

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

APPLICATION OF MEWBOURNE OIL COMPANY TO REVOKE THE INJECTION
AUTHORITY GRANTED UNDER SWD-744 FOR THE WILLOW LAKE WELL NO. 1
OPERATED BY PYOTE WELL SERVICE, LLC, EDDY COUNTY, NEW MEXICO.

CASE NO. 15519

AMENDED PRE-HEARING STATEMENT

This amended pre-hearing statement is submitted by Mewbourne Oil Company
("Mewbourne") as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Mewbourne Oil Company

ATTORNEY

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OPPONENT

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Pyote SWD II LLC
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OTHER PARTIES

Oxy USA Inc.

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STATEMENT OF THE CASE

Mewbourne seeks an order revoking the injection authority granted by Administrative Order R-744. Pyote Well Service, LLC (“Pyote”) is the current operator of record for the Willow Lake Well No. 1 (30-015-21499), a produced water disposal well located 660 feet from the North line and 1980 feet from the West line (Unit C) in Section 22, Township 24 South, Range 28 East, N.M.P.N., Eddy County, New Mexico (the “Willow Lake SWD”). On July 1, 1999, the Division issued Administrative Order SWD-744 authorizing Griffin Petroleum to re-complete the Willow Lake well for disposal in the Bone Spring formation through perforations at depths of “approximately 7,184 feet to approximately 8,850 feet.” Division records reflect the Willow Lake SWD was subsequently “[p]erforated Bone Spring formation from 7184’-8850’” and that a packer was set at 7140 feet.

The 1,666 feet approved injection zone includes the following oil and gas intervals that have proven to be productive or potentially productive of hydrocarbons since 1999 with the advent of horizontal drilling:

- First Bone Spring Sand,
- Second Bone Spring Sand, and
- Harkey Sand

Recent horizontal wells completed in the Bone Spring formation underlying acreage offsetting the Willow Lake SWD have exhibited abnormally high and increasing water cuts impacting the production of hydrocarbons. The evidence accumulated since 1999 indicates that not only is the *permitted injection zone potentially productive of recoverable hydrocarbons*, but the continued operation of the Willow Lake SWD is negatively affecting the correlative rights of Mewbourne and other operators to recover reserves from the Bone Spring formation underlying their acreage.

Mewbourne has requested but Pyote has refused to voluntarily cease injection of produced water into the Bone Spring formation. Revocation of the injection authority granted under SWD-744 is therefore necessary to prevent the waste of recoverable hydrocarbons and to protect correlative rights.

OPPONENT'S PROPOSED EVIDENCE

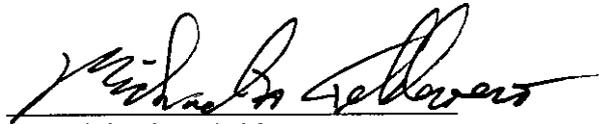
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Jason Lodge Petroleum Geologist	Approx. 20 minutes	Approx. 10
Tim Harrington Petroleum Engineer	Approx. 20 minutes	Approx. 10

PROCEDURAL MATTERS

Pyote has requested a continuance of the hearing scheduled for September 1st, which is opposed by the Applicant (Mewbourne), by Oxy USA, Inc., and by intervenor Kaiser Francis.

Respectfully submitted,

HOLLAND & HART, LLP



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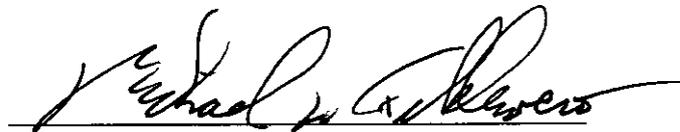
ATTORNEYS FOR MEWBOURNE OIL COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 25th day of August, 2016 via electronic mailing to:

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