

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

**APPLICATION OF CROWNQUEST OPERATING, LLC
TO REINSTATE THE INJECTION AUTHORIZED
BY ORDER No. R-4007, EDDY COUNTY, NEW MEXICO.**

CASE NO. 15766

APPLICANT'S PRE-HEARING STATEMENT

This pre-hearing statement is submitted by CrownQuest Operating, LLC ("CrownQuest") as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

CrownQuest Operating, LLC

ATTORNEY

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STATEMENT OF THE CASE

CrownQuest seeks an order reinstating the injection authorized by Order No. R-4007. In 1970, the Oil Conservation Commission issued Order R-4007, authorizing the injection of produced water into the Upper Pennsylvanian formation from approximately 9,789 feet to 9,924 feet through the State "27" Well No. 2 (API No. 30-025-22932) disposal well. This is a lease disposal well only and CrownQuest has injected produced water pursuant to this order into this zone since it took over operatorship in 2008. Approximately two years ago, CrownQuest ceased

injection due complications with the injection pump. The Division then issued a shut-in order related to the State "27" Well No. 2's failure of a mechanical integrity test. The failure was due to a problem with test procedure, not a mechanical problem with the well. A retest was scheduled and the State "27" Well No. 2 passed the mechanical integrity test on December 21, 2015. The State "27" Well No. 2 also passed mechanical integrity tests in April of 2016 and March of 2017. In June of 2016, the Division notified CrownQuest that Order No. R-4007 had expired due to inactivity. The mechanical integrity test and C-108 have been submitted in accordance with Division regulations and CrownQuest seeks an order reinstating its injection authority.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Saul Leyva, Engineer	Approx. 30 minutes	Approx. 10

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART LLP



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