

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

**APPLICATION OF KEY ENERGY SERVICES, LLC  
FOR A SALT WATER DISPOSAL WELL,  
KNOWN AS THE QUEEN LAKE FEDERAL  
19 NO. 1, SECTION 19, T-24-S, R-29-E,  
EDDY COUNTY, NEW MEXICO.**

**CASE NO. 20583**

**MOTION FOR CONTINUANCE**

OXY U.S.A. Inc. (“OXY”) moves the Division to continue the above-referenced case currently scheduled for the July 11, 2019 Examiner Hearing Docket until a later date for failure to provide notice of the application and of the hearing. As support, OXY states:

1. Applicant this matter, Key Energy Services, LLC seeks an order approving disposal of saltwater into the Devonian formation through the Queen Lake Federal 19 No. 1 Well (API No. 30-015-24292) at a surface location of 1,950 feet from the north line and 1,980 feet from the east line of Section 19, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico.

2. Pursuant to 19.15.26.8(B)(2) NMAC, applicants seeking authority to inject are required to give notice to “each leasehold operator and other affected persons, as defined in Subsection A of 19.15.2.7 NMAC, within any tract wholly or partially contained within one-half mile of the well.”

3. “Affected person” is defined as “the operator, as shown in division records, of a well on the tract, or, if the tract is included in a division-approved or federal unit, the designated unit operator,” or “in the absence of an operator, or with respect to an application wherein the

operator of the spacing unit or identified tract is the applicant, each working interest owner whose interest is evidenced by a written conveyance document either of record or known to the applicant as of the date the applicant files the application[.]” *See* 19.15.2.8 NMAC.

4. OXY acquired from Chevron 100% of the working interest in Section 19, Township 24 South, Range 29 East. OXY acquired its interests from Chevron more than a year before the application in this case was filed. The conveyance was of record. There are no active wells within Section 19. Under Division rule, the applicant should have provided notice to OXY as a working interest owner whose interest is evidenced by a written conveyance document either of record at the time the application was filed.

5. OXY also is the operator of a well within the one-half mile area of review in Section 20 of the same Township. The applicant also should have provided notice to OXY as the operator of a well within the one-half mile area of review.

6. Despite being the 100% working interest owner in Section 19 and an operator in the offsetting Section to the east, OXY did not receive notice of this application or notice of the hearing as required by the Rules. Accordingly, the hearing in this matter should be continued to permit the applicant to perfect notice and to give OXY time to review the application and consider its impact to OXY’s operations and planned development.

7. Moreover, OXY is entitled to a continuance because “it did not receive notice of the hearing at least three business days prior to the date for filing a timely appearance as 19.15.4 NMAC provides.” 19.15.4.10(D) NMAC. Division Rule 19.15.4 NMAC provides that an entry of appearance should be filed at least one business day prior to the date the prehearing statement is due, which makes the entry of appearance due by July 2. Accordingly, because OXY did not

receive notice by Friday, June 28, which is three days (including the weekend) prior to the date for filing a timely appearance, it is entitled to a continuance as a matter of Division regulation.

WHEREFORE, OXY respectfully requests that the Division continue the July 11, 2019 hearing scheduled for this matter until a later date.

Respectfully submitted,

**HOLLAND & HART, LLP**



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**ATTORNEYS FOR OXY U.S.A. INC.**

**CERTIFICATE OF SERVICE**

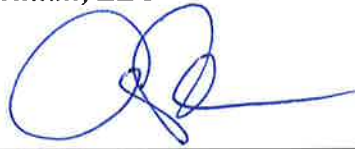
I hereby certify that on July 3, 2019, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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