

Application

Part III

R. T. HICKS CONSULTANTS, LTD.

901 Rio Grande Blvd NW ▲ Suite F-142 ▲ Albuquerque, NM 87104 ▲ 505.266.5004 ▲ Since 1996
Artesia ▲ Carlsbad ▲ Durango ▲ Midland

July 15, 2019

Mr. Phillip Goetze, P.G.
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: AWR Disposal LLC Oz State SWD#1
UL D Section 28, T22S R33E Lea County

Dear Mr. Goetze:

On behalf of AWR Disposal LLC, R.T. Hicks Consultants is providing data and an opinion regarding the probability that injection of wastewater in the above referenced well at the proposed rates will cause seismic events of sufficient magnitude to create damage. It is our understanding that OCD is interested in such an opinion as part of the SWD approval process. We elected to provide this opinion as a separate submission as the C-108 does not specifically require such an opinion.

We relied upon the following data to develop our opinion

- State of stress in the Permian Basin, Texas and New Mexico: Implications for induced seismicity, Jens-Erik Lund Snee and Mark D. Zoback, The Leading Edge, February 2018¹
- Plate 5, which is reproduced from the Snee and Zoback publication, which uses the following references
 - Crone, A. J., and R. L. Wheeler, 2000, Data for Quaternary faults, liquefaction features, and possible tectonic features in the Central and Eastern United States, east of the Rocky Mountain front; U.S. Geological Survey Open-File Report.
 - Ewing, T. E., R. T. Budnik, J. T. Ames, and D. M. Ridner, 1990, Tectonic map of Texas: Bureau of Economic Geology, University of Texas at Austin.
 - Green, G. N., and G. E. Jones, 1997, e digital geologic map of New Mexico in ARC/INFO format: U.S. Geological Survey Open-File Report.
 - Ruppel, S. C., R. H. Jones, C. L. Breton, and J. A. Kane, 2005, Preparation of maps depicting geothermal gradient and Precambrian structure in the Permian Basin: USGS Order no. 04CRSA0834 and Requisition no. 04CRPR01474.
 - NMOCD database of oil and gas wells
- Plate 5, which shows the distribution of active and new SWD wells in the area of the proposed AWR Disposal SWD well
- Stratigraphic and lithologic information from two deep wells in the Delaware Basin
- Data on the thickness and lithology of the Simpson Group from the Texas Bureau of Economic Geology²

¹ https://scits.stanford.edu/sites/default/files/3702_tss_lundsnee_v2.pdf

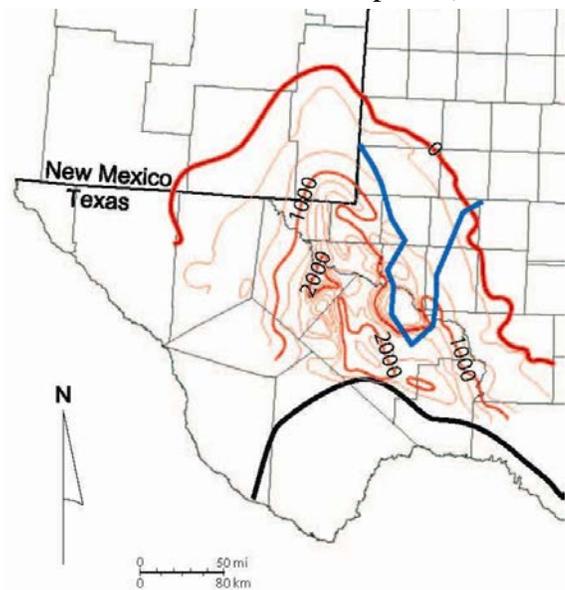
² http://www.beg.utexas.edu/resprog/permianbasin/PBGSP_members/writ_synth/Simpson.pdf

