

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

**APPLICATION OF NORTHWIND  
MIDSTREAM PARTNERS LLC FOR  
APPROVAL OF AN ADDITIONAL  
REDUNDANT ACID GAS INJECTION WELL  
AND TO AMEND ORDER NO. R-20913, AS  
AMENDED, AND SWD-2622 TO AUTHORIZE  
AN INCREASED SHARED MAXIMUM  
DAILY INJECTION RATE, LEA COUNTY,  
NEW MEXICO.**

**CASE NO. 24881  
ORDER NO. R-20913-D, AS AMENDED**

**APPLICANT'S PREHEARING STATEMENT**

Northwind Midstream Partners LLC ("Northwind") (OGRID No. 331501), through its undersigned counsel, submits this Prehearing Statement pursuant to the rules of the Oil Conservation Commission.

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**APPLICANT'S STATEMENT OF CASE**

In this case, Northwind seeks an order (1) authorizing injection of treated acid gas ("TAG") for purposes of disposal into the proposed Titan AGI #4 well as an additional redundant acid gas injection ("AGI") well, and (2) to further amend Order No. R-21093-D, as amended, and SWD-2622 to authorize a shared maximum daily injection rate of 28.8 million standard cubic feet per day (MMSCFD) of treated acid gas ("TAG") for disposal through either or both its permitted Salt Creek AGI #2 well or the proposed Titan AGI #4 well.

The proposed Titan AGI #4 will provide additional redundancy with respect to acid gas disposal operations at Northwind's Titan Treating Facility. The Facility is currently serviced by

the existing Salt Creek AGI #3 well, which is a shallow Delaware Mountain Group AGI well (API No. 30-025-51865). Northwind is also currently drilling the approved Salt Creek AGI #2 well (API No. 30-025-53388), which was authorized by the Commission as a redundant AGI well to inject into the Siluro-Devonian formation. The C-108 filed with the application also requests, and provides the technical basis to authorize, a shared maximum daily injection rate of 28.8 million standard cubic feet per day (MMSCFD) of treated acid gas (“TAG”) for disposal into either or both its Salt Creek AGI #2 or the proposed Titan AGI #4 wells.

The proposed Titan AGI #4 well will be drilled as a deviated well with a surface location of approximately 2,529 feet from the north line (FNL) and approximately 617 feet from the west line (FWL) of Section 21, to a bottom hole location at approximately 1,100 FNL and 66 feet FWL in said Section 21, within Township 26 South, Range 36 East, Lea County, New Mexico. The proposed injection zone for the Titan AGI #4 well will target the geologic formations of the Siluro-Devonian, including the Devonian, Wristen, and Fusselman formations, between depths of approximately 17,570 to 19,130 feet. The injection stream will consist of TAG comprised of approximately 80 percent carbon dioxide and 20 percent hydrogen sulfide from oil and gas wells in the area. The proposed maximum allowable operating pressure (“MAOP”) requested for the Titan AGI #4 is approximately 5,811 psig. At the anticipated bottom-hole conditions of 250 °F and 8,300 psi, each MMSCF of TAG will occupy a reservoir volume of approximately 383 barrels.

Upon approval, the Titan AGI #4 well will be the second deep (i.e., Siluro-Devonian) AGI well at the Facility, and as such, it is proposed that the requested 28.8 MMSCFD reflect a combined allowable injection volume to be shared with the approved Salt Creek AGI #2 well, currently authorized to inject up to 12 MMSCFD under Order No. R-20913-D, as amended, and SWD-2622.

In total, after the Titan AGI #4 well is approved, there will be three service-ready AGI wells to accommodate gas disposal to reduce waste and field flaring in the event any one well experiences downtime. Approval of the Titan AGI #4 well will provide redundancy for Northwind's Titan facility, increasing operational reliability and thereby helping to decrease emissions from oil and gas operations by reducing or eliminating routine flaring. Moreover, the proposed AGI project has substantial environmental benefit of greenhouse gas reduction due to the permanent sequestration of CO<sub>2</sub>, which otherwise would be released to atmosphere

Notwithstanding these substantial benefits, Desert Ram South Ranch, Inc. opposes the application. It has filed an entry of appearance in this case and objects to Northwind's application on the assertion that the proposed injection will result in a trespass of Desert Ram's subsurface pore space. Desert Ram's objections should be set aside and Northwind's application should be approved on the merits for at least the following reasons.

