

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

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

CASE NO. 20474

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

**OIL CONSERVATION DIVISION'S ENTRY OF APPEARANCE AND
PRE-HEARING STATEMENT**

The New Mexico Oil Conservation Division ("the Division") enters its appearance in this case. The Division hereby submits its Pre-Hearing Statement for the hearing scheduled on Thursday, July 25, 2019.

PARTIES

Applicant:

For Solaris Water Midstream, LLC

ATTORNEYS

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Intervenor:

THE NEW MEXICO OIL CONSERVATION
DIVISION

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Department
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STATEMENT OF THE CASE

Applicant seeks an order to inject up to 40,000 barrels of produced water per day (BWPD) into the Silurian-Devonian formations at a depth interval from approximately 12,333 feet to 14,133 feet below surface through its Texas Ranger SWD Well No. 1 (the “proposed well”) to be drilled at a surface location 200 feet from the South line and 1,580 feet from the East line (Unit O) in Section 6, Township 21 South, Range 27 East, NMPM, in Eddy County, New Mexico. Applicant further seeks approval for the use of a tapered tubing set with 5½-inch diameter tubing inside the 7⅝-inch diameter liner and 7-inch diameter tubing in the casing strings above the liner. Applicant proposes the well as a commercial operation for the purpose of disposal of produced water from multiple sources.

Following an initial review of administrative application, the Division communicated to the Applicant that the proposed well’s location was not acceptable due to subsurface issues and the high potential for impact to Underground Sources of Drinking Water (USDWs). With this input, the Applicant proposed a second location for the proposed well within the same area. The alternate is a surface location 3000 feet from the South line and 275 feet from the East line (Unit H) in Section 6, Township 21 South, Range 27 East, NMPM, in Eddy County, New Mexico.

The Division opposes issuance of an order for authority to inject for the proposed well at either the location proposed in the administrative application or the alternate location due to the high probability for the cement of the surface casing to be deficient and not protective of the shallow ground water (and related vadose zone) in this area which is an USDW. The Division’s review of the well files for nine existing well surrounding the proposed well identified eight as having poor cement construction for the surface casing. This pattern of poor cementing is believed

to be directly related to the karst geology of the area which also is a hydrologic element of the shallow aquifer.

The potential impacts from the substandard construction of surface casing is further amplified by the well construction for those wells withdrawing water from the shallow aquifer. Poor cementing with any associated migration of disposal fluids will have a greater opportunity for communication with the groundwater wells due to the annular construction of these wells with gravels to approximately 20 feet below surface.

Additionally, the Division notes that the Applicant did not identify the Capitan Reef aquifer in the area of the proposed well as an USDW [see Applicant's Form C-108, Section VIII. *Geological Data*; B. *Underground Sources of Drinking Water*]. This failure to characterize this USDW is further emphasized in the proposed well design which uses a single string of casing (see Applicant's Form C-108; the 13 $\frac{3}{8}$ -inch intermediate casing) to seal both the Capitan Reef interval and the Salado Formation, the potash and salt interval. This proposed well completion is not acceptable to either the Bureau of Land Management or the Oil Conservation Division since this method will bring the Salado Formation in communication with the USDW during drilling resulting in degradation of the USDW and the increase probability of future migration of fluids due to improper placement of cement.

It is the Division's position that the approval of the proposed well, as located either in the application or the alternate location, does not conform to the Division's effort to appropriately manage the UIC program for its mission in support oil and gas production while being protective of the environment.

WITNESSES TO BE CALLED BY THE DIVISION

<u>Name</u>	<u>Employer</u>	<u>Position</u>	<u>Field(s) of Expertise</u>
Phillip Goetze, PG	NMEMNRD	Geoscientist and Hearing Examiner	Geology, UIC program, hydrology, Division permitting procedure

Time for Presentation: 30 minutes

PROCEDURAL MATTERS

The Division may require a continuance of the case due to the Division's witness serving jury duty for the New Mexico Second Judicial District Court between July 8th and July 26th.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following party
by email on June 18, 2019.

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For Solaris Water Midstream, LLC

A handwritten signature in blue ink that reads "David K. Brooks". The signature is fluid and cursive, with a long horizontal stroke at the end.

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