

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

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

**APPLICATION OF THE NEW MEXICO OIL
CONSERVATION DIVISION THROUGH THE
SUPERVISOR OF DISTRICT II FOR ADOPTION
OF SPECIAL RULES FOR DRILLING IN CERTAIN
AREAS, FOR THE PROTECTION OF FRESH WATER,
CHAVES AND EDDY COUNTIES, NEW MEXICO.**

Case No. 15,487

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Mack Energy Corporation as required by the Oil Conservation Commission.

APPEARANCES

APPLICANT

Oil Conservation Division

APPLICANT'S ATTORNEY

David K. Brooks

OTHER PARTIES

Mack Energy Corporation
P.O. Box 960
Artesia, New Mexico 88211

OTHER PARTIES' ATTORNEYS

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Attention: Jim Krogman
(575) 748-1288

Devon Energy Production Company, L.P.

James Bruce

COG Operating LLC
OXY USA Inc.
Fasken Oil & Ranch, Ltd.

Michael H. Feldewert
Jordan L. Kessler

EOG Y Resources Inc.
Lime Rock Resources

Gary W. Larson

Pecos Valley Artesian Conservancy District	A.J. Olsen Alvin F. Jones Olivia Mitchell
Independent Petroleum Association of New Mexico	Karin V. Foster
Office of the State Engineer	Pablo Seifert
New Mexico Oil & Gas Association	Ryan Flynn

STATEMENT OF THE CASE

APPLICANT

The Division seeks special drilling rules and casing programs for oil and gas wells drilled on certain described lands along a part of the Pecos River Valley.

OTHER PARTIES

Mack Energy Corporation opposes the rules proposed by the Division, for the following reasons:

1. The casing program proposed by the Division is impractical, will make the drilling of wells more complicated, and will substantially increase the cost of drilling.
2. There is no evidence that current drilling procedures have caused fresh water contamination.
3. Regardless of item 2, any potential fresh water contamination can be better achieved with a simple drilling and casing program as proposed by Mack Energy Corporation.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME

EXHIBITS

OTHER PARTIES

WITNESSES

Jim Krogman
(drilling supervisor)

EST. TIME

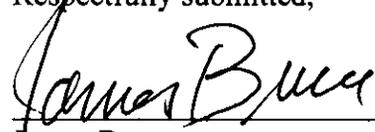
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EXHIBITS

Approx. 2

PROCEDURAL MATTERS

Respectfully submitted,

A handwritten signature in cursive script that reads "James Bruce". The signature is written in black ink and is positioned above a horizontal line.

James Bruce
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Attorney for Mack Energy Corporation

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 21st day of November, 2016 by e-mail:

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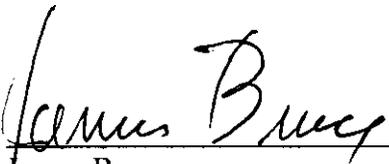
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James Bruce

WELL PROGRAM & SUMMARY				Date:			
WELL			FIEL	CO-67			
Operator: Mack Energy Corporation				Drig. Contractor:			
Location: 330' FNL & 330' FWL Sec 14-T20s-R25e				Rig No.:			
GL Elevation: 3416'				Objective:			
Deviation Survey	Sand Tops & Markers	Depth	Hole Size & Cement	Casing Detail	Perfs & Completion	Max Dog Leg Severity	Artificial Lift
None	None	80'	Pre-Set	20" Conductor	None	None	None
			12 1/4" Bit	Casing 8 5/8"-24#-J-55 ST&C		↑ < 2°	
			1,200'	Cement: 20 bbls. Gelled Water 50 sks. 11# Scavenger Lead: 465 sks Class "C" Plus Additives Yield 1.75 Density 13.5 Tail: 200 sks Class "C" Plus Additives Yield 1.34 Density 14.8		↓	
			7 7/8" Bit	Casing 5 1/2"-17#-L-80 LT&C		↑ < 5°	
			T.D. 3,700'	Cement: 20 bbls. Gelled Water 50 sks. 11# Scavenger Lead: 410 sks 35/65 Poz C Plus Additives Yield 1.91 Density 12.9 Tail: 215 sks PVL Plus Additives Yield 1.48 Density 13.0 Note Top of Tail Slurry 1,200'		↓	
Comments							
1) Mack Energy Corporation submitted six new APD's with this Casing program.							
2) Setting the deeper surface string of casing covers the shallow and deeper aquifers. This practice as been approved for decades and protects the fresh water aquifers.							

Oil Conservation Commission

Case No. 15487

Mack

Exhibit No. 1

WELL PROGRAM & SUMMARY				Date:					
WELL			FIELD	COST					
Operator: Mack Energy Corporation			Location: 330' FNL & 330' FWL Sec 14-T20s-R25e		Drig. Contractor:			Rig No.:	
GL Elevation: 3416.0'					Objective:				
Deviation Survey	Sand Tops & Markers	Depth	Hole Size & Cement			Casing Detail	Perfs & Completion	Max Dog Leg Severity	Artificial Lift
None	None	80'	26" Pre-Set			20" Conductor	None	None	None
		450'	17 1/2" Bit			Casing 13 3/8" 48# J-55 Cement Lead 625 sks Tail: 200 sks		< 2"	
		1,200'	12 1/4" Bit			Casing 8 5/8" 24# J-55 Cement Lead 330 sks Tail: 200 sks		< 2"	
		3,700'	8 1/2" Bit	Casing 5 1/2" 17# L-80 casing Cement Lead: 153 sks Tail: 410 sks		< 5"			
Comments:			Comments:						
1) Daywork: \$23,000 2) 13 3/8" casing \$6,900 3) Cement 13 3/8" casing \$15,000 4) 17 1/2" bit (Rental) \$2,500 5) Water \$6,000 6) Mud additives \$3,500 7) Supervision \$2,200 8) Cutting haul off \$4,400 9) Surface Rentals \$8,300 Total \$71,800.			1) Large hole size causes more drill cuttings to be hauled off for disposal. 2) Difficult to effectively clean hole. 3) Slower drilling rates 4) Cementing issues: a) Difficult to remove mud from hole. b) Pipe Centralization. c) Good pipe standoff ensures uniform flow around casing. d) Flow rate of cement. 5) Increase amount of water used to drill and cement the well.						

Oil Conservation Commission

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Mack

Exhibit No. 2