

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

**APPLICATION OF OVERFLOW ENERGY, LLC
FOR APPROVAL OF SALT WATER DISPOSAL WELL,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 20964

SUPPLEMENTAL PRE-HEARING STATEMENT

OVERFLOW ENERGY, LLC (“Overflow”) provides this Supplemental Pre-Hearing Statement as required by the rules of the Division and the Pre-Hearing Order entered November 11, 2020 (“Pre-Hearing Order”).

APPEARANCES

APPLICANT

OVERFLOW ENERGY, LLC

APPLICANT’S ATTORNEYS:

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OPPONENTS

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STATEMENT OF THE CASE

In Case No. 20964, Applicant seeks an order from the Division approving drilling of a salt water disposal well (SWD) and authorizing injecting water for disposal into the Devonian-Silurian formation [SWD; Devonian (96101)], in Section 27, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. Applicant proposes to drill the **Rita SWD 1 well** at a surface location 1876' FNL and 807' FWL of Section 27-T22S-R27E at a depth of 12,900 feet to 14,000 feet. Injection operations into the well will be conducted at an anticipated average daily surface injection pressure of 2,500 psi, and at a maximum surface injection pressure of 2,580 psi. Applicant proposes injection of produced water at an average daily rate of approximately 20,000 barrels of water per day (bwpd) and at a maximum daily rate of approximately 25,000 bwpd. The source of the injected fluids will be produced water from oil and gas wells that have been drilled and are scheduled to be drilled in the area. The well and lands will be located approximately 4 miles southeast of Carlsbad, New Mexico.

On December 12, 2019, Applicant presented testimony and other evidence in support of the Application. Subsequently, the Division reopened the record in this case “for the limited purpose of taking evidence at a hearing regarding the potential for induced seismicity related to [Applicant]’s proposed well.” Order ¶ 2 (Apr. 9, 2020). Thereafter, the Division issued the Pre-Hearing Order setting the time for filing this Supplemental Pre-Hearing Statement, along with a list of material undisputed and disputed facts, identification of the witnesses and their qualifications; and a full narrative of the direct testimony and exhibits for each witness. Pre-Hearing Order, ¶ 5. Accordingly, concurrently with this Prehearing Statement, Applicant submits

a narrative of its witness's testimony, the witness's resumé, and supporting exhibits. In addition, together with opponent Marathon, Applicant submits a list of material undisputed and disputed facts.

As will be established at hearing, the fault slip potential (FSP) shows little to no risk for injection induced seismicity resulting from the proposed SWD well. Modeling through 25 years, with injection rates that are likely overestimated, shows no risk of potential fault slip in the area. The Application should therefore be approved.

PROPOSED EVIDENCE

APPLICANT:

WITNESSES	EST. TIME	EXHIBITS
Reed Davis - Geophysicist	15-20 min.	12-14
Thomas Tomastik – Geologist	5-10 min.	1

OPPONENT MARATHON OIL PERMIAN LLC:

WITNESSES	EST. TIME	EXHIBITS
None anticipated	TBD	TBD

OPPONENT NGL WATER SOLUTIONS PERMIAN, LLC:

WITNESSES	EST. TIME	EXHIBITS
None anticipated	TBD	TBD

PROCEDURAL MATTERS

Overflow understands that Marathon will be withdrawing its protest and does not object to presentation of this case by affidavit. Overflow further understands that NGL does not object to presentation of this case by affidavit. Consequently, Overflow anticipates presenting this case by

affidavit, but will have at least one witness, geophysicist Mr. Davis, available to answer any questions that might arise at the hearing.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By: /s/Sharon T. Shaheen

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Attorneys for Overflow Energy, LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on counsel of record by electronic mail on December 11, 2020, as follows:

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