

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

**APPLICATION OF TARGA NORTHERN
DELAWARE, LLC FOR AUTHORIZATION TO
INJECT, LEA COUNTY, NEW MEXICO.**

CASE NO. 23463

MOTION FOR CONTINUANCE

Pursuant to 19.15.4.13.C NMAC, EOG Resources, Inc. respectfully moves the Commission for an order continuing this case until the next available Commission hearing docket.

As grounds, EOG states the following:

1. EOG operates a substantial portion of the acreage and wells around Targa's proposed location for its Red Hills AGI #3 well. Within two miles, EOG operates 42 active producing wells, with 31 additional planned wells permitted or pending approval and the potential for more targets. EOG has a significant interest in preserving the integrity and safety of its ongoing development.

2. While recognizing the need for additional sour gas treatment and disposal capacity in the area, EOG has substantial concerns over prominent faulting located closer than half a mile to Targa's proposed bottomhole location that could provide a pathway for migration of treated acid gas into vertically offsetting hydrocarbon zones, among other potential adverse effects.

3. EOG is not the first operator to raise such concerns. In 2020, NGL Water Solutions Permian, LLC ("NGL") moved to dismiss applications for two of its Devonian produced water disposal wells pending approval before the Division after "NGL became aware of additional information indicating the existence of significant faulting in the area of the

proposed well locations that raises concerns regarding the suitability of such locations for injection.” See NGL Request for Dismissal of Applications, Case Nos. 20141 and 20142, attached as **Exhibit A** (emphasis added).

4. However, NGL did not simply withdraw its cases. It took the unusual step of “alert[ing] the Division to potential problems with locating injection wells in the area of concern identified in the testimony and exhibits presented on the record at the hearing on these matters.” *Id.*

5. NGL presented the testimony of its expert witness, Todd Reynolds, Managing Director of FTI Platt Sparks, who advised that the mapped faults present “concerns related to limited injectivity due to boundary effects caused by the faults, and potential confinement concerns in close proximity to the faults.” See Affidavit of T. Reynolds, Case Nos. 20141 and 20142, attached as **Exhibit B**. At the time of his testimony in 2020, Mr. Reynolds had more than 35 years’ experience as a geophysicist and geologist, focused on horizontal drilling in fractured reservoirs and using 3D seismic data. Given the seriousness of these concerns, Mr. Reynolds recommended the Division consider significant limitations on future injection within what he described as a “buffer” area around the mapped faults. *Id.* (emphasis added).

6. Exhibit B to Mr. Reynold’s affidavit is an exhibit he prepared showing the approximate location of the mapped faulting giving rise to his concerns. Targa’s proposed AGI #3, with a target injection interval of between approximately 16,055 feet to 18,087 feet deep, is proposed to have a bottomhole location approximately 1,338 feet from the north line and 354 feet from the east line of Section 13, in Township 24 South, Range 33, East. That location is well within the “buffer” area Mr. Reynolds identified.

7. A review of the wells identified in the map within the half-mile and 3/4-mile buffers proposed by Mr. Reynolds reflects that each proposed well has either been withdrawn, such as the Sparrow in Case No. 20141 and the Trident in Case No. 20142, or taken under advisement after hearing before the Division but not approved.

8. Exhibit A attached to Mr. Reynold's affidavit is a structural cross-section depicting the scale of the considerable fault displacement across Targa's proposed injection zone.

9. On its face, however, Targa's C-108 application gives no consideration to these substantial concerns; indeed, the only time the word "fault" appears in the application is when Targa states it has found no evidence of open faulting. *See* Targa C-108 at p. 34. Given the lack of analysis in the application addressing faulting and its associated risks, EOG requires more time to conduct its own technical review of the proposed injection, the target injection zone, and potential impacts.

10. While Targa's application was filed with the Commission on February 20, 2023, EOG did not receive notice until April 24, 2023. EOG has had little more than a week to initiate its review of the application and coordinate technical discussions with Targa on these grave issues. That is simply not enough time.

11. Even if Targa were to identify a new proposed location for the proposed AGI #3 based on EOG's concerns, a continuance still would be necessary to provide proper notice to affected parties and EOG a reasonable opportunity to assess the updated location. Accordingly, EOG requests a continuance until the next available Commission hearing docket.

12. Counsel for EOG conferred with counsel for Targa Northern Delaware, LLC ("Targa"), however, Targa was unable to confirm its position on the requested continuance at the

time this motion was filed. The Oil Conservation Division takes no position on the motion. Matador Production Company supports the motion for continuance.

