

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: 20933

APPLICATION OF BLACK RIVER WATER MANAGEMENT  
COMPANY LLC TO AMEND ADMINISTRATIVE ORDER  
SWD-1738 FOR MALAGA SWD NO. 4 WELL,  
EDDY COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS  
EXAMINER HEARING  
December 12, 2019  
SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, EXAMINERS LEONARD LOWE, DEAN McCLURE, DYLAN COSS and LEGAL EXAMINER ERIC AMES, on Thursday, December 12, 2019, at the New Mexico Energy, Minerals, and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

Reported by: Irene Delgado, NMCCR 253  
PAUL BACA PROFESSIONAL COURT REPORTERS  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102  
505-843-9241

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

A P P E A R A N C E S

For the Applicant:

ADAM RANKIN  
HOLLAND & HART  
110 North Guadalupe, Suite 1  
Santa Fe, NM 87501  
505-954-7286

I N D E X

CASE NO. 20933 CALLED	
MARSHALL BROOKS VERSCHOYLE (By Affidavit)	03
EDMUND LOCKE FROST III (By Affidavit)	04
BRADLEY M. ROBINSON (By Affidavit)	04
TAKEN UNDER ADVISEMENT	05
REPORTER CERTIFICATE	06

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

	Offered
A, B and C (All attachments)	05

1 HEARING EXAMINER COSS: I would now like to call  
2 Case Number 20933, Black Water Management for SWD  
3 application.

4 MR. RANKIN: Good morning, Mr. Examiner. May it  
5 please the Division. I have exhibit packets for you all.

6 HEARING EXAMINER COSS: Are there any other  
7 entries of appearance for this case?

8 (No response.)

9 HEARING EXAMINER COSS: You may proceed.

10 MR. RANKIN: Mr. Examiner, Adam Rankin on behalf  
11 of the applicant in this case, Black River Water Management  
12 Company of the law office of Holland & Hart. We will be  
13 presenting this case by affidavit.

14 Mr. Examiner, before you is an exhibit packet  
15 containing three exhibits of the affidavits of three of  
16 Black River's witnesses.

17 The first affidavit is of Mr. Marshall Brooks  
18 Verschoyle. He is the landman and previously testified  
19 before the Division.

20 In this case Black River Water Management is  
21 seeking an increase in tubing size in its existing,  
22 currently injecting Malaga SWD Number 4 well. Current  
23 tubing in the injection well is 4.5 inches. They are  
24 seeking an increase to 5.5 inches.

25 They have provided notice to all interest owners

1 affected parties within a one mile area of review  
2 surrounding the well. Mr. Verschoyle testifies to the  
3 effort he has undertaken to to identify the interest owners.  
4 And attached to his affidavit is a copy of the notice that  
5 was sent out to each of the affected parties within the one  
6 mile area of review, as well as the demonstration of  
7 certified mailing, and a notice of publication reflecting  
8 the notice was provided in the newspaper within the county  
9 where the well is located.

10 Exhibit B is a copy of the affidavit of  
11 Dr. Edmund Locke Frost III. He conducted an updated fault  
12 slip analysis analyzing the effect of the increased tubing  
13 and the higher volumes and rate as a result. He identifies  
14 that there is no significant risk of fault slip potential as  
15 a result of the increased volume of rates of injection.  
16 Attached to his exhibit is a model study that he prepared  
17 reflecting his analyses.

18 Exhibit C is an affidavit prepared by Mr. Brad  
19 Robinson who is Malaga's petroleum engineer. Mr. Robinson  
20 conducted a study of the effects of the increased tubing  
21 size and reviews his analysis of the results of his -- of  
22 the study that he conducted on the potential impact of the  
23 increased tubing size.

24 In addition, in response to the Division's  
25 request, Mr. Robinson has also prepared a proposed study of

1 the -- rather, the proposed plan for plugging and abandoning  
2 the well as well, so he's got a draft or proposed wellbore  
3 design for a plugging and abandoning the plan going forward,  
4 as well as a written narrative plan on the Division's  
5 request, so that also is attached as an exhibit to his  
6 affidavit.

7 With that I would ask that Exhibit A, B and C be  
8 taken -- accepted into the record, and that the case be  
9 taken under advisement.

10 (Exhibits A, B and C offered.)

11 HEARING EXAMINER COSS: My only question, is it  
12 just an increase in tubing size or increase in injection  
13 volume as well?

14 MR. RANKIN: Well, as a result of the tubing  
15 increase there will be an increase in volume, but under the  
16 existing order there is no limitation on the volume, so it  
17 would be under the limitation here is the surface injection  
18 pressure and that won't change. So the only requested  
19 change is the tubing size.

20 HEARING EXAMINER COSS: I see. Thank you for  
21 that additional information, and with that I will take case  
22 Number 20933 under advisement.

23 MR. RANKIN: Thank you very much.

24 (Case 20933 taken under advisement. Adjourned.)

25

1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

3

4 REPORTER'S CERTIFICATE

5

6 I, IRENE DELGADO, New Mexico Certified Court  
7 Reporter, CCR 253, do hereby certify that I reported the  
8 foregoing proceedings in stenographic shorthand and that the  
9 foregoing pages are a true and correct transcript of those  
10 proceedings that were reduced to printed form by me to the  
11 best of my ability.

12 I FURTHER CERTIFY that the Reporter's Record of  
13 the proceedings truly and accurately reflects the exhibits,  
14 if any, offered by the respective parties.

15 I FURTHER CERTIFY that I am neither employed by  
16 nor related to any of the parties or attorneys in this case  
17 and that I have no interest in the final disposition of this  
18 case.

19 Dated this 12th day of December 2019.

20

21

\_\_\_\_\_  
Irene Delgado, NMCCR 253  
License Expires: 12-31-19

22

23

24

25