

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

**APPLICATION OF DELAWARE ENERGY, LLC  
FOR AUTHORIZATION TO INJECT SALT WATER  
FOR PURPOSES OF DISPOSAL THROUGH ITS  
PROPOSED KODIAK SWD #1 WELL,  
EDDY COUNTY, NEW MEXICO**

**CASE NO. 16261**

**PRE-HEARING STATEMENT**

Foundation Minerals, LLC, Mavros Minerals LLC, and Oak Valley Mineral and Land, L.P.  
provide this Pre-Hearing Statement as required by the rules of the Division.

**APPEARANCES**

**APPLICANT**

Delaware Energy, LLC

**APPLICANT'S ATTORNEY**

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**OPPONENT**

Foundation Minerals, LLC, Mavros  
Minerals LLC, and Oak Valley  
Mineral and Land, L.P.

**OPPONENT'S ATTORNEY**

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**STATEMENT OF THE CASE**

Applicant seeks an order authorizing the injection of produced water for disposal purposes through its proposed Kodiak SWD #1, with a surface location 200 feet from the South line and 250 feet from the East line Unit P of Section 5, Township 24 South, Range 27 East, NMPM, Eddy

County, New Mexico. The maximum proposed daily injection rate will be approximately 25,000 barrels per day. The proposed injection will occur within the Devonian formation at a depth of approximately 13,095 feet to 14,095 feet deep. The maximum injection pressure will be 2,792 psi.

Opponents Foundation Minerals, LLC, Mavros Minerals LLC, and Oak Valley Mineral and Land, L.P. are individual entities each owning an interest in the minerals and surface estate of the Black River Ranch, which is located in Sections 2, 3, 4, 9, 10 and 11, Township 24 South, Range 27 East, NMPM, Eddy County, New Mexico. Opponents initially discussed with Applicant their own plans to drill and operate SWD wells on the Black River Ranch, but the parties were unable to come to agreement. Subsequently, Opponents entered into an agreement with 3Bear Delaware Operating - NM, LLC to drill and operate SWD wells on the Ranch. 3Bear has applied to the OCD for a permit for the first of these planned wells—the Carlsbad 960 SWD well.

Applicant filed the instant application shortly after Opponents proposed their SWD plans for the Black River Ranch to Applicant. In total, Applicant has proposed four SWD wells (Cases 16258-16261). In an apparent effort to interfere with Opponents' agreement with 3Bear, all four of Applicant's wells are located directly adjacent to the boundaries of the Black River Ranch. Applicant gave no notice to Foundation Minerals, LLC, Mavros Minerals LLC, Oak Valley Mineral and Land, L.P., or 3Bear of the filing of its SWD applications. Applicant does not have a business lease with the State Land Office and did not get a right of entry to survey from the State. The State Land Office has denied Applicant's location and will not grant Applicant an SWD agreement, business lease or right-of-way. Furthermore, Applicant did not have the surface owners' permission to cross their lands to survey its well locations, and therefore has trespassed. For these reasons—among others to be fully supported at hearing—Opponents oppose the subject well.

## PROPOSED EVIDENCE

### APPLICANT

#### WITNESSES

#### EST. TIME

#### EXHIBITS

Unknown at this time.

### OPPONENT

#### WITNESSES

#### EST. TIME

#### EXHIBITS

Brian Arnold – Landman

10 min.

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## PROCEDURAL MATTERS

None.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: /s/ Seth C. McMillan

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*Attorneys for Foundation Minerals, LLC, Mavros Minerals LLC, and Oak Valley Mineral and Land, L.P.*

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served on the following counsel of record by electronic mail on July 5, 2018:

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/s/ Seth C. McMillan

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