WHEREFORE, EOG respectfully requests the Commission grant this motion and enter an order continuing the hearing in this case until the next available Commission hearing.

Respectfully submitted,

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ATTORNEYS FOR EOG RESOURCES, INC.

CERTIFICATE OF SERVICE

I hereby certify that on May 4, 2023, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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EXHIBIT A

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

APPLICATIONS OF NGL WATER SOLUTIONS
PERMIAN, LLC FOR APPROVAL OF SALT WATER
DISPOSAL WELLS IN LEA COUNTY, NEW MEXICO

Case Nos. 20141 and 20142

REQUEST FOR DISMISSAL OF APPLICATIONS

Applicant NGL Water Solutions Permian, LLC ("NGL") requests that the Oil Conservation Division dismiss the Applications in Case Nos. 20141 (Sparrow SWD #1) and 20142 (Trident SWD #1), copies of which are attached hereto as Exhibits 1A and 1B, respectively. Following the filing of the Applications, but prior to the hearing on these cases, NGL became aware of additional information indicating the existence of significant faulting in the area of the proposed well locations that raises concerns regarding the suitability of such locations for injection. Given these concerns, NGL has decided to withdraw these Applications, and alert the Division to potential problems with locating injection wells in the area of concern identified in the testimony and exhibits presented on the record at the hearing on these matters.

Respectfully submitted,

ABADIE & SCHILL, P.C.

/s/ Lara Katz

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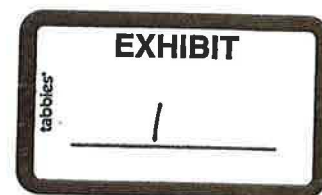


EXHIBIT A

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel on this 23rd day of January, 2020:

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/s/ Lara Katz

Lara Katz

EXHIBIT B

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

APPLICATIONS OF NGL WATER SOLUTIONS
PERMIAN, LLC FOR APPROVAL OF SALT WATER
DISPOSAL WELLS IN LEA COUNTY, NEW MEXICO

Casc Nos. 20141 and 20142

AFFIDAVIT OF TODD REYNOLDS

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Todd Reynolds, make the following affidavit based upon my own personal knowledge.

1. I am over eighteen (18) years of age and am otherwise competent to make the statements contained herein.

2. I am a Managing Director at the consulting firm FTI Platt Sparks where I conduct geologic and geophysical studies for our clients.

3. I hold a bachelor's degree in geophysics and geology from the University of Texas. I worked for an independent geophysics and geologic exploration company for 15 years, focusing primarily on horizontal drilling in fractured reservoirs, as well as using 3D seismic data to define bright spots and gas reserves along the Gulf Coast. I then ran my own consulting company for 15 years, and I have been with FTI Platt Sparks for the last 5 years or so.

4. I was retained by NGL Water Solutions Permian, LLC ("NGL") to conduct fault slip probability analyses for these applications. I have conducted similar studies for NGL's prior applications, and I have previously testified before the New Mexico Oil Conservation Division ("Division") where I was qualified as an expert in geology matters.



EXHIBIT B

5. I am familiar with the applications that NGL has filed in Case Nos. 20141 and 20142.

6. My evaluation of these applications has revealed that significant faulting exists in the area of the proposed well locations, as identified on Exhibit A attached hereto.

7. Exhibit A is a structural cross-section labeled A-A' that traverses the Subject Area from west to east. This cross-section incorporated along with structural mapping at the top of the Devonian formation identifies several faults in this area.

8. Fault Slip Potential ("FSP") modeling shows that these faults are at low risk for induced seismicity related to saltwater disposal operations. This is primarily due to the orientation of the faults such that they are not considered critically stressed.

9. However, despite the relatively low risk for induced seismicity, these faults present other concerns related to limited injectivity due to boundary effects caused by the faults, and potential confinement concerns in close proximity to the faults.

10. Given these concerns, I would recommend that the following approach be taken for applications in the Subject Area shown on Exhibit B hereto:

- a. In the area within a ½ mile setback or "buffer" distance from the fault, highlighted in red on Exhibit B, no new injection/disposal wells should be permitted or allowed to inject fluids into formations below 15,000 feet.
- b. In the area between the ½ mile buffer out to a ¾ setback distance, depicted by the blue dashed line on Exhibit B, any injection/disposal wells should be limited to a maximum daily injection rate of 20,000 barrels per day into formations below 15,000 feet.

EXHIBIT B

11. It is my opinion that this framework represents a conservative, cautionary approach to the Subject Area that will best advance the interests of conservation and the prevention of waste.