Plate 5 reproduces Figure 3 of the 2018 publication of Snee and Zoback and shows

1. Fault traces based upon the references provided above for which Dr. Snee and Dr. Zoback provide a value of the fault slip potential (FSP)
2. Areas of documented seismic activity, such as the Dagger Draw area and a magnitude 3.0-3.9 earthquake that occurred between 1970-2004 about 12-miles south of the proposed Oz State SWD #1. A slightly larger magnitude and more recent seismic event is reported about 13 miles east of the Oz State SWD #1 well location.
3. Although Plate 5 does not show faults that may be identified in confidential seismic data owned by oil and gas operators, the mapped fault that is closest to the Oz State SWD #1 (about 3.7 miles to the east) exhibits a low FSP (less than 5%) based upon the modeling and analysis of Snee and Zoback referenced above
4. Other mapped faults in southern Lea County shown on Plate 5 also show a low FSP, except for part of southwest-northeast trending fault about 30 miles north-northwest of the Oz State SWD #1 well that has a FSP of about 25 – 33% in the central portion of this fault trace.

Plate 6 reproduces the major elements of Plate 5 in the inset map and also shows that within an 6-mile radius around the proposed Oz State SWD #1, the OCD database shows 2 active and 4 new/proposed Devonian SWDs, which translates into an average density of about one SWD for every 18 square miles.

Figure 4 from the referenced Bureau of Economic Geology (The Middle-Upper Ordovician Simpson Group of the Permian Basin: Deposition, Diagenesis, And Reservoir Development) is attached to this letter and the portion of that figure for the Delaware Basin is shown to the right. In southern Lea County the mapped thickness appears to be 500-1500 feet thick (note one contour line appears to be missing on the map). This unit, which is clay-rich carbonate interbedded with shale and sandstone, provides an excellent permeability/pressure barrier between the injection zone and the basement faults that were re-activated during Woodford time.



CI = 100 ft in Oklahoma
CI = 250 ft in Texas/New Mexico

Data from the Amoco Federal CW Com 1 (3002528119) show that the thickness of the Simpson in the Antelope Ridge area of Lea County (Section 3 24S 34E) is about 450 feet thick with. This is consistent with Figure 4 of the BEG paper (probably because this well was used to produce the isopach map).

We contend that the data permit conclusion that unmapped faults (which may be located by confidential seismic data that AWR Disposal does not possess) near the Oz State SWD #1 would be dominantly north-south normal faults, as is common in Lea County. The data on Plate 6

July 15, 2019

Page 3

permit a conclusion that faults near the Oz State SWD #1 are also most likely to exhibit a low FSP, like the mapped faults shown on Plate 5.

Given the density of Devonian SWDs (planned/new and active) near the proposed Oz State SWD #1 well and the high likelihood that any unmapped faults in the area would exhibit a low FSP, the probability that injection into the Oz State SWD #1 would cause an increase in pore pressure to trigger a seismic event of sufficient magnitude to cause damage is very low.

The users of this letter should recognize the uncertainties of using seismic maps of the Permian Basin to determine probability that injection of wastewater into a single SWD well could cause seismic events of sufficient magnitude to cause damage. However, on a regional basis injection by numerous wells into the Devonian/Fusselman/Montoya interval will raise the hydrostatic pressure. If pressure increases sufficiently, fluid could migrate from the injection zone along fault planes, up and down. Downward fluid migration will be intercepted first by the sandstone units of the Simpson Group. After fluid pressure increases in these sandstones, fluid would migrate downward into the Ellenberger Formation, which lies beneath the Simpson Group. This downward migration will next enter the permeable units of the Ellenberger and, over time, increase the fluid pressure. After fluid pressure in the Ellenberger is sufficiently large to cause downward migration along fault planes or other conduits, the migrating fluid will, in some areas, enter a thinner horizon of granite wash. Downward migrating fluids from the injection zone could then enter basement fault planes if the pressure in the granite wash horizon is sufficient, and reduce the frictional resistance (lubricate the faults). Reduction in the frictional force in faults due to fluid invasion can and has caused seismic events. In my opinion, the probability that injection into the Oz State SWD will measurably contribute to the events described above and will cause a seismic event resulting in damage is so low as to be nil.

