

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

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IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

APPLICATION OF GUARDIAN OPERATING  
CORPORATION FOR AUTHORIZATION TO  
INJECT, EDDY COUNTY, NEW MEXICO.

Case No. 15,483

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Mewbourne Oil Company ("Mewbourne") as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Guardian Operating Corporation

APPLICANT'S ATTORNEY

J. Scott Hall

OPPONENT

Mewbourne Oil Company  
Suite 1020  
500 West Texas  
Midland, Texas 79701

OPPONENT'S ATTORNEY

James Bruce  
P.O. Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attention: Drew Robison  
(432) 682-3715

STATEMENT OF THE CASE

APPLICANT

Applicant seeks authorization to inject produced water into the Cherry Canyon member of the Delaware Mountain Group in the Kirkes SWD Well No. 1, located in Unit J of Section 10 of Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. The well's location is identified by a blue triangle on the Midland Map Co. plat marked as Exhibit A, attached hereto.

### OPPONENT

Mewbourne's acreage near the Kirkes SWD Well No. 1 is highlighted in yellow on Exhibit A. While Mewbourne's acreage is outside the one-half mile area of review, it owns substantial leasehold interests very near to the proposed SWD well.

Mewbourne opposes the application because of the following issues:

1. There are numerous examples of producing wells being adversely affected by injection wells located miles away from the producing wells.
2. The well in Unit K of Section 2, Township 24 South, Range 28 East, NMPM (now P&A'd), was a Cherry Canyon producer with cumulative production of 15 MBO. Therefore, the Cherry Canyon is proven to be productive within 1 mile of the proposed SWD well.
3. The Delaware Mountain Group has anomalously low frac gradients, and there are no frac barriers or impermeable strata to prevent migration of injection fluids outside of the proposed injection interval.
4. If approved, the proposed SWD well could adversely affect both the Brushy Canyon member of the Delaware Mountain Group and the Avalon zone of the Bone Spring formation.

Guardian's wellbore configuration is ideal for sidetracking and deepening to the Devonian formation. The Devonian formation in the area has been proven to be an excellent disposal reservoir which is barren of hydrocarbons. Injection into the Devonian formation would prevent the potential waste of proven productive reserves and allow for more disposal capacity.

### **PROPOSED EVIDENCE**

#### APPLICANT

##### WITNESSES

##### EST. TIME

##### EXHIBITS

#### OPPONENT

##### WITNESSES

##### EST. TIME

##### EXHIBITS

Nate Cless  
(geologist)

20 min.

Approx. 4

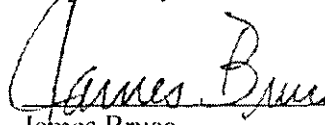
Travis Cude  
(engineer)

20 min.

Approx. 4

PROCEDURAL MATTERS

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", written over a horizontal line.

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

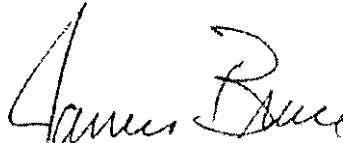
Attorney for Mewbourne Oil Company

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 April, 2016 by e-mail:

J. Scott Hall  
*shall@montand.com*

Ron Morales  
*Ron. Morales@rm01.enmuros.cc.nm.us*

A handwritten signature in cursive script, appearing to read "James Bruce", written over a horizontal line.  
James Bruce

