

**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 NO. 20462

**APPLICATION OF BLACKBUCK RESOURCES, LLC FOR APPROVAL OF A SALT
WATER DISPOSAL WELL IN EDDY COUNTY, NEW MEXICO.**

CASE NO. 20463

**APPLICATION OF BLACKBUCK RESOURCES, LLC FOR APPROVAL OF A SALT
WATER DISPOSAL WELL IN LEA COUNTY, NEW MEXICO.**

CASE NO. 20465

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

**OIL CONSERVATION DIVISION'S ENTRY OF APPEARANCE AND
PRE-HEARING STATEMENT**

The New Mexico Oil Conservation Division ("the Division") enters its appearance in this case. The Division hereby submits its Pre-Hearing Statement for the hearing scheduled on Thursday, May 2, 2019.

PARTIES

Applicant:

For Blackbuck Resources, LLC

ATTORNEYS

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Other Parties:

THE NEW MEXICO OIL CONSERVATION
DIVISION

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STATEMENT OF THE CASE

Blackbuck Resources, LLC (“Blackbuck”) seeks individual orders to inject up to 30,000 barrels of produced water per day (BWPD) into the Silurian-Devonian formations for the following two proposed wells:

1. for Case No. 20462, the JJ Federal SWD Well No. 1 to be drilled at a surface location 1,417 feet from the South line and 677 feet from the East line (Unit I) in Section 18, Township 24 South, Range 32 East, NMPM, in Eddy County, New Mexico, with an injection interval from approximately 16,700 feet to 18,050 feet below surface; and
2. for Case No. 20463, the Olive Branch Federal SWD Well No. 1 to be drilled at a surface location 979 feet from the South line and 2,620 feet from the East line (Unit N) in Section 17, Township 24 South, Range 32 East, NMPM, in Eddy County, New Mexico, with an injection interval from approximately 16,825 feet to 18,290 feet below surface.

For Case No. 20465, Solaris Water Midstream, LLC (“Solaris”) seeks authority to inject up to 30,000 BWPD for the Predator Federal SWD Well No. 17 to be drilled at a surface location 1,465 feet from the North line and 1,893 feet from the East line (Unit G) in Section 17, Township 24 South, Range 32 East, NMPM, in Eddy County, New Mexico, with an injection interval from approximately 16,967 feet to 18,149 feet below surface.

Blackbuck further seeks approval for the use of a tapered tubing set in both wells with 4½-inch diameter tubing inside the 7⅝-inch diameter liner and 5½-inch diameter tubing in the casing strings above the liner while Solaris proposes to use only 4½-inch diameter tubing for its well. Both applicants propose the wells as commercial operations for the purpose of disposal of

produced water from multiple sources. The Division notes that the proposed construction of the disposal wells offers the ability to increase the tubing diameter size at a future date.

The Division opposes issuance of an order for authority to inject for the proposed wells at the surface locations detailed in the administrative applications. The Division has sought to maintain a distance of 1.5 miles between injection sources (based on a $\frac{3}{4}$ -mile radius from the well surface location or 7,920 feet between the Devonian SWD wells) that are Devonian wells designed for large-volume disposal in an effort:

1. to lessen the potential for induced-seismic events associated with disposal as recommended by the United States Environment Protection Agency's National Underground Injection Control (UIC) Technical Workgroup,
2. to minimize interference between wells in support of the effort to reduce the potential for induced-seismic events and to optimize the operational life of these wells (as a best management practice),
3. to protect correlative rights as directed under the New Mexico Oil and Gas Act, and
4. to maintain and improve the state's UIC program to support production while preventing waste as directed by the New Mexico Oil Conservation Commission in Commission Order No. R-14392-A.

The JJ Federal SWD Well No. 1 is located approximately 6,916 feet (1.31 miles) to the south of an active, commercial Devonian disposal well with reported injection rates that exceeds 40,000 BWPD. This Devonian disposal well is the Station SWD No. 1 (API No. 30-025-43473; SWD-1558) operated by Mesquite SWD, Inc. This well is located 2,625 feet from the North line and 2,315 feet from the West line (Unit F) in Section 7, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico. The JJ Federal SWD Well No. 1 is located approximately 3,379 feet

(0.64 mile) to the east of the proposed Olive Branch Federal SWD Well No. 1 and approximately 4,699 feet (0.89 mile) to the southwest of the proposed Predator Federal SWD Well No. 17.

The Predator Federal SWD Well No. 17 is located approximately 2,904 feet (0.55 mile) to the north of the proposed Olive Branch Federal SWD Well No. 1. Therefore, the three disposal wells proposed in each case are located in close proximity and may intensify the potential for rapid pressure increase within the same injection interval which the Division is attempting to avoid.

It is the Division's position that the approval of the proposed wells as located in the applications does not conform to the Division's effort to appropriately manage the UIC program for its mission in support oil and gas production while being protective of the environment.

WITNESSES TO BE CALLED BY THE DIVISION

<u>Name</u>	<u>Employer</u>	<u>Position</u>	<u>Field(s) of Expertise</u>
Phillip Goetze, PG	NMEMNRD	Geoscientist and Hearing Examiner	Geology, UIC program, hydrology, Division permitting procedure

Time for Presentation: 1.5 hours

PROCEDURAL MATTERS

The Division shall be seeking a continuance in order to consolidate these three cases with Cases No. 20460 and No. 20461 for hearing at a later Division docket date or to be scheduled for an off-docket date for hearing.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following party
by email on April 25, 2019.

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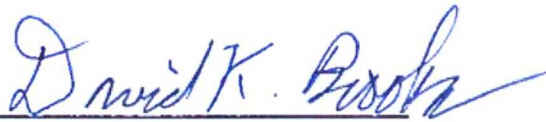
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