First, Desert Ram has no standing because it is not a proper party to this proceeding. Protests are limited to those persons required to receive notice under NMAC § 19.15.4.10(A)(2). Those persons are limited to "each owner of the land surface on which each injection or disposal well is to be located . . . and other affected persons . . . within any tract wholly or partially contained within one-half mile of the well." NMAC § 19.15.26.8(B)(2). Desert Ram is neither a surface owner nor an "affected person" for purposes of Northwind's Application. Desert Ram does not own the land surface on which Northwind's existing well and proposed well are located. *Cf.* Desert Ram's Mot. at p. 2 ("Desert Ram owns the neighboring and adjoining property . . ."). Desert Ram also is not an "affected person" within the meaning of the regulation. Under Section 19.15.2.7(A)(8), affected persons are limited to the following pertinent entities: "(a) the operator . . . of a well on the tract, or . . . the designated unit operator; " "(b) in the absence of an operator,

or with respect to an application wherein the operator of the spacing unit or identified tract is the applicant, each working interest owner; ” and “(c) as to any tract or interest therein that is not subject to an existing oil and gas lease, each mineral interest owner.” Desert Ram is not the well operator or designated unit operator, it is not a working interest owner, and it is not a mineral interest owner, either. *See* Mot. at p. 2. It simply claims ownership of surface land and pore space on adjacent tracts. *Id.*

Desert Ram also is not entitled to intervene in this proceeding. Only a “person with standing with respect to the case’s subject matter may intervene.” NMAC § 19.15.4.11(A). But Desert Ram does not own a mineral interest in any of the relevant lands—again, it only owns surface land and pore space in offsetting tracts. Accordingly, Desert Ram cannot claim an impairment of correlative rights, nor can it claim waste because the relevant injection interval is non-hydrocarbon bearing and they own no mineral interest. Therefore, Desert Ram is not an affected party, so has no standing to object to Northwind’s application.

Second, Desert Ram’s objections alleging trespass to pore space are not legally cognizable before the Commission. The New Mexico Supreme Court and the Commission have made clear that subsurface trespass disputes have no place in administrative proceedings like this. For example, in Case No. 13589, the Commission granted a permit for its proposed acid gas injection operation. *See* Order No. R-12546, at ¶¶ 22–27. Although there was “some evidence that fluids injected pursuant to the license granted by [the Commission’s] order might migrate beyond the lateral limits of the particular tract on which the injection facility will be located,” the Commission nonetheless concluded that “it is unnecessary that the Commission make a finding with respect to that possibility.” *Id.* at ¶ 26. Citing *Snyder Ranches*, the Commission explained that if “activity conducted within the scope of the permit exceeds those property rights, this would be a matter for

adjudication in the courts, and not within the jurisdiction or competence of the Commission.”  
 Order No. R-12546, at ¶ 26 (emphasis added); *see also* Order No. R-11855-B, at ¶ 24 (holding “that a salt water disposal permit . . . is merely a license to inject and does not confer any specific property rights on the holder. Thus, the issue of subsurface trespass is the responsibility of the operator.”).

Finally, because Desert Ram owns only a surface interest its objections do not implicate “correlative rights” or “waste,” which are limited to mineral rights. *See, e.g.*, NMAC § 19.15.2.7(W)(1)(a) (defining correlative rights); *see id.* and NMSA § 70-2-3(A) (defining “waste”).

Approving Northwind’s application will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

### **APPLICANT’S PROPOSED EVIDENCE**

<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
David White, PG, M.S., Geolex Inc. Geology, Hydrogeology, Seismic Interpretation/Fault-Slip, AGI Operation	Approximately 1 hour	<ul style="list-style-type: none"> <li>• <b>Ex. A</b> - Application and C-108</li> <li>• <b>Ex. B</b> - Slide Presentation (~48 slides)</li> <li>• <b>Ex. C</b> – Special Warranty Deeds</li> <li>• <b>Ex. D</b> – Notice Affidavit</li> <li>• <b>Ex. E</b> – Affidavit of Notice</li> </ul>

### **Summary of Testimony**

Mr. White will testify on all technical aspects of Northwind’s application, including providing an overview of the geology, the AGI system design and operations, reservoir modeling and injection simulation, evaluation of fault-slip potential and induced seismicity risk assessment, and all other elements of the C-108 application. In addition, Mr. White will provide an overview of the notice provided pursuant to regulations and will introduce Northwind’s

Special Warranty Deed for the location of the injection, establishing a good-faith basis for the company's right to conduct injection operations at the proposed location.

Northwind reserves the right to present additional testimony and exhibits through rebuttal witnesses.

**PROCEDURAL MATTERS**

Desert Ram South Ranch, Inc. has a pending Motion to Stay Northwind's Application. Northwind has filed a response opposing the motion. The motion remains unresolved.

DATED: March 13, 2025

Respectfully submitted,

**HOLLAND & HART LLP**

By: 

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**ATTORNEYS FOR NORTHWIND MIDSTREAM  
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**CERTIFICATE OF SERVICE**

I hereby certify that on March 13, 2025, a true and correct copy of the foregoing pleading and exhibits were served upon counsel of record and filed with the Commission as follows:

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QUESTIONS

Action 442407

QUESTIONS

Operator: Northwind Midstream Partners LLC 811 Louisiana St Houston, TX 77002	OGRID: 331501
	Action Number: 442407
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
Please assist us by provide the following information about your testimony.	
Number of witnesses	Not answered.
Testimony time (in minutes)	Not answered.