

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: 21145

APPLICATION OF FOUNDATION ENERGY MANAGEMENT LLC
FOR APPROVAL OF A SALT WATER DISPOSAL WELL,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

May 28, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before the New Mexico Oil Conservation Division, EXAMINERS FELICIA ORTH, KATHLEEN MURPHY, DYLAN COSS, SCOTT COX and BAYLEN LAMKIN on Thursday, May 28, 2020, through 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
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505-843-9241

A P P E A R A N C E S

For the Applicant:

MANI LITTLE & WORTMAN PLLC
PHILLIP MANI
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Ft. Worth, TX 76102

For the Division:

ERIC AMES
OIL CONSERVATION DIVISION
1220 S. St. Frances Drive
Santa Fe, NM 87505

For Devon Energy:

ADAM RANKIN
HOLLAND & HART
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Santa Fe, NM 87501
505-954-7286

I N D E X

CASE CALLED

STATUS CONFERENCE

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REPORTER CERTIFICATE

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1 HEARING EXAMINER ORTH: We will be moving next to
2 22 on the list which, is Case Number 21145, applicant,
3 Foundation Energy, salt water disposal, application for a
4 well, Blue Quail, but we have an agreement, based upon a
5 request from counsel to call this matter only after 10 a.m.

6 MR. MANI: Yes, Madam Examiner, that's my
7 understanding. I'm Phil Mani of Mani, Little & Wortman on
8 behalf of Foundation Energy, the applicant.

9 HEARING EXAMINER ORTH: Thank you very much,
10 Mr. Mani. And who is here from Holland & Hart?

11 MR. RANKIN: Madam Examiner, Adam Rankin with the
12 law firm of Holland & Hart on behalf of Devon Energy.

13 HEARING EXAMINER ORTH: All right.

14 Thank you both, and I will call on you again once
15 we get to 10 a.m.

16 MR. MANI: Thank you, Madam Hearing Examiner.

17 (Pause in proceeding.)

18 HEARING EXAMINER ORTH: So let me ask, now we
19 have come to the end of the worksheet with the exception of
20 the petition 21145. A few more minutes before I can call
21 that. Oh, I see Mr. Ames.

22 MR. AMES: I'm ready and available.

23 HEARING EXAMINER ORTH: Okay, terrific.

24 Mr. Mani, are you -- yes, I see you.

25 MR. MANI: Yes, Madam Examiner.

1 HEARING EXAMINER ORTH: Okay. And let me call it
2 then. And Mr. Rankin, I see you as well.

3 Okay. So this is case Number 21145, Foundation
4 Energy, salt water disposal application, well named Blue
5 Quail. Applicant's counsel, Mr. Mani is on. Mr. Rankin is
6 on for Devon, and Mr. Ames is on for the Division.

7 Prehearing statement was filed by the applicant.
8 Do I understand that this is a status conference?

9 MR. MANI: Yes, Madam Examiner.

10 HEARING EXAMINER ORTH: Okay. If you would,
11 Mr. Mani, kick us off.

12 MR. MANI: Case Number 21145 is Foundation's
13 application for authorization to recomplete and operate a
14 non-commercial salt water injection well to dispose of
15 produced salt water from Foundation's nearby wells.

16 The well to be recompleted is the Blue Quail
17 Federal Number 1 well located in the SE/4 of Section 7,
18 township 23 South, Range 32 East, Lea County, about 30 miles
19 southwest of Eunice. An injection will be into the Bell
20 Canyon formation between 4640 feet and 4850 feet subsurface
21 through casing perforations.

22 The disposal of salt water will be from produced
23 water from Foundation's wells only, and the maximum
24 injection pressure will be about 928 psi. The status is
25 that the application was opposed by Devon Energy and by the

1 Division. NGL Permian also entered an appearance which has
2 now been withdrawn after discussions with, with us.

3 Presently Foundation is interested in proceeding
4 with a virtual hearing, and we are in discussions with
5 Devon's attorney, Adam Rankin, to try to come to a
6 stipulated order.

7 HEARING EXAMINER ORTH: Okay, thank you.
8 Mr. Rankin, do you have anything to add?

9 MR. RANKIN: Nothing at this time, Madam
10 Examiner, other than we have broached the topic of preparing
11 a prehearing order outlined with the Division's guidelines.
12 Our preference would be to have some time to confer with the
13 parties, with Division counsel, as well as counsel for
14 Foundation to prepare a proposed and stipulated prehearing
15 order.

16 HEARING EXAMINER ORTH: All right, thank you.
17 Mr. Ames, anything to add?

18 MR. AMES: Yes, thank you, Ms. Orth.

19 Just two points. First I would like to let
20 Mr. Mani know that he may have misunderstood our entry of
21 appearance as opposition. But I think we, we, too, would
22 like to confer with y'all regarding the joint stipulation as
23 well as the Division's concerns regarding the application.

24 So I would like to invite you to call me to
25 discuss the issues further but we also would like to be part

1 of the discussion regarding the stipulation itself for the
2 hearing.

3 HEARING EXAMINER ORTH: Okay. Thank you. So
4 what I would like to do is the same thing as I requested of
5 counsel in a few of the previous cases. Mr. Mani, if you
6 would, to the extent possible, finalize a stipulated
7 prehearing order and send it to my e-mail.

8 Again, I'm in the New Mexico Bar Directory. And
9 Mr. Rankin and Mr. Ames, to the extent that you find
10 ultimately that you are not able to stipulate to the
11 entirety of the pretrial order and you have some alternate
12 language or alternate dates, if you would then go ahead and
13 e-mail that to me as well, we'll get on a -- a prehearing
14 conference call as necessary and we will march toward
15 hearing.

16 MR. MANI: Yes, Madam Examiner. May I just say
17 to Mr. Ames' point, we were anticipating just getting into
18 at least preliminary agreements with Devon before reaching
19 out to Mr. Ames, and we, certainly we're -- we're hoping for
20 a stipulated order with all three parties, if possible.

21 HEARING EXAMINER ORTH: Terrific, thank you. Is
22 there anything else on this matter before I say I look
23 forward to the e-mail from you?

24 MR. MANI: No, ma'am.

25 HEARING EXAMINER ORTH: No? Okay. Well, thank

1 you all, gentlemen.

2 MR. AMES: Thank you, Madam Hearing Officer.

3 Thank you for accommodating me as well.

4 HEARING EXAMINER ORTH: Oh, yeah, no problem at
5 all. It was perfect timing, really.

6 (Status conference concluded.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3 REPORTER'S CERTIFICATE

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

10 I FURTHER CERTIFY that I am neither employed by
11 nor related to any of the parties or attorneys in this case
12 and that I have no interest in the final disposition of this
13 case.

14 I FURTHER CERTIFY that the virtual proceeding was
15 of varying quality.

16 Dated this 28th day of May 2020.

17
18 /s/ Irene Delgado
19 _____
Irene Delgado, NMCCR 253
License Expires: 12-31-20
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