

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 NOS: 21129

APPLICATION OF LONGWOOD WATER MANAGEMENT
COMPANY LLC FOR AUTHORIZATION TO INJECT
INTO THE FLOWERS SWD NO. 3,
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

MARCH 5, 2020

SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, EXAMINERS FELICIA ORTH KATHLEEN MURPHY, PHILLIP GOETZE on Thursday, March 5, 2020 at the New Mexico Energy, Minerals, and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102
505-843-9241

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A P P E A R A N C E S

For the Applicant:

I N D E X

CASE CALLED
SUMMARY OF CASE AND EXHIBITS
TAKEN UNDER ADVISEMENT
REPORTER CERTIFICATE

E X H I B I T I N D E X

Admitted

Exhibit 1 and Attachments
Exhibit 2 and Attachments
Exhibit 3 and Attachments
Exhibit 4 and Attachments

1 HEARING EXAMINER ORTH: Move to matter 21129,
2 applicant Longwood Water, Well Flowers SWD.

3 MR. RANKIN: Good morning, Madam Examiner. Adam
4 Rankin with the Santa Fe office of Holland & Hart appearing
5 on behalf of the applicant in this case. We will be
6 presenting this case by affidavit.

7 There is no objection by the State Land Office
8 who also entered an appearance.

9 MS. ANTILLON: Andrea Antillon on behalf of the
10 State Land Office, and we have no objection.

11 HEARING EXAMINER ORTH: Thank you, Ms. Antillon.

12 MR. RANKIN: Good morning, Ma'am Examiner, may it
13 please the Division. Before you is an exhibit packet
14 containing four exhibits. This case was originally filed
15 for administrative approval for authorization to inject for
16 disposal purposes.

17 There was one protest by the State Land Office,
18 therefore this case has been moved to the hearing docket.
19 Exhibit 1 or Exhibit A in the packet is the affidavit of the
20 landman, Brooks Verschoyle, who previously testified before
21 the Division and his credentials as an expert in landman has
22 been accepted by the Division.

23 In his affidavit he reviewed the location of the
24 proposed injection well, as well as attachments to his
25 affidavit is a copy of the C-108 that was filed

1 administratively. Exhibit 1 to his affidavit is the C-108.
2 As I mentioned, it is complete and includes a statement from
3 the geologist that there are no conduits or other
4 connectivities between the injection zone and underground
5 sources of fresh water.

6 Exhibit B in the application packet is a copy of
7 the affidavit prepared by myself, my office, reflecting we
8 provided notice of today's hearing to the State Land Office,
9 the sole protestant in this case, followed by a letter sent
10 out giving notice of today's hearing and confirmation that
11 notice was sent by certified mail and received by the State
12 Land Office.

13 Exhibit C in the application packet is a
14 statement that is the affidavit of Dr. Edmund Frost III, who
15 has previously testified before the Division and had his
16 credentials as an expert in petroleum geology accepted by
17 the Division.

18 In it Dr. Frost reviews the geology, stratigraphy
19 in the area for the proposed interval. In addition,
20 Dr. Frost has prepared a fault slip potential model which is
21 attached to his affidavit as Exhibit Number 1. That model
22 reviews his effort to identify any fault slip potentials
23 with respect to the proposed injection, as well as
24 offsetting injection within the several mile area.

25 In his affidavit he confirms he has not

1 identified any significant risk of fault slip -- of the
2 fault slip as a result of the proposed injection, as well as
3 with all the injection of the surrounding wells.

4 Exhibit D is a copy of Mr. Brad Robinson's
5 affidavit. He is a petroleum engineer that previously
6 testified before the Division and had his credentials as an
7 expert accepted. In this affidavit Mr. Robinson reviews the
8 area of review, as well as the proposed well construction
9 for the injection well and confirms there is no risk of
10 injection fluids escaping through any of the wells within
11 the area of review to other sources of drinking water or
12 through impact potential production in offsetting acreage.

13 With that if there are no further questions or no
14 questions, I would ask that that Exhibits A, B, C and D with
15 their attachments be accepted into the record.

16 HEARING EXAMINER ORTH: Questions, Ms. Murphy?

17 EXAMINER MURPHY: It's a new well; correct?

18 MR. RANKIN: That's correct.

19 EXAMINER MURPHY: And what's the depth on it?

20 EXAMINER MURPHY: 2927.

21 MR. RANKIN: The injection interval will be from
22 15927 feet to approximately 17,871 feet below ground.

23 EXAMINER MURPHY: And the pressure is .2, you
24 have that, is that somewhere?

25 MR. RANKIN: You are asking about the maximum

1 injection pressure? The maximum proposed operating pressure
2 will be 3385, psi and that's based on the Division's
3 guidance of .2 psi per foot at the top-most perforation.

4 EXAMINER MURPHY: And 50,000 is a maximum, or
5 60,000 barrels per day? Where is the water coming from? Is
6 it several sources.

7 MR. RANKIN: Several sources, and it's contained
8 in the C-108 itself. See if I can find where the -- on Page
9 8 of the Exhibit A 1, which is the C-108 itself. You will
10 see under item Roman Numeral VII there is a description of
11 the location, the sourcing of the produced water that will
12 be injected mainly from the Bone Spring and Wolfcamp
13 Delaware wells.

14 EXAMINER MURPHY: And is it commercial.

15 MR. RANKIN: It will be.

16 EXAMINER MURPHY: And it was originally filed as
17 an administrative.

18 MR. RANKIN: That's correct.

19 EXAMINER MURPHY: And it was objected by the
20 State Land Office.

21 MR. RANKIN: Correct.

22 EXAMINER MURPHY: And what was the reason for
23 their objection?

24 MR. RANKIN: You will have to direct that
25 question to the State.

1 EXAMINER MURPHY: I have no further questions.

2 MR. RANKIN: Thank you very much.

3 HEARING EXAMINER ORTH: Thank you, Mr. Rankin.

4 Ms. Antillon?

5 MS. ANTILLON: Yes, thank you. The State Land
6 Office has a brief statement. I want to say the State Land
7 Office is reviewing the application and has concerns with
8 the saltwater disposal well spacing due to close proximity
9 to state trust land.

10 HEARING EXAMINER ORTH: Thank you. The packet is
11 accepted and be taken under advisement.

12 MR. RANKIN: Thank you very much.

13 (Exhibits A through D admitted.)

14 (Taken under advisement.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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6 I, IRENE DELGADO, New Mexico Certified Court
7 Reporter, CCR 253, do hereby certify that I reported the
8 foregoing proceedings in stenographic shorthand and that the
9 foregoing pages are a true and correct transcript of those
10 proceedings that were reduced to printed form by me to the
11 best of my ability.

12 I FURTHER CERTIFY that the Reporter's Record of
13 the proceedings truly and accurately reflects the exhibits,
14 if any, offered by the respective parties.

15 I FURTHER CERTIFY that I am neither employed by
16 nor related to any of the parties or attorneys in this case
17 and that I have no interest in the final disposition of this
18 case.

19 Dated this 5th day of March 2020.

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Irene Delgado, NMCCR 253
License Expires: 12-31-20

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