

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

**APPLICATION OF BOPCO, L.P. FOR REVOCATION OF INJECTION AUTHORITY
UNDER ADMINISTRATIVE ORDER SWD-1073, EDDY COUNTY NEW MEXICO.**

CASE NO. 15219

**APPLICATION OF BOPCO, L.P. FOR REVOCATION OF INJECTION AUTHORITY
UNDER ADMINISTRATIVE ORDER SWD-542, EDDY COUNTY, NEW MEXICO.**

CASE NO. 15231

PRE-HEARING STATEMENT

Chevron U.S.A, Inc. ("Chevron") and OXY USA, Inc. ("Oxy") jointly submit this pre-hearing statement for Case Nos. 15219 and 15231 as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

BOPCO, L.P.
Post Office Box 2760
Midland, Texas
79702

ATTORNEY

Gary W. Larson
Hinkle, Hensley, Shanor & Martin, L.L.P.
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554
glarson@hinklelawfirm.com

OPPONENT

Chevron U.S.A. Inc.
1400 Smith Street
Houston, Texas 77002

&

OXY USA, Inc.
5 Greenway Plaza
Suite 100
Houston, Texas 77046

ATTORNEY

Michael H. Feldewert
Jordan L. Kessler
Holland & Hart, LLP
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
jlkessler@hollandhart.com

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STATEMENT OF THE CASE

BOPCO seeks revocation of long-standing injection authority granted by the Division to Chevron (2003) and Oxy (1993) for SWD wells. BOPCO's request is based solely on recent, deeper injection operations conducted by Mesquite SWD, Inc. that have apparently impacted BOPCO's production operations in its Poker Lake Unit. Now that Mesquite has agreed to cease these deeper injection operations, no cause exists to now suddenly revoke the long-standing injection authority held by Chevron and Oxy.

Under Case No. 15219, BOPCO seeks an Order from the Division revoking the injection authority granted to Chevron under Administrative Order SWD-1073 for its Lotos 11 Federal Well No. 2 (API 30-015-28821) in Section 11, Township 24 South, Range 31 East in Eddy County. Pursuant to SWD-1073, Chevron has been injecting produced water into the Bell Canyon and Cherry Canyon members of the Delaware Mountain Group through perforations from 4570-5260 feet and 5420-5632 feet, respectively, since 2007. Under Case No. 15231, BOPCO seeks an Order from the Division revoking the injection authority granted to Oxy under Administrative Order SWD-542 for its SDS Federal "11" Well No. 1 (API 30-015-27627) in Section 11, Township 24 South, Range 31 East. Pursuant to SWD-542, Oxy has been injecting water into the Bell Canyon member of the Delaware Mountain Group through perforations no lower than 4822 feet since 1993.

BOPCO alleges in its applications that the approved injection operations by Chevron and Oxy are "adversely impacting producing wells in Applicant's Poker Lake Unit" completed in the lower Brushy Canyon member of the Delaware Mountain Group. BOPCO has made the same allegations with respect to two injection wells operated by Mesquite SWD, Inc. in Sections 11 and 12 of Township 24 South, Range 31 East. *See* Case No. 15192.

Division records reflect that injection in the Mesquite wells commenced in 2011 and 2012 and that at least one of these wells have been injecting by open hole into the lower Cherry Canyon member of the Delaware Mountain Group as low as 7050 feet at pressures up to 1,400 psi. *See* SWD-1269, SWD-649-B, and IPI-435.

Mesquite has recently ceased its injection operations in the lower Cherry Canyon member of the Delaware Mountain Group. The cessation of these recent injection operations has had a positive impact on BOPCO's Poker Lake Unit wells. Given the length of time Chevron (2007) and Oxy (1993) have been injecting water into the Bell Canyon and upper Cherry Canyon members of the Delaware Mountain Group without incident and the fact that cessation of Mesquite's recent injection operations via open hole into the lower Cherry Canyon member has had a positive impact on BOPCO's referenced wells in the Poker Lake Unit, BOPCO's application is not factually supported and fails to support the best interest of conservation, the prevention of waste and the protection of correlative rights.

OPPONENTS' PROPOSED EVIDENCE

WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Tom Clifford, Reservoir Engineer	Approx. 15 mins.	Approx. 5.
Omar Lisigurski, Reservoir Engineer	Approx. 20 mins.	Approx 5.
Jimmy Hughes. Petroleum Engineer	Approx. 15 mins.	Approx. 5.
Dan Pratt, Geologist	Approx. 15 mins.	Approx. 5.
Jarrod Sparks, Reservoir Engineer	Approx. 15 mins.	Approx. 5.

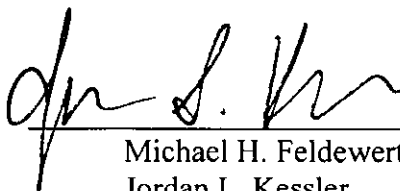
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Kenneth Schwartz, Geologist	Approx. 15 mins.	Approx. 5.
India Isbel, Land Representative	Approx. 15 mins.	Approx. 5.
Kenneth Miller Petroleum Engineer	Approx. 15 mins.	Approx. 5.
Holly Meier Geologist	Approx. 15 mins.	Approx. 5.

PROCEDURAL MATTERS

On October 23, 2014, Chevron and Oxy moved to consolidate Case Nos. 15219 and 15231. See Chevron and Oxy's Motion for Consolidation and Continuance. This Motion has not yet been granted. At this time, Chevron and Oxy reassert that consolidation is appropriate given the substantially similar underlying facts in these cases.

Respectfully submitted,

HOLLAND & HART, LLP



Michael H. Feldewert
Jordan L. Kessler
Post Office Box 2208
Santa Fe, NM 87504-2208
505-988-5521
505-983-6043 Facsimile
mfeldewert@hollandhart.com
jlkessler@hollandhart.com

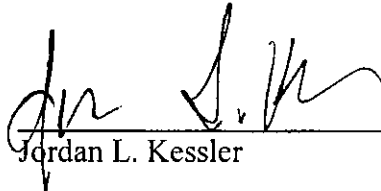
**ATTORNEYS FOR
CHEVRON U.S.A. INC. AND OXY USA, INC**

CERTIFICATE OF SERVICE

I hereby certify that on December 2, 2014, I served a copy of the foregoing document to the following via electronic mail to:

Gary W. Larson
Hinkle, Hensley, Shanor & Martin, LLP
Post Office Box 2068
Santa Fe, New Mexico 875042068
(505) 982-4554
glarson@hinklelawfirm.com

ATTORNEY FOR BOPCO, L.P.



Jordan L. Kessler