Sincerely,
R.T. Hicks Consultants

A handwritten signature in black ink, appearing to read "Randall T. Hicks". The signature is written in a cursive, flowing style.

Randall T. Hicks
Principal

Copy: AWR Disposal LLC

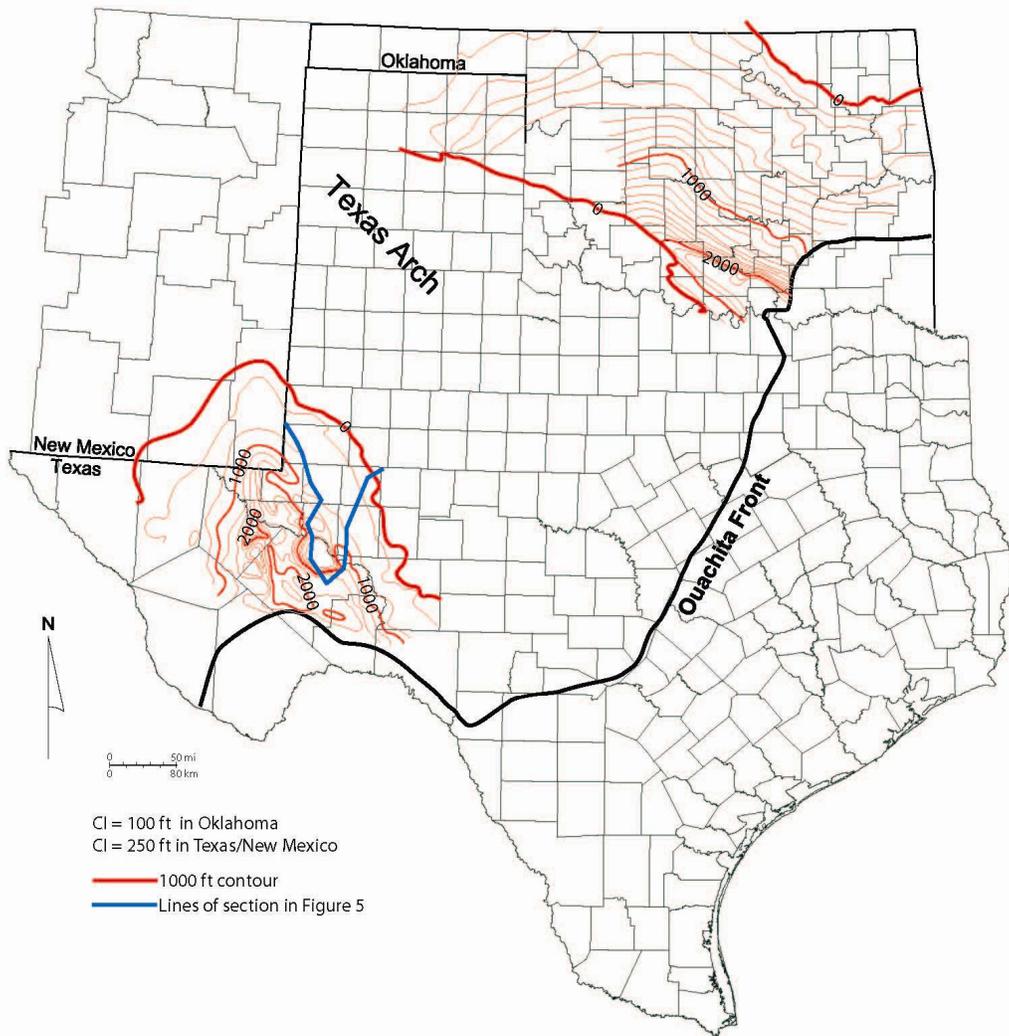
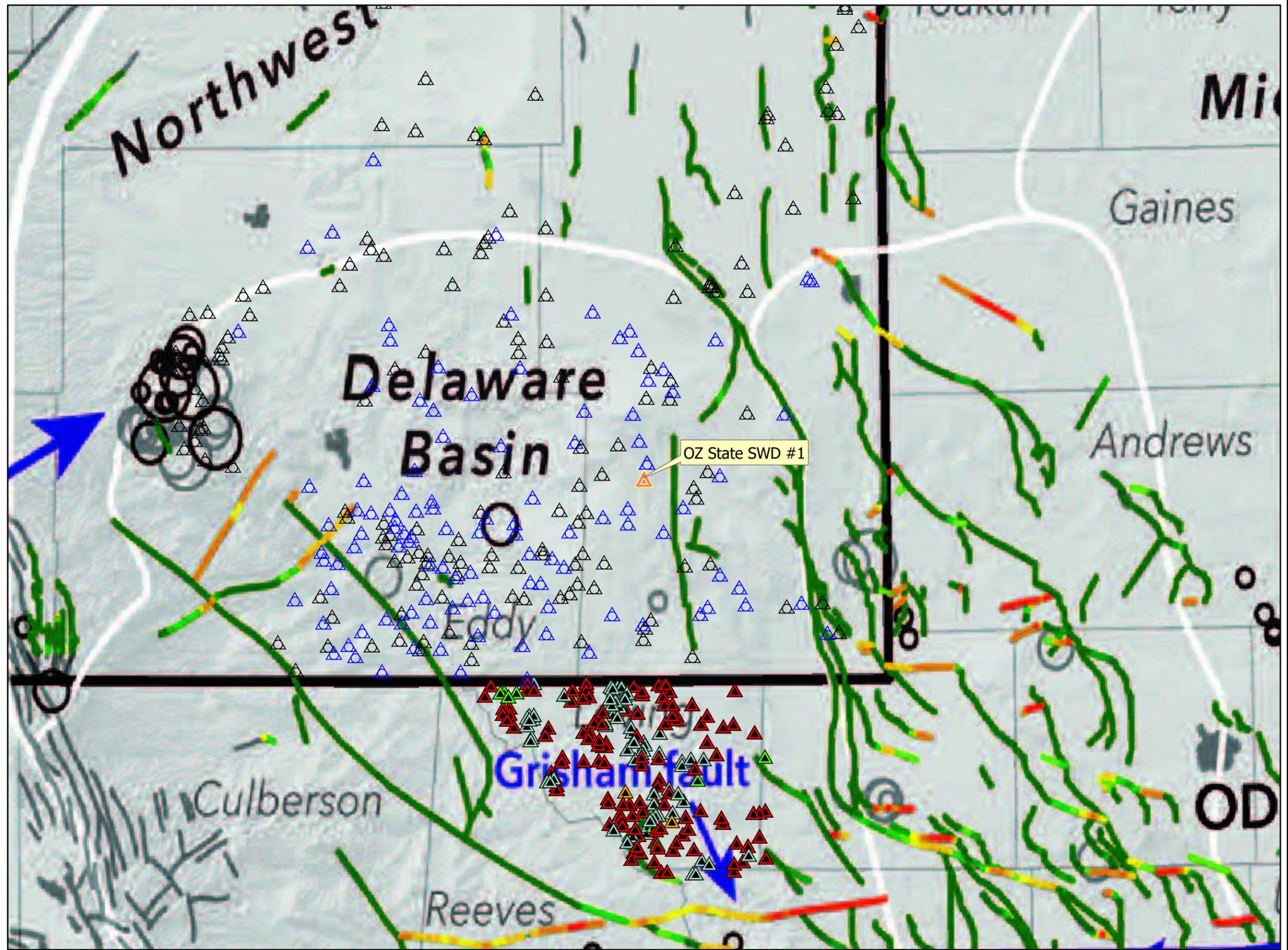


