

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

**APPLICATION OF CONOCOPHILLIPS COMPANY
FOR RE-AUTHORIZATION OF THE VACUUM
GLORIETA EAST UNIT WATERFLOOD PROJECT
AND TO QUALIFY SAID PROJECT FOR THE
RECOVERED OIL TAX RATE PURSUANT TO THE
"NEW MEXICO ENHANCED OIL RECOVERY ACT",
LEA COUNTY, NEW MEXICO.**

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CASE NO. 14964

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by ConocoPhillips Company as required by the
Oil Conservation Division.

APPEARANCES

APPLICANT

ConocoPhillips Company

ATTORNEY

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OTHER PARTY

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STATEMENT OF THE CASE

ConocoPhillips Company ("COP") seeks an order re-authorizing a waterflood project in the Vacuum Glorieta East Unit ("Unit"), to be approved retroactively to first injection pursuant to NMSA 1978, Sections 70-2-6, -11, -12, and 19.15.26 NMAC, that would supersede all previous orders relating to injection and waterflood operations in the Unit. ConocoPhillips seeks authority to inject with the entire Unitized Formation, from a depth of 5,838 feet to a depth of 6,235 feet, as defined in Order No. R-10017. The injection authorization that ConocoPhillips seeks is for eleven wells, with a proposed maximum injection rate of approximately 3000 barrels of water per day, and a maximum injection pressure of 1200 pounds per square inch, as follows:

- a. VGEU #02-021, API # 3002537851, Section 32, 1200 feet from the North line and 525 feet from the East line, injection interval 5926-6101 feet;
- b. VGEU #02-022, API # 3002537852, Section 32, 1765 feet from the North line and 1585 feet from the East line, injection interval 5919-6017 feet;
- c. VGEU #05-003, API # 3002520829, Section 29, 460 feet from the South line and 1980 feet from the East line, injection interval 5985-6122 feet;
- d. VGEU #17-002, API # 3002520864, Section 31, 2080 feet from the South line and 660 feet from the East line, injection interval 6033-6251 feet;
- e. VGEU #19-033, API # 3002540739, Section 32, 968 feet from the South line and 733 feet from the West line, injection interval 5980-6220 feet;
- f. VGEU #19-034, API # 3002540738, Section 32, 2150 feet from the South line and 2233 feet from the West line, injection interval 5970-6170 feet;
- g. VGEU #25-002, API # 3002520886, Section 32, 760 feet from the North line and 1980 feet from the West line, injection interval 5961-6140 feet;

- h. VGEU #25-032, API # 3002540737, Section 32, 1695 feet from the North line and 723 feet from the West line, injection interval 5934-6161 feet;
- i. VGEU #37-003, API # 3002520290, Section 31, 2310 feet from the North line and 1980 feet from the East line, injection interval 5941-6095 feet;
- j. VGEU #37-031, API # 3002540736, Section 31, 969 feet from the North line and 153 feet from the East line, injection interval 5928-6148 feet; and
- k. VGEU #38-003, API # 3002532368, Section 29, 1130 feet from the South line and 1405 feet from the East line, injection interval 5958-6077 feet.

ConocoPhillips further seeks an exception from the hearing requirements for the drilling or conversion of additional wells for injection as necessary to develop or maintain thorough and efficient water flood injection for this project. ConocoPhillips also seeks an order requiring that injection packers in all present and future injection wells in this waterflood project be set as close as practicably possible to the uppermost injection perforations or casing shoe, provided that the injection packer set point remains within the Unitized Formation, as defined by Order No. R-10017. Moreover, ConocoPhillips seeks to qualify this waterflood project for the recovered oil tax rate for enhanced oil recovery projects pursuant to the New Mexico Enhanced Oil Recovery Act. NMSA 1978, §§ 7-29A-1 to -5.

APPLICANT'S PROPOSED EVIDENCE

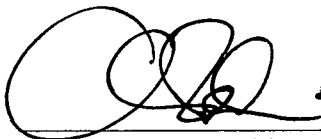
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Thomas Scarborough, Landman	Approx. 15 minutes	Approx. 5
Doug Pecore, Reservoir Engineer	Approx. 30 minutes	Approx. 5
Simon Choi, Petroleum Engineer	Approx. 30 minutes	Approx. 5

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART, LLP

A handwritten signature in black ink, appearing to be 'MF', is written over a horizontal line.

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ATTORNEYS FOR CONOCOPHILLIPS COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this Pre-Hearing Statement was served upon the following counsel of record this 28th day of February, 2013 via electronic mail to:

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A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a cursive 'R' and a trailing flourish.

Adam G. Rankin