

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

RECEIVED OOD
2010 MAY 20 P 4: 31

**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 EXPANSION OF
CATO UNIT WATERFLOOD PROJECT,
CHAVES COUNTY, NEW MEXICO**

Case No. 14475

APPLICANT'S PREHEARING STATEMENT

Applicant Cano Petro of New Mexico, Inc. ("Cano") submits this Prehearing 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

STATEMENT OF THE CASE

Cano seeks an order approving the expansion of its waterflood project for secondary recovery in the Cato San Andres Unit. The affected lands are located in the SW/4, SE SW/4, and NW/4 SE/4 of Section 2, the S/2 S/4 and NE/4 SE/4 of Section 3, Section 10, Section 11, the W/2 of Section 12, the NW/4, N/2 SW/4, SW/4 SW/4, and W/2 SE/4 SW/4 of Section 13, Section 14, and Section 15, Township 8 South, Range 30 East, NMPM, Chaves County, New Mexico. Cano proposes a maximum daily rate of injection in the San Andres Formation of 2,000

STBD per well and proposes maximum injection pressures ranging between 1,250 psi and 1,325 psi on a per well basis. The shallowest perforation for a well that will be utilized by Cano for injection is 3,250 feet.

PROPOSED EVIDENCE

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Alex Azizi (engineer)	30 min.	Approx. 4
Allen Kimble (geologist)	15 min.	Approx. 4
Keith Masters (engineer consultant)	20 min.	Approx. 4

PROCEDURAL MATTERS

Cano is not aware of any procedural matters to be resolved.

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.