

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

APPLICATIONS OF ROSETTA RESOURCES OPERATING LP FOR
APPROVAL OF SALT WATER DISPOSAL WELLS, SAN JUAN COUNTY,
NEW MEXICO.

CASE NOS. 14265 & 14266

PRE-HEARING STATEMENT OF
THE OIL CONSERVATION DIVISION

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This pre-hearing statement is hereby submitted by the Oil Conservation Division.
Please note that this prehearing statement is intended to address, simultaneously, both
Case No. 14265, the application regarding Rosetta Well Tsah Tah SWD No. 11 ("TT-
SWD#11"), API 30-045-34082 and Case No. 14266, the application regarding Rosetta
Well Tsah Tah SWD No. 36 ("TT-SWD#36"), API 30-045-3942, as the issues involved
in the applications are identical, and it is anticipated that the two matters will be heard
together.

APPEARANCES

APPLICANT

ROSETTA RESOURCES OPERATING, LP

APPLICANT'S ATTORNEY

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RESPONDENT

OIL CONSERVATION DIVISION

RESPONDENT'S ATTORNEY

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STATEMENT OF THE CASE(S)

Rosetta Resources Operating, LP ("Rosetta") has submitted two applications seeking permission for each of these two wells to dispose of produced water in the Cliff House zone of the Mesa Verde formation, in addition to the Menefee and Point Lookout zones, into which Rosetta is currently already permitted to inject [*see existing permits SWD1063A and SWD1053*]. Specifically, Rosetta is seeking to add the La Ventana, Cliff House interval of 2614-3300' as a disposal zone for the TT-SWD#36 well and the La Ventana, Cliff House interval of 2450-3198' as a disposal zone for the TT-SWD#11. Rosetta's only support for this request is a single sample taken at a depth of 2469' from the TT-SWD#11, which Rosetta claims to have resulted in a TDS reading of 16,443 mg/L, which, if accurate, would indicate the water in that formation is saline and not protectable.

The Division opposes approval of these applications. Rosetta's sample for the TT-SWD#11 appears to be an anomaly as all other known data from this region indicates that the quality of the water in the Cliff House formation, and in particular the La Ventana member of that formation in this area, is protectable and well below the 10,000 mg/L TDS threshold. In 2005, in response to concerns expressed by the EPA that the upper members of the Mesa Verde appear to contain protectable water, OCD engineers and geologists conducted an investigation into the quality of the water in this region. They concluded that the upper members of the Mesa Verde did, indeed, contain waters with less than 10,000 ppm, TDS. Based on this determination, the Division has amended at least one operator's permit to withdraw permission for injection into this formation, and denied other applications submitted by operators requesting permission to inject into this formation on the basis of the presence of these protectable waters. Significantly, a neighboring operator with a disposal well located just over two miles from the TT-SWD#11 was required to isolate-off the Cliff House interval from the injection intervals in order to protect these waters.

Available data and information indicates that the TDS value submitted by Rosetta, and used as the sole basis for its request, is an anomaly and is not an accurate measure of the *in situ*, La Ventana/Cliff House formation water. The TDS value cited is inconsistent with pre-existing data for nearby sites, and is inconsistent with the resistivity value for that same sample. Further, salinity calculations performed for the TT-SWD#11, utilizing electrical well log data obtained from Rosetta's own records, reflect that the formation waters are well below the 10,000 mg/L TDS threshold. Thus, the OCD does not feel that the operator has established that the zone into which it is seeking permission to inject does not contain protectable water, and given the weight of the evidence to the contrary, opposes approval of Rosetta's applications to permit injection into the Cliff House formation in these two wells.

Pursuant to the Oil and Gas Act, NMSA 198 §70-2-12(15), the OCD is required to regulate the disposition of produced water "in a manner that will afford reasonable protection against contamination of fresh water supplies as designated by the state

engineer.” Applying this standard, it is the position of the OCD that Rosetta’s applications must be denied at this time.

OCD’s PROPOSED EVIDENCE

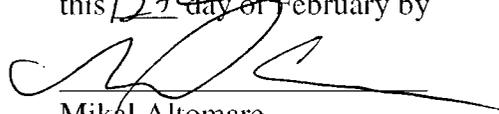
WITNESS:
Steve Hayden, OCD District III Geologist

ESTIMATED TIME:
by telephone - 45 min.

PROCEDURAL MATTERS

The OCD respectfully requests permission to present Mr. Hayden’s testimony **by telephone.**

Respectfully submitted
this 12th day of February by



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