

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

**APPLICATION OF DELAWARE ENERGY, LLC
FOR APPROVAL OF A SALT WATER DISPOSAL
WELL, EDDY COUNTY, NEW MEXICO.**

CASE NO. 16375

DELAWARE ENERGY LLC'S PRE-HEARING STATEMENT

Delaware Energy LLC ("Delaware Energy"), the applicant in the above-referenced case, submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

APPEARANCES

APPLICANT

Delaware Energy LLC
405 N. Marienfeld, Suite 250
Midland, TX 79705

ATTORNEY

Michael H. Feldewert, Esq.
Jordan L. Kessler
Adam G. Rankin
Julia Broggi
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
agrarkin@hollandhart.com
jbroggi@hollandhart.com

OPPONENT

Finley Resources, Inc.

ATTORNEY

Seth C. McMillan
Montgomery & Andrews, P.A.
P.O. Box 2307
Santa Fe NM 87504-2307
505-982-3873
smcmillan@montand.com

APPLICANT'S STATEMENT OF CASE

Applicant filed an administrative application with the Division for an order authorizing injection of produced water for disposal purposes through the Ensico Federal SWD No. 1 at a surface location 1095 feet from the North line, 2090 feet from the West line (Unit B) in Section 35, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico. Delaware Energy seeks authority to inject salt water for disposal purposes through the proposed Ensico Federal SWD No. 1 into the Devonian formation at a depth of approximately 12,750-13,750 feet with an open-hole completion. It anticipates an average disposal rate of 5,000-10,000 BWPD with a maximum daily disposal rate of 17,500 BWPD. The average injection pressure is expected to be 400-1,000 psi with a maximum psi of 2,550.

Finley Resources, Inc., an operator in the area of the proposed injection well, filed a protest opposing the administrative application. The parties were unable to resolve Finley's unspecified concerns. Accordingly, the administrative application was set for hearing before a Division Examiner.

Delaware's proposed injection protects Finley's operations and its correlative rights. Finley has not identified any specific issues or concerns with Delaware's proposed injection. Delaware requests that the injection application be granted.

APPLICANT'S PROPOSED EVIDENCE

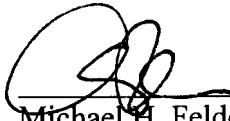
WITNESS Name and Expertise	ESTIMATED TIME	EXHIBITS
Jason Goss, Engineer	Approx. 20	Approx. 5
Kevin Schepel, Geologist	Approx. 20	Approx. 3

PROCEDURAL MATTERS

None at this time.

Respectfully submitted,

HOLLAND & HART LLP



Michael H. Feldewert, Esq.

Jordan L. Kessler

Adam Rankin

Julia Broggi

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

(505) 988-4421

(505) 983-6043 Facsimile

mfeldewert@hollandhart.com

jlkessler@hollandhart.com

agrarkin@hollandhart.com

jbroggi@hollandhart.com

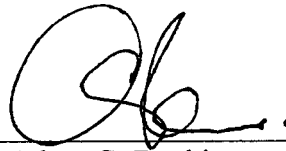
**ATTORNEYS FOR DELAWARE ENERGY
LLC**

CERTIFICATE OF SERVICE

I hereby certify that on September 4, 2018 I served a copy of the foregoing document to
the following counsel of record via Electronic Mail to:

Seth C. McMillan
PO Box 2307
Santa Fe NM 87504-2307
505-982-3873
smcmillan@montand.com

Attorney for Finley Resources, Inc.



Adam G. Rankin