12. I attest that the information provided herein is correct and complete to the best of my knowledge and belief.

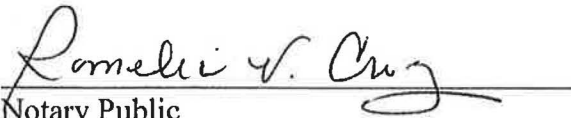
[Signature page follows]

EXHIBIT B



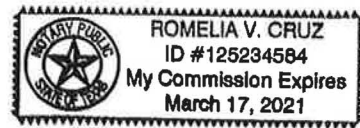
Todd Reynolds

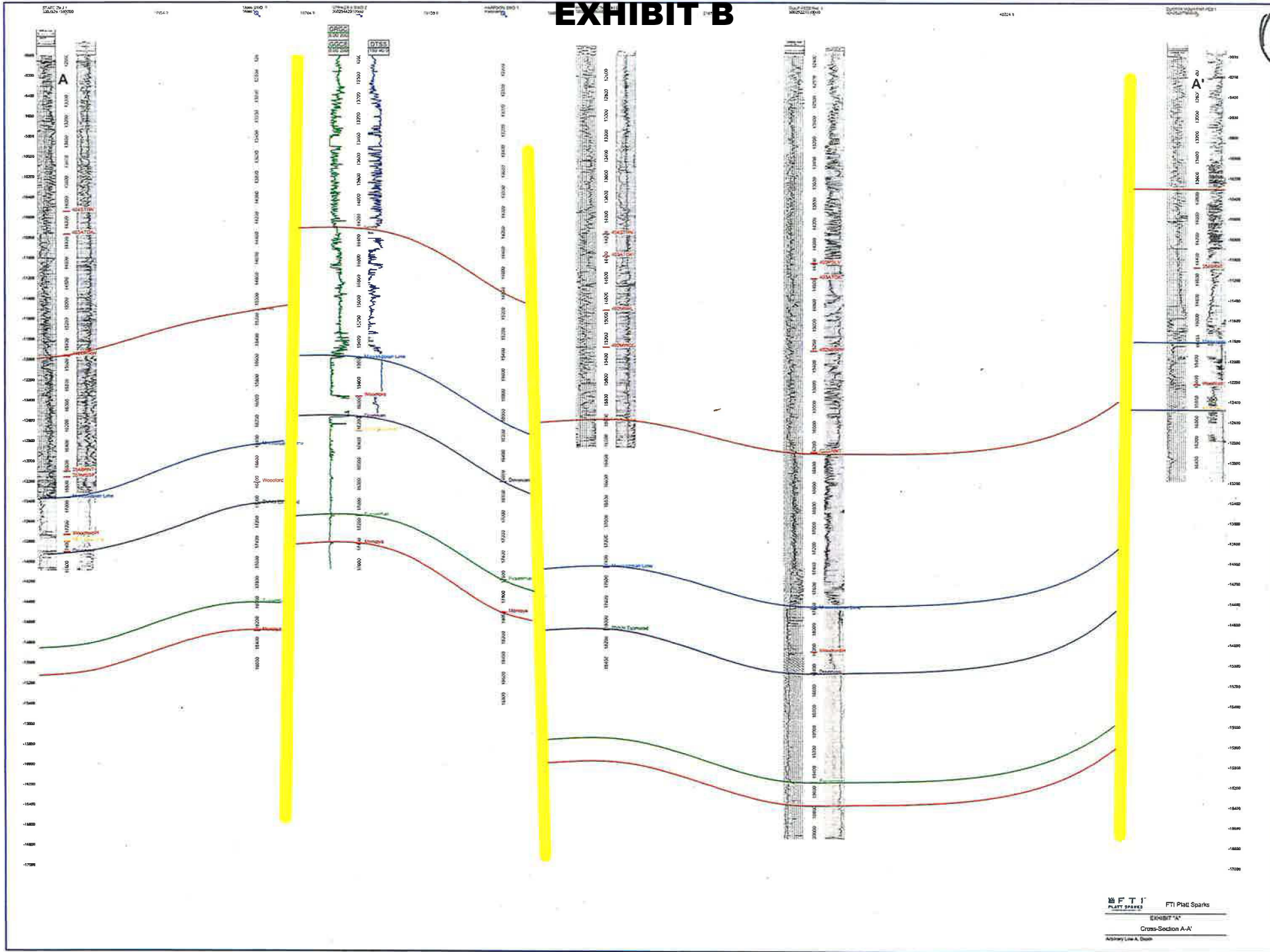
SUBSCRIBED AND SWORN to before me this 22nd day of January 2020 by Todd Reynolds.



Notary Public

My commission expires: March 17, 2021





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