

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

**APPLICATION OF TEXLAND PETROLEUM–
HOBBS L.L.C. FOR APPROVAL OF A
WATERFLOOD UNIT AGREEMENT,
AUTHORIZATION TO INJECT INTO THE
MURPHY #1 WELL FOR PURPOSES OF
WATERFLOOD INJECTION, AND TO
QUALIFY FOR THE RECOVERED OIL TAX
RATE, LEA COUNTY, NEW MEXICO.**

CASE NO. 21130

TEXLAND PETROLUEM, L.P.'S PRE-HEARING STATEMENT

Texland Petroleum, L.P. ("Texland") (OGRID No. 186838), the applicant in the above-referenced case, submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Texland Petroleum

ATTORNEY

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APPLICANT'S STATEMENT OF CASE

Texland seeks an order approving its proposed waterflood Unit Agreement for purposes of implementing its Knowles Garrett waterflood project (the "Unit/Project") within the Drinkard formation. Texland also seeks authority to convert its Murphy #1 Well to injection within the Drinkard formation, Garrett; Drinkard Pool, to support the Project and to convert future wells within the Unit Area to injection administratively. In addition, Texland seeks approval to qualify as an enhanced oil recovery project for the recovered oil tax rate pursuant to the New Mexico Enhanced Oil Recovery Act, NMSA 1978, Sections 7-29A-1 through 7-29A-5, and Division regulations 19.15.6 NMAC.

The proposed Unit Area/Project area consists of the Garrett; Drinkard Pool (Pool Code 27130), underlying approximately 240.00 acres, more or less, of the following lands situated in Lea County, New Mexico (the "Unit Area/Project area"):

TOWNSHIP 16 SOUTH, RANGE 38 EAST, N.M.P.M.

Section 30: SE/4 NW/4, S/2 NE/4
Section 29: SW/4 NW/4, E/2 NW/4

The Unitized Interval is the stratigraphic equivalent of one hundred feet above the top of the Drinkard formation and continuing to one hundred feet below the base of the Drinkard formation, more particularly described as correlative to the interval between 8,145 feet and 8,748 feet beneath the surface of the ground as shown on the Gamma Ray Compensated Neutron-Density Log in Yates Petroleum's Lazarus ARV No. 1 well, located 2,100 feet from the North line and 990 feet from the East line of Section 30, Township 16 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

Texland also seeks authority to convert its **Murphy #1 Well** (API 30-025-37372) to injection to support the waterflood project and to convert future wells within the Unit Area / Project area to injection administratively without the necessity of further hearings pursuant to 19.15.26.8.F.5 NMAC. It is located 1,705 feet from the north line and 2,220 feet from the east line of Section 30, Township 16 South, Range 38 East, Lea County, New Mexico. The injection of produced water will occur in the Drinkard formation, Garrett; Drinkard Pool, within the unitized interval at a depth of approximately 8,212 feet to 8,451 feet deep. The maximum proposed daily injection rate will be 750 barrels per day with an average daily injection rate of 300 barrels per day. The average surface injection pressure will be 1,500 psig, and the maximum surface injection pressure will be 1,642 psig.

Applicant further requests that the Project be qualified for the recovered oil tax rate pursuant to the New Mexico Enhanced Oil Recovery Act, NMSA 1978, Sections 7-29A-1 through 7-29A-5, and Division regulations 19.15.6 NMAC. Applicant will present production data including graphs, charts and other supporting data showing the production history and production forecasts from the Unit Area/Project area at hearing.

APPLICANT'S PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Wilson Woods, Petroleum Landman	Approx. 15 minutes	Approx. 4
Bryan Lee, Petroleum Geologist	Approx. 15 minutes	Approx. 4
Stephen Henry Neuse, Reservoir Engineer	Approx. 15 minutes	Approx. 5
Clayton Scott, Operations Engineer	Approx. 15 minutes	Approx. 1

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART LLP

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ATTORNEYS FOR TEXLAND PETROLEUM, L.P.

CERTIFICATE OF SERVICE

I hereby certify that on February 27, 2020, I served a copy of the foregoing document to all counsel of record via Electronic Mail to:

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