

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

**APPLICATION OF DEVON ENERGY
PRODUCTION COMPANY, L.P. TO
REVOKE THE INJECTION AUTHORITY
GRANTED BY ADMINISTRATIVE ORDER
SWD-640, LEA COUNTY, NEW MEXICO.**

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CASE NO. 15397

**MOTION TO DISMISS APPLICATION AND QUASH SUBPOENA,
OR IN THE ALTERNATIVE, FOR A CONTINUANCE**

OXY USA, Inc. (“Oxy”) moves the Division to dismiss without prejudice the Application filed by Devon Energy Production Company, L.P. (“Devon”) and to quash the attached Subpoena *Duces Tecum* issued at the request of Devon. In the alternative, Oxy requests that the Division continue this matter until Oxy has completed its review of the subject wellbore and alleviated any issues under the oversight of the Division’s district office. In support of this motion, Oxy states:

1. The Diamond “34” State Well No. 1 (API No. 30-025-33387) is located 990 feet from the South Line and 1650 feet from the West line (Unit N) of Section 34, Township 22 South, Range 33 East in Lea County, New Mexico. Pursuant to Corrected Administrative Order SWD-640, Oxy and its predecessor Pogo Producing Company, have been injecting produced water into the Bell Canyon and Upper Cherry Canyon formations through this well at perforations located at 5335-5748 feet without incident since 1997.
2. Division records reflect that a mechanical integrity test was conducted on this well with oversight by the Division’s District Office as recently as October 1, 2015.
3. Devon has filed an Application seeking to “revoke” Oxy’s injection authority under Corrected Administrative Order SWD-640. The sole basis for this request is Devon’s statement that it experienced “abnormally high water pressure at an approximate depth of 1,820 feet” while drilling the

vertical portion of a Bone Spring horizontal well in the SW/4 SW/4 of Section 34. *See* Application at ¶5. Devon has provided no indication as to the normal water pressure at this 1,820 foot interval nor does it appear Devon has examined other possible sources of this water flow, including natural sources.

4. The distance between Oxy's permitted injection zone and the shallower interval where Devon experienced "abnormally high water pressure" is over 3,500 feet. This distance alone raises serious questions about Devon's suggestion that produced water injected into the Diamond "34" State Well No. 1 has somehow migrated over 3,500 feet upward to the interval where Devon experienced its water flow.

5. Nonetheless Oxy has shut-in its disposal well, is conducting tests on the well, and is meeting with the Division's District Office to discuss any concerns about the permitted injection authority.

6. Devon's application and its accompanying subpoena are based on allegations that are speculative at best, and which are now rendered moot by the oversight and analysis being performed by the Division's District Office. In addition, the breadth of the documents sought under the subpoena are objectionable as seeking confidential information and documents subject to various legal privileges. These objections will themselves require administrative time and resources to address.

7. A parallel proceeding before the Examiners of the Oil Conservation Division to address this application and the accompanying document subpoena while this well is being examined by the Division's District Office serves no immediate purpose and is a waste of administrative resources.

8. Counsel for Devon has been contacted and opposes this motion.

WHEREFORE, Oxy requests that Devon's Application be dismissed without prejudice and that the accompanying subpoena issued at the request of Devon be quashed. In the alternative, Oxy requests

that this matter be continued until Oxy has completed its review of the subject wellbore and alleviated any issues under the oversight of the Division's district office.

Respectfully submitted,

HOLLAND & HART, LLP



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ATTORNEYS FOR OXY USA, INC.

CERTIFICATE OF SERVICE

I hereby certify that on November 18, 2015, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043
jamesbruc@aol.com



Michael H. Feldewert

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY, L.P. TO REVOKE THE INJECTION AUTHORITY GRANTED BY ADMINISTRATIVE ORDER SWD-640, LEA COUNTY, NEW MEXICO.

Case No. 15397

SUBPOENA DUCES TECUM

To: OXY USA Inc.
c/o Michael H. Feldewert
and Jordan L. Kessler
P.O. Box 2208
Santa Fe, New Mexico 87504

Pursuant to NMSA 1978 §70-2-8 and Oil Conservation Division Rule NMAC 19.15.4.16, you are hereby ordered to appear at 9:00 a.m. on Friday, November 20, 2015, at the offices of the Oil Conservation Division, 1220 South St. Francis Drive (Third Floor), Santa Fe, New Mexico 87505, and to produce the documents, data, information, and items specified in Exhibit A attached hereto, and to make available all of said documents, *etc.* available to Devon Energy Production Company, L.P. or its attorney, James Bruce, for examination and copying.

This subpoena is issued on the application of Devon Energy Production Company, L.P., through its attorney, James Bruce, P.O. Box 1056, Santa Fe, New Mexico 87504.

Dated this _____ day of November, 2015.

NEW MEXICO OIL CONSERVATION
DIVISION

By: David R. Catanzano

Date: 11/10/15

EXHIBIT A

TO SUBPOENA DUCES TECUM

The following documents, data, information, and items in your possession, custody, or control regarding the Diamond 34 State Well No. 1 (API No. 30-025-33387), a salt water disposal well located 990 feet from the South line and 1,650 feet from the West line (Unit Letter N) of Section 34, Township 22 South, Range 33 East, N.M.P.M., Lea County, New Mexico (the "Well"):

1. The complete file for the Well, including but not limited to drilling records and cement bond logs.
2. All tests conducted on the Well, including but not limited to static temperature logs, water flow logs, and an isolation scanner (if conducted).
3. Documents or information on dates and times of injection, and volumes injected, into the Well since August 15, 2015 to a current date.
4. All data on injection pressures for the Well.
5. Details on all frac jobs performed on the Well, including date pumped, rate, volumes (fluid and sand), and maximum and average treating pressures.