

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: 21527

APPLICATION OF GOODNIGHT MIDSTREAM
PERMIAN LLC FOR APPROVAL OF A SALT WATER
DISPOSAL WELL, LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

DECEMBER 3, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
FELICIA ORTH and TECHNICAL EXAMINER BAYLEN LAMKIN on
Thursday, December 3, 2020, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

For the Applicant:

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For State Land Office:

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I N D E X

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1 HEARING EXAMINER ORTH: I will start with the
2 cases start with 21527. The applicant is Goodnight
3 Midstream Permian, saltwater disposal, the well name is
4 Rocket. I see, Mr. Padilla, that you're here for the
5 applicant. Let me unmute you.

6 MR. PADILLA: Also, we have standing by two of
7 the witnesses in case there are any questions, technical
8 questions that I can't answer.

9 HEARING EXAMINER ORTH: All right. Thank you,
10 Mr. Padilla. And Mr. Biernoff entered an appearance on
11 behalf of the State Land Office. Mr. Biernoff?

12 MR. BIERNOFF: Good morning, Madam Hearing
13 Officer. This is Ari Biernoff. I'm here on behalf of the
14 Commissioner of Public Lands and (unclear).

15 HEARING EXAMINER ORTH: Thank you. Let me pause
16 for a moment in the event there are any other entries of
17 appearance this morning.

18 (No audible response.)

19 HEARING EXAMINER ORTH: Hearing none, do I
20 understand, Mr. Biernoff, that you do not object to Mr.
21 Padilla proceeding by affidavit?

22 MR. BIERNOFF: That's correct, Your Honor.

23 HEARING EXAMINER ORTH: All right, thank you.
24 Mr. Padilla, if you would, please.

25 MR. PADILLA: Madam Examiner, we have for

1 introduction today three exhibits. One is the affidavit of
2 Nathan Alleman with a C-108 attached to it.

3 Exhibit B is going to be the affidavit of Steve
4 Drake, and he has attached to that a cross section.

5 And then my Exhibit C, which is the notice
6 affidavit from myself.

7 Turning to Exhibit A, bring your attention to
8 Page 3. At the top of the page we have a description of the
9 Rocket Saltwater Disposal Well Number 1. It's going to be
10 located 560 feet from the south line and 245 feet from the
11 west line of Section 28, 21 South, 36 East.

12 The disposal interval is going to be the San
13 Andres and that is described in the lower portion of Page 3
14 of Exhibit A. The other relevant -- or this is a schematic,
15 a well schematic, which would be on Page 9 of Exhibit A.
16 That tells you that the disposal interval is going to be
17 from 4380 feet below the surface and the -- to the top of
18 the Glorietta formation at 5,750 feet.

19 We have a number of circles that, on Attachment
20 2, starting on Page 11, which comply with the Division's
21 regulations in terms of notice and lease information. And
22 also on Page 13 the wells that are in the proximate area of
23 the well in accordance with what is required for both wells.

24 On Page 14, is a mineral lease map, and that will
25 show what the ownership around this well is going to be. If

1 you will let me go past the -- the important thing is that
2 the well is going to be located on private surface and
3 federal minerals. And that's in Mr. Alleman's affidavit.

4 Other than that, it's a pretty straightforward
5 saltwater disposal application. I think, I've worked with
6 Mr. Alleman before, and he is very precise in preparing the
7 C-108s. Nonetheless, following my presentation, if there
8 are any questions, Mr. Alleman can respond to those.

9 On Exhibit B is Steve Drake's -- before I go
10 back, Mr. Alleman has testified as a regulatory expert and
11 had his qualifications accepted as a matter of record.

12 On Exhibit B, which is the affidavit of Steve
13 Drake, a geologist, and he has also been qualified before
14 the Division as a petroleum geologist, the significant
15 portion of his affidavit indicated, and the cross section
16 which is on Exhibit B, Page 4, shows the disposal interval,
17 which is the entire San Andres Formation, and it's also
18 colored in light blue.

19 Mr. Drake's affidavit states that the defining
20 zone, as his description on Page 2 of his -- of Exhibit B,
21 indicates how, how the wells and the combining zone will
22 contain the produced water that's going to be produced from
23 the well.

24 Now, going back to, in terms of compatibility of
25 the produced water, that is contained in Mr. Alleman's

1 affidavit and the C-108 where he compares produced well
2 water in the area -- no fresh water at the first that are
3 subject to contamination.

4 Going to Exhibit C, I have my own affidavit, a
5 notification letter of the hearing, and that is contained on
6 Page 2 of Exhibit C. Attached to that are all the green
7 cards, and the only one that -- the only person that we
8 could not contact was a company, I believe (unclear) the
9 royalty company that is identified in that exhibit, but we
10 were -- the notice of publication is contained in the last
11 page of my affidavit, so everyone received either actual
12 notice or notice by my publication.

13 With that, I would ask that the Exhibits A, B and
14 C be admitted and made part of the record and that the case
15 be taken under consideration.

16 HEARING EXAMINER ORTH: Thank you. Mr. Biernoff,
17 do you have questions of Mr. Padilla?

18 MR. BIERNOFF: No questions and no objections to
19 Mr. Padilla's request for admission of exhibits.

20 HEARING EXAMINER ORTH: Thank you. Mr. Lamkin,
21 do you have questions of Mr. Padilla?

22 TECHNICAL EXAMINER LAMKIN: I don't have any
23 questions specifically, but I would like to request that at
24 some point the application material be supplemented with
25 another AOR map that has the leases more legible. When I

1 zoom in on this one, I can't read the names.

2 MR. PADILLA: We can do that. Mr. Alleman is on
3 the line, and he can respond, and he can convey those to me
4 and then I can send them on to you.

5 TECHNICAL EXAMINER LAMKIN: Thank you.

6 HEARING EXAMINER ORTH: Mr. Alleman wants to
7 speak?

8 MR. ALLEMAN: Yes. This is Nathan Alleman. The
9 original application does have a more legible lease map that
10 we would be happy to send on to Mr. Padilla that he can then
11 send on to OCD.

12 HEARING EXAMINER ORTH: Thank you very much.
13 Thank you, Mr. Alleman, Mr. Padilla, Mr. Biernoff and
14 Mr. Lamkin. Mr. Padilla, Exhibits A through C are admitted,
15 and the matter will be taken under advisement.

16 MR. PADILLA: Thank you.

17 (Exhibits admitted.)

18 (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 virtual proceedings in stenographic shorthand and
9 that the foregoing pages are a true and correct transcript
10 of those proceedings to the best of my ability.

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

15 I FURTHER CERTIFY that the Virtual Proceeding was
16 of poor to good quality.

17 Dated this 3rd day of December 2020.

18

/s/ Irene Delgado

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

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