

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 CANO PETRO OF
NEW MEXICO, INC. FOR INCREASED
INJECTION PRESSURES FOR WELLS
IN CHAVES COUNTY, NEW MEXICO**

Case No. 14425

APPLICANT'S PRE-HEARING STATEMENT

Applicant Cano Petro of New Mexico, Inc. ("Cano") submits this pre-hearing statement as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Cano Petro of New Mexico, Inc.
801 Cherry Street
Unit 25, Suite 3200
Fort Worth, TX 76102

APPLICANT'S ATTORNEY

Gary W. Larson
Hinkle, Hensley, Shanor & Martin, LLP
Post Office Box 2068
Santa Fe, NM 87504
505.982.4554
glarson@hinklelawfirm.com

OPPONENT

Gerald D. Mathis
Mathis Land and Cattle Inc.
Post Office Box 45
Kenna, NM 88122

Cano has received a letter that Gerald D. Mathis, President of Mathis Land and Cattle Inc., sent to the Division stating Mr. Mathis' intention to oppose Cano's application and appear at the hearing. The letter does not indicate the basis for Mr. Mathis' opposition. Cano has not received an entry of appearance of counsel for Mr. Mathis and/or Mathis Land and Cattle Inc.

STATEMENT OF THE CASE

Cano seeks an order approving increases in the maximum injection pressures for thirty (30) of its injection wells, all of which are part of Cano’s Cato Unit waterflood project and are located in the north-eastern portion of the Cato San Andres Unit in the S SW/4, the W/2 of the SE/4, and the SE/4 of the SE/4 of Section 2, the E/2 of the SE/4 and the SW/4 of the SE/4 of Section 3, the E/2 of Section 10, all of Section 11, the W/2 of Section 12 the NW/4, the N/2 of the SW/4, the SW/4 of the SW/4, and the W/2 of the SE/4 of the SW/4 of Section 13, all of Section 14, and the E/2 of Section 15, Township 8 South, Range 30 East. Cano requests approval of a maximum daily rate of injection into the San Andres Formation of 1,500 barrels of water per day per well and maximum injection pressures per well ranging from 1,270 psi to 1,545 psi. The shallowest perforation in a well that will be utilized for increased injection is 3,300 feet.

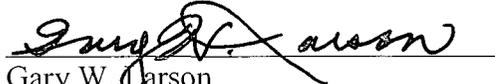
PROPOSED EVIDENCE

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Patrick McKiney (petroleum engineer)	Approx. 15 min.	Approx. 5
Alex Azzizi (petroleum engineer)	Approx. 15 min.	Approx. 8
Keith Masters (independent consultant)	Approx. 15 min	Approx. 5

PROCEDURAL MATTERS

Cano is not aware of any outstanding procedural matters.

HINKLE, HENSLEY, SHANOR &
MARTIN, LLP



Gary W. Larson
Post Office Box 2068
Santa Fe, NM 87504
505.982.4554

Attorneys for Cano Petro of New Mexico, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on this 28th day of January, 2010, I sent a true and correct copy of the foregoing *Applicant's Pre-Hearing Statement* via first class mail to:

Gerald D. Mathis
Mathis Land and Cattle Inc.
Post Office Box 45
Kenna, NM 88122



Gary W. Larson