

1 STATE OF NEW MEXICO
2 ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION DIVISION

4 IN THE MATTER OF THE HEARING CALLED
5 BY THE OIL CONSERVATION DIVISION FOR
6 THE PURPOSE OF CONSIDERING

ORIGINAL

CASE 15307
(cont'd from 8/6/15)

7 APPLICATION OF OASIS WATER SOLUTIONS,
8 LLC, FOR APPROVAL OF A SALT WATER
9 DISPOSAL WELL, LEA COUNTY, NEW MEXICO

10 REPORTER'S TRANSCRIPT OF PROCEEDINGS

11 EXAMINER HEARING

12 September 17, 2015

13 Santa Fe, New Mexico

14 BEFORE MICHAEL McMILLAN, CHIEF EXAMINER
15 PHILLIP GOETZE, EXAMINER
16 GABRIEL WADE, LEGAL EXAMINER

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17 This matter came on for hearing before the
18 New Mexico Oil Conservation Division, Michael McMillan,
19 Chief Examiner, Phillip Goetze, Examiner, and Gabriel
20 Wade, Legal Examiner, on September 17, 2015, at the New
21 Mexico Energy, Minerals, and Natural Resources
22 Department, Wendell Chino Building, 1220 South St
23 Francis Drive, Porter Hall, Room 102, Santa Fe, New
24 Mexico

25 REPORTED BY ELLEN H ALLANIC
NEW MEXICO CCR 100
CALIFORNIA CSR 8670
PAUL BACA COURT REPORTERS
500 Fourth Street, NW
Suite 105
Albuquerque, New Mexico 87102

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A P P E A R A N C E S

FOR THE APPLICANT

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Also Present Anchor Holm and Mr Powers

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

Exhibits Offered and Admitted
(None)

Reporter's Certificate

Page 11

1 (Time noted 10 06 a m)

2 EXAMINER McMILLAN I would like to call
3 case No 15307, Application of Oasis Water Solutions,
4 LLC, for approval of a salt water disposal well, Lea
5 County, New Mexico

6 Call for appearances

7 MR PADILLA Mr Examiner, Ernest L
8 Padilla, Santa Fe, New Mexico, for the applicant in this
9 case I have one witness

10 EXAMINER McMILLAN Any other appearances?

11 MS MOSS Katherine Moss from New Mexico
12 State Land Office And before the witness testifies, I
13 have an objection for the record

14 EXAMINER WADE I think we should hear the
15 objection

16 EXAMINER McMILLAN Okay Please proceed

17 MS MOSS I understand that there wasn't a
18 formal order in this case, but Oasis was ordered to give
19 the State Land Office a report to which they could
20 respond by August 21st

21 I don't know if you have seen the report I
22 know it was e-mailed to you, Mr McMILLAN It is an
23 outline It does not contain substance, analysis, or
24 content to which the State Land Office would be able to
25 prepare a response

1 I was called out of the country on an
2 emergency But last week I began attempting to call
3 Mr Padilla And I believe I would have had an old
4 e-mail

5 But by Monday his assistant had gotten back
6 to me and confirmed for me that what was said to us on
7 August 21st -- and I could give you some examples of the
8 difficulty that we have -- was what we intended to meet
9 the needs of your order

10 I also asked that Mr Padilla call me back
11 as soon as he returned to the office on Tuesday When
12 he came in today, he said he owed me a phone call, but
13 instead halfway through the morning, handed me the
14 materials which he intends to present today

15 This places the State Land Office in a bad
16 position because we only have the general subject areas
17 of presentation We don't have any analysis, we don't
18 know which wells were going to be looked at today

19 I have a very excellent witness, but I do
20 want to say for the record that we are placed at a
21 disadvantage and I do not believe that what you asked
22 for on August 6th was complied with by Mr Padilla

23 EXAMINER WADE Yeah, I think the intent of
24 what we asked for was for substantive that could be
25 responded to And it sounds like that did not occur

1 And so the materials that you would want to present
2 today, Mr Padilla, aren't reflected in an e-mail that
3 you sent to the State Land Office

4 MR PADILLA Counsel, we had one week
5 essentially to hire an expert from August 6th to
6 August 13th That took about three of those days And
7 the only thing that we could submit by the 13th was an
8 "outline" -- and that's not my word The word as I
9 understood it was a "summary "

10 And I think that we've provided an adequate
11 content as to where we were coming from in response to
12 the land office case, and, particularly, trying to
13 address Examiner Goetze's question about how the upper
14 San Andres and the lower San Andres are separated,
15 because he felt that correlative rights may be impaired
16 to the upper San Andres which is a producing interval in
17 the San Andrea zone or formation here

