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

APPLICATION OF OXY USA Inc. FOR SALT WATER DISPOSAL EDDY COUNTY, NEW MEXICO

CASE 12265 (Reopened)

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by OXY USA WTP Limited Partnership as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

ATTORNEY

OXY USA WTP Limited Partnership 580 Westlake Park Blvd. Houston, Texas 77210 attn: Rick Foppiano 281-552-1303 W. Thomas Kellahin KELLAHIN & KELLAHIN Santa Fe, NM 87504 (505) 982-4285 Pre-Hearing Statement NMOCD CASE 12265 (Reopened) Page 2

STATEMENT OF THE CASE

Division Order R-11328 approved OXY USA Inc. (now "OXY USA WTP Limited Partnership") request to convert its Government Well No 9 in Unit A of Section 10, T20S, R28E to a salt water disposal well for injection into the Bone Springs formation of the Old Millman Ranch-Bone Spring Associated Pool. Within the 1/2 mile area of review there are two Morrow gas wells both operated by OXY which do not have cement across the injection interval. Order R-11328 approved OXY proposal to monitor these wells and not to perform remedial cement operations on these wells until such time as water breaks into either of these wellbores or is detected in nearby Bone Springs producers also operated by OXY.

OXY will report on the status of the disposal well and the monitoring provision of Order R-11328 and will request that Order R-11328 remain in effect.

PROPOSED EVIDENCE

APPLICANT

WITNESSES

EST. TIME EXHIBITS

Richard C. Foppiano (petroleum engineer)

30 min.

@ 8 exhibits

PROCEDURAL MATTERS

None

KELLAHIN AND KELLAHIN

W. Thomas Kellahin