

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

2010 JAN 28 A 11: 34

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

**APPLICATION OF CANO PETRO OF  
NEW MEXICO, INC. FOR INCREASED  
INJECTION PRESSURES FOR WELLS  
IN CHAVES COUNTY, NEW MEXICO**

**Case No. 14425**

**APPLICANT'S PRE-HEARING STATEMENT**

Applicant Cano Petro of New Mexico, Inc. ("Cano") submits this pre-hearing statement as required by the Oil Conservation Division.

**APPEARANCES**

**APPLICANT**

Cano Petro of New Mexico, Inc.  
801 Cherry Street  
Unit 25, Suite 3200  
Fort Worth, TX 76102

**APPLICANT'S ATTORNEY**

Gary W. Larson  
Hinkle, Hensley, Shanor & Martin, LLP  
Post Office Box 2068  
Santa Fe, NM 87504  
505.982.4554  
glarson@hinklelawfirm.com

**OPPONENT**

Gerald D. Mathis  
Mathis Land and Cattle Inc.  
Post Office Box 45  
Kenna, NM 88122

Cano has received a letter that Gerald D. Mathis, President of Mathis Land and Cattle Inc., sent to the Division stating Mr. Mathis' intention to oppose Cano's application and appear at the hearing. The letter does not indicate the basis for Mr. Mathis' opposition. Cano has not received an entry of appearance of counsel for Mr. Mathis and/or Mathis Land and Cattle Inc.

### **STATEMENT OF THE CASE**

Cano seeks an order approving increases in the maximum injection pressures for thirty (30) of its injection wells, all of which are part of Cano's Cato Unit waterflood project and are located in the north-eastern portion of the Cato San Andres Unit in the S SW/4, the W/2 of the SE/4, and the SE/4 of the SE/4 of Section 2, the E/2 of the SE/4 and the SW/4 of the SE/4 of Section 3, the E/2 of Section 10, all of Section 11, the W/2 of Section 12 the NW/4, the N/2 of the SW/4, the SW/4 of the SW/4, and the W/2 of the SE/4 of the SW/4 of Section 13, all of Section 14, and the E/2 of Section 15, Township 8 South, Range 30 East. Cano requests approval of a maximum daily rate of injection into the San Andres Formation of 1,500 barrels of water per day per well and maximum injection pressures per well ranging from 1,270 psi to 1,545 psi. The shallowest perforation in a well that will be utilized for increased injection is 3,300 feet.

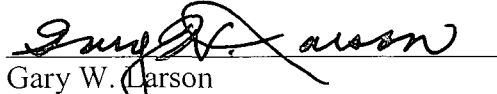
### **PROPOSED EVIDENCE**

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Patrick McKiney (petroleum engineer)	Approx. 15 min.	Approx. 5
Alex Azzizi (petroleum engineer)	Approx. 15 min.	Approx. 8
Keith Masters (independent consultant)	Approx. 15 min	Approx. 5

### **PROCEDURAL MATTERS**

Cano is not aware of any outstanding procedural matters.

HINKLE, HENSLEY, SHANOR &  
MARTIN, LLP



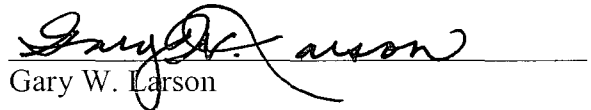
Gary W. Larson  
Post Office Box 2068  
Santa Fe, NM 87504  
505.982.4554

*Attorneys for Cano Petro of New Mexico, Inc.*

**CERTIFICATE OF SERVICE**

I hereby certify that on this 28<sup>th</sup> day of January, 2010, I sent a true and correct copy of the foregoing ***Applicant's Pre-Hearing Statement*** via first class mail to:

Gerald D. Mathis  
Mathis Land and Cattle Inc.  
Post Office Box 45  
Kenna, NM 88122



Gary W. Larson