

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

RECEIVED OGD
2015 NOV 23 A 8: 22

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

**DEVON ENERGY PRODUCTION COMPANY, L.P.'S
RESPONSE TO OXY USA INC.'S MOTION TO DISMISS AND QUASH SUBPOENA**

Devon Energy Production Company, L.P. ("Devon") submits this response to the motion filed by OXY USA Inc. ("OXY"). In support thereof, Devon states:

A. BACKGROUND.

1. OXY operates the Diamond 34 State Well No. 1 (API No. 30-025-33387), a salt water disposal well (the "SWD 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. Devon filed its application in this case to revoke OXY's injection authority for the SWD Well.

2. Devon operates the North Thistle 34 State Com. Well No. 1H (API No. 30-025-42465), a horizontal well with a surface location 330 feet from the South line and 435 feet from the West line (Unit Letter M) of Section 34, Township 22 South, Range 33 East, N.M.P.M., Lea County, New Mexico, and a terminus approximately 330 from the North line and 380 feet from the West line of Section 34. Devon also has plans to drill a number of other wells nearby.

3. The North Thistle 34 State Com. Well No. 1H was commenced on or about September 1, 2015. While drilling its well, Devon experienced an abnormally high water pressure at an approximate depth of 1,820 feet subsurface, a distance substantially above the

approved injection zone. Devon contacted OXY about the high water pressure, and OXY agreed to shut in the SWD Well while Devon finished drilling its well.

4. Representatives of Devon and OXY have met and have had several other discussions to review this matter. During those discussions Devon provided OXY with several scenarios as to how the high water pressure could have occurred. Devon is also examining possible sources of the high pressure outside of the SWD Well.

5. OXY originally stated that the mechanical integrity test conducted on or about October 1, 2015 verified that the SWD Well was sound and that it did not contribute to the high water pressure. Devon requested OXY to perform additional tests to help resolve the issue, but OXY originally refused.

6. However, OXY informed Devon on November 18, 2015 that it was shutting in the SWD Well to allow additional tests to be performed on it (despite, in its motion, disparaging Devon's application). Obviously there is a problem. For example, attached as Exhibit A is a plat showing the results of mud records in the area of the SWD Well. No abnormal pressures have been found, except in Devon's North Thistle 34 State Com. Well No. 1H. Additional tests are needed on the SWD Well.

7. OXY has now requested that Devon's application be dismissed, or in the alternative continued, and that the subpoena issued on November 10, 2015 be quashed.

B. DISMISSAL OR CONTINUANCE.

8. Devon agrees to a continuance of this case. A continuance is the rational thing to do, rather than dismissing the case. Devon should not be placed under the burden of filing a new application if the SWD Well cannot be proven to be sound.

9. Devon requests that the case be continued to a definite hearing date, so that it does not have to request that the case be placed back on a hearing docket. If all of OXY's proposed tests have not been conducted, another continuance can be granted.

10. Devon also requests that the SWD Well be shut in until a hearing can be held or the well is proven to be sound.

C. SUBPOENA.

11. In its subpoena (attached to OXY's motion), Devon requests several types of documents or information which it needs to adequately prepare for hearing, or to determine if the SWD Well is not a problem. OXY states that the subpoena is "objectionable as seeking confidential information and the documents are subject to various legal privileges." However, it does not state what information is confidential, or what privileges apply.

12. The subpoena is not burdensome. Devon requested production of discrete types of information which can be easily assembled and provided. Devon fails to see which items are confidential. Certainly the SWD Well file, and injection volumes and pressures, are not confidential.

13. As to the tests that OXY has conducted, or which it is going to conduct, they will be provided to the Division, so they will be public records. Certainly if Devon is provided the test information it will be able to timely determine if the well is or is not a problem.

WHEREFORE, Devon requests that:

A. Case No. 15397 be continued to the February 4, 2016 Examiner hearing;¹

B. The SWD Well be shut in pending a hearing in this case, or until this case is dismissed; and

¹ The full hearing schedule for 2016 is not yet available, but a hearing is set for January 7, 2016, so it is assumed there will be a hearing on February 4th.

C. OXY be required to produce the documents listed in the subpoena by December 1, 2016 (or as tests are conducted).

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043


Attorney for Devon Energy Production
Company, L.P.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 20th day of November, 2015 via e-mail:

Michael H. Feldewert
Holland & Hart LLP
P.O. Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

mfeldewert@hollandhart.com



James Bruce

Surface Hole Legend

- Oxy Disposal Well
- ⊙ North Thistle 34 State 1H
- ⊙ Mud Records Not Accessible
- ⊙ Mud Records Available

1 Mile

No abnormal pressure, flows, or mud weights in excess of 10.2 ppg found between 1400' – 5300' after reviewing available mud records in the area.

EXHIBIT

A

