

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

MAY 10 2018 AM 11:35

APPLICATION OF OXY USA WTP LIMITED PARTNERSHIP FOR APPROVAL OF A WATERFLOOD UNIT AGREEMENT FOR PURPOSES OF IMPLEMENTING A PRESSURE MAINTENANCE PROJECT IN THE BENSON; BONE SPRING POOL THROUGH ITS SMOKEY BITS STATE COM NO. 2H WELL, EDDY COUNTY, NEW MEXICO.

CASE NO. 16159

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by OXY USA WTP Limited Partnership ("OXY") as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

OXY USA WTP Limited Partnership

ATTORNEY

Michael H. Feldewert
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Holland & Hart LLP
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STATEMENT OF THE CASE

OXY seeks an order approving a proposed Waterflood Unit Agreement and authorization to inject produced water for purposes of implementing a pressure maintenance project in the Benson; Bone Spring Pool (Pool Code 5200) through Oxy's Smokey Bits State Com No. 2H Well (API No. 30-015-40196). The proposed Smokey Bits Waterflood Unit and pressure maintenance project area will be comprised of Section 36, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico, and will totally approximately 640 acres, more or less, of State lands. Oxy has met with the New Mexico State Land Office and received preliminary

approval of the Waterflood Unit Agreement.

The unitized interval is the stratigraphic equivalent of the Second Bone Spring which covers the depths from 7,862 feet to 8,818 feet in the Oxy Smokey State #1 (30-015-31611), located 1,780 feet from the north line and 1,980 feet from the west line of Section 36, Township 18 South, Range 30 East, Eddy County, New Mexico. The proposed injection will occur within the Second Bone Spring formation at a depth of approximately 8,532 feet to 8,624 feet deep. The maximum proposed daily injection rate will be 6,000 barrels per day and the maximum surface injection pressure will be 1,706 psi..

In addition to approval of the Waterflood Unit Agreement and the initial injection operation, Oxy also seeks:

- Allowance for administrative approval of additional injection wells within the Unit Area without the necessity for further hearings pursuant to 19.15.26.8.F.3 NMAC; and
- Authorization to set injection packers in the proposed injection well and all future injection wells within the Unit Area more than 100 feet above the uppermost injection perforation.

Notice of this application has been provided to the owners of the surface of the lands on which the proposed injection wells are to be located, the mineral interest owners within the unitized area, and each leasehold operator within one-half mile of the boundary of the Unit Area.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Lauren Guest, Land	Approx. 30 minutes	Approx. 6
Michael Harty, Geology	Approx. 20 minutes	Approx. 4
Kelley Montgomery, Petroleum Engineer	Approx. 30 minutes	Approx. 4
Shunhua Liu, Petroleum Engineer	Approx. 15 minutes	Approx. 5

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART LLP



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