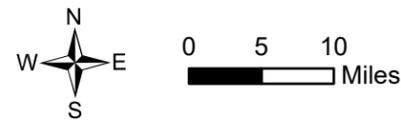
Figure 4. Thickness map of Simpson Group modified from Texas Water Development Board (1972), Frenzel and others (1988), and Northcutt and Johnson (1997). Thousand-foot contour lines and locations of figure 5 cross sections shown in heavy red and blue lines, respectively. Note that contour interval is 100 ft for Oklahoma and 250 ft for Texas and New Mexico.



- ▲ SWD
- Oil and Gas (NMOCD)
- ▲ Salt Water Injection, Active
- ▲ Salt Water Injection, New well301s (Loving, TX)
- ▲ Injection/Disposal From Gas
- ▲ Injection/Disposal From Oil
- ▲ Injection/Disposal From Oil/Gas
- ▲ Injection/Disposal Well

- Seismicity:**
- M_w 2.0-2.9 ○ Since 2005
 - M_w 3.0-3.9 ○ 1970-2004
 - M_w 4.0+
- Fault slip potential (%):**
- 0 10 20 30 40 50+
-

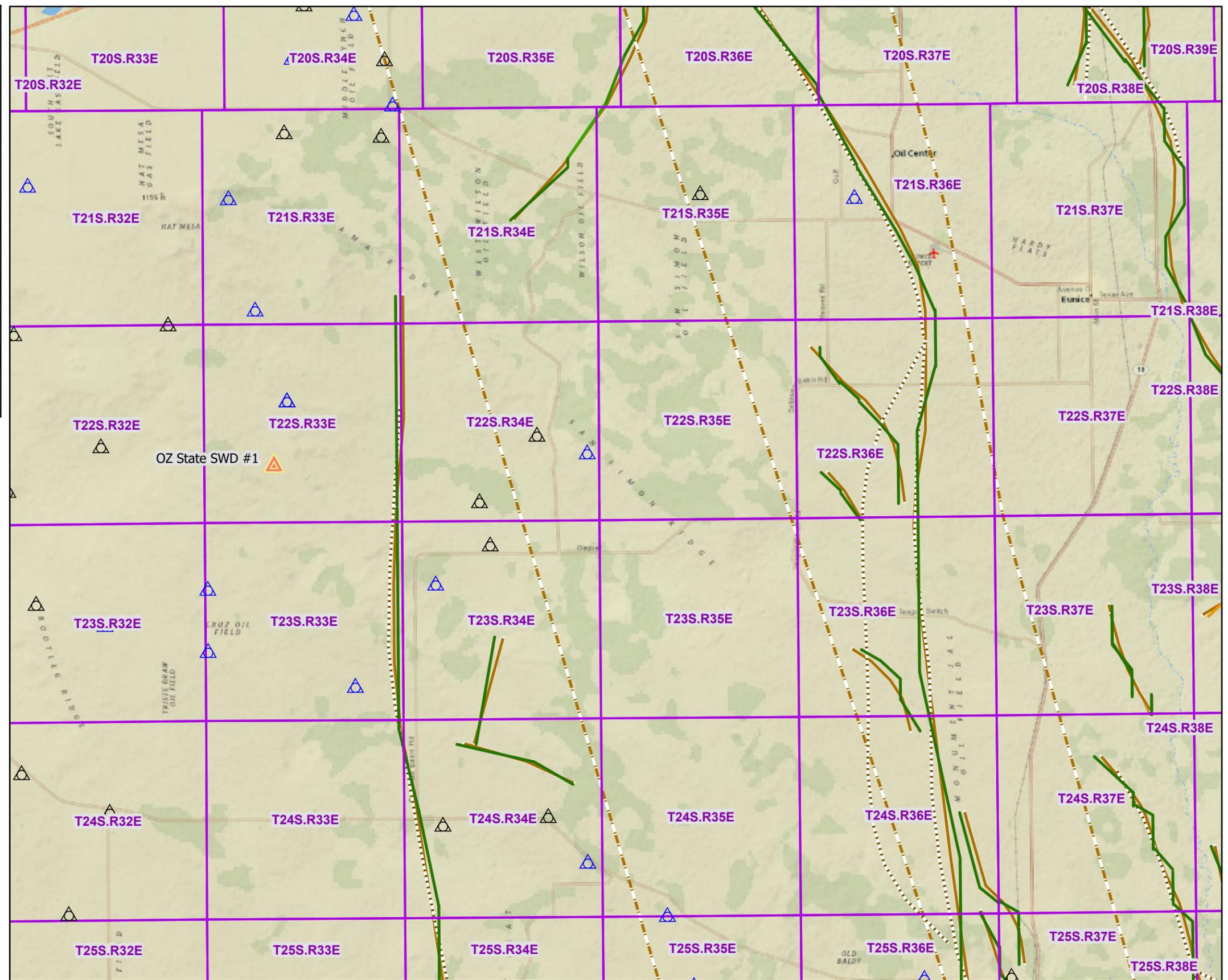
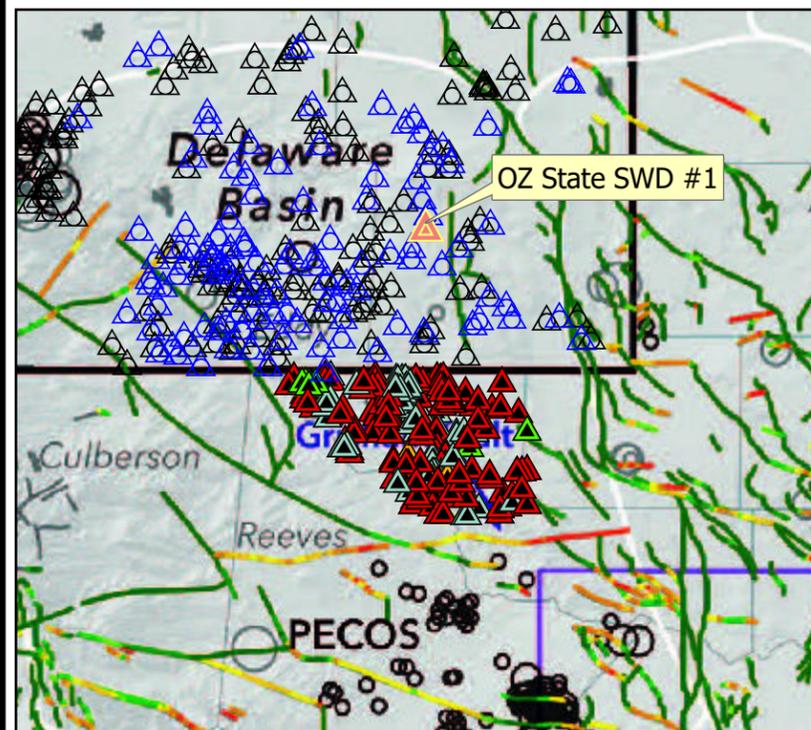
Seismic and Fault Slip Potential-
Ewing et al. (1990), Green and Jones (1997), Ruppel et al. (2005), and the USGS Quaternary Faults and Folds Database (Crone and Wheeler, 2000).



R.T. Hicks Consultants, Ltd
901 Rio Grande Blvd NW Suite F-142
Albuquerque, NM 87104
Ph: 505.266.5004

Seismicity and Fault Slip Potential
AWR Disposal, LLC Oz State SWD #1

Plate 5
July 2019



▲ SWD
 Oil and Gas (NMOCD)
△ Salt Water Injection, Active
△ Salt Water Injection, New
 Faults
— Fault - Basement
- - - Fault - Precambrian
- - - Fault - Woodford
 Fault Slip Potential (%)
— <5
— 5 - 10
— 10 - 15
— 30 - 35

Seismic and Fault Slip Potential-
 Ewing et al. (1990), Green and Jones (1997), Ruppel et al. (2005), and the USGS Quaternary Faults and Folds Database (Crone and Wheeler, 2000).



R.T. Hicks Consultants, Ltd
 901 Rio Grande Blvd NW Suite F-142
 Albuquerque, NM 87104
 Ph: 505.266.5004

Fault Slip Potential
 AWR Disposal, LLC
 Oz States SWD #1

Plate 6
 July 2019