crown Oil Partners V, objecting parties to this application.

**APPEARANCES**

**APPLICANT**

Key Energy Services

**ATTORNEY**

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**OBJECTING PARTIES**

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**OBJECTORS' STATEMENT OF THE CASE**

Key Energy seeks authority to utilize the Grace Carlsbad Well No. 1 (API No. 30-015-20573) located in the NE/4 SE/4 (Unit I) of Section 36, T-22-S, R-26-E, to inject "produced

water from various oil and gas producing formations” into the Brushy Canyon member of the Delaware formation at perforated intervals from 4,082 feet to 5,200 feet. The Objecting Parties are the owners of a State oil and gas lease (VO-9614) that covers all of Section 36. Key Energy does not own any of the oil and gas rights underlying Section 36 and only purports to have ownership rights to the Grace Carlsbad Well No. 1 wellbore by virtue of a lease with the surface owner.

The Cherry Canyon, Brushy Canyon, and deeper horizons underlying Section 36 are potentially productive of hydrocarbons. The Objecting Parties have plans to develop these productive zones, beginning with the deeper Wolfcamp and Upper Pennsylvanian formations. The proposed injection operations will impair the ability of the Objecting Parties to recover the state minerals underlying Section 36.

**APPLICANT’S PROPOSED EVIDENCE**

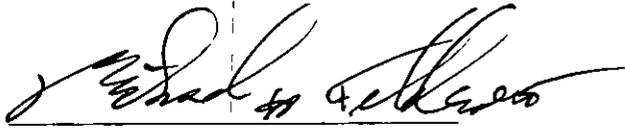
<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Caleb Hopson Landman	Approx. 10 minutes	Approx. 5
Mike Moylett Geologist	Approx. 15 minutes	Approx. 6

**PROCEDURAL MATTERS**

None at this time.

Respectfully submitted,

HOLLAND & HART, LLP



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ATTORNEYS FOR WPX ENERGY PRODUCTION, LLC

**CERTIFICATE OF SERVICE**

I hereby certify that on July 16, 2015, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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