18 But going a bit further, the OCD has never
19 had formal discovery of requirements where applicants or
20 opponents, for that matter, submit formal reports as you
21 would in expert witness disclosures in federal court or,
22 maybe, by virtue of scheduling orders, in state district
23 courts that have ordered

24 And in those cases, we were given way more
25 time than a week to make presentations Some of these

1 materials were essentially completed this week, you
2 know, in terms of grabbing whatever information there
3 was in order to present to the Division today

4 So I know that Ms Moss wants a continuance
5 to be able to respond to that I don't have a real big
6 issue with a continuance, but my problem with
7 Mr McMillan's directive was that he didn't want a
8 continuance forever kind of thing

9 And I would hate to bring back my client who
10 has traveled here or my expert who has traveled here for
11 today's presentation

12 EXAMINER WADE Well, I appreciate that it
13 is an informal process But I think in basic fairness
14 people should have an opportunity to review and to
15 respond to things In our discussion that we had at the
16 last hearing, I don't think the OCD pushed any type of
17 schedule on -- I think we had an open-ended discussion
18 as to how long all this would take and times were agreed
19 to

20 MS MOSS And it was not one week, from the
21 7th to the 21st is two And, quite frankly --

22 MR PADILLA I stand corrected I'm sorry
23 It is from the 6th to the 21st

24 MS MOSS And I am interested in resolution
25 here also, so if I had received anything more -- and I

1 am prepared to give you examples of why I couldn't
2 respond to this

3 EXAMINER WADE I don't think we need to go
4 into too much detail If we could just have a brief
5 discussion

6 (Brief recess)

7 EXAMINER McMILLAN Okay After a brief
8 discussion, we feel it is in the best interest to have
9 case No 15307 continued What amount of time will you
10 need to examine the data?

11 MS MOSS We could do it in a matter of
12 days I don't need a long continuance I just need
13 time to look it over and --

14 EXAMINER WADE So by our next docket?

15 MS MOSS That would be fine with us The
16 next docket is fine

17 EXAMINER WADE Mr Padilla, would you want
18 additional time?

19 MR PADILLA I don't have my calendar here,
20 but I think -- October 1st, is that the --

21 EXAMINER McMILLAN Yes, that would be the
22 next hearing

23 MR PADILLA I think we have another case,
24 Mr Feldewert and I have another case on that day But
25 that is fine I understand from talking to him that

1 that docket is pretty crowded on October 1st

2 EXAMINER GOETZE Yes But the tendency is
3 that dockets thin out pretty fast, so we'll keep you in
4 line and probably put you up front since --

5 EXAMINER WADE And if the parties want to
6 communicate and find a different date, let us know and
7 we can see if we can accommodate that

8 I guess I didn't take a look -- you probably
9 don't have anything indicating how long your
10 presentation would have been today

11 MR PADILLA Probably about an hour

12 EXAMINER WADE And how long?

13 MS MOSS See, I can't tell --

14 EXAMINER WADE You don't know yet

15 MS MOSS What I am telling you is it looks
16 to me, from what we see, 30 minutes

17 EXAMINER WADE We can go off the record for
18 a minute

19 (Discussion off the record)

20 EXAMINER GOETZE Back on the record

21 MR PADILLA Let me ask Mr Powers if he
22 can be here on October 1st

23 Mr POWERS Yes, I can

24 EXAMINER McMILLAN Case No 15307 will be
25 continued until October the 1st Thank you

1 The docket for September the 17th has been
2 concluded

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6 (Time noted 10 22 a m)
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13 I do hereby certify that the foregoing is
14 a correct and true record of the proceedings in
15 the hearing in Case No. 15307,
16 heard by me on Sept 11, 2015
17 [Signature] Examine
18 Oil Conservation Division
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1 STATE OF NEW MEXICO)
 2) ss
 3 COUNTY OF BERNALILLO)
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7 REPORTER'S CERTIFICATE

8
 9 I, ELLEN H ALLANIC, New Mexico Reporter CCR
 10 No 100, DO HEREBY CERTIFY that on Thursday, September
 11 17, 2015, the proceedings in the above-captioned matter
 12 were taken before me, that I did report in stenographic
 13 shorthand the proceedings set forth herein, and the
 14 foregoing pages are a true and correct transcription to
 15 the best of my ability and control

16
 17 I FURTHER CERTIFY that I am neither employed by
 18 nor related to nor contracted with (unless excepted by
 19 the rules) any of the parties or attorneys in this case,
 20 and that I have no interest whatsoever in the final
 21 disposition of this case in any court

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ELLEN H ALLANIC, CSR
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