

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: 20944

APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY LP FOR APPROVAL OF A SALT WATER
DISPOSAL WELL, LEA 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 PHILLIP GOETZE, 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
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A P P E A R A N C E S

For the Applicant:

MICHAEL FELDEWERT
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1 HEARING EXAMINER COSS: The Division will hear
2 Case Number 20944, Devon Energy for a saltwater disposal
3 well.

4 MR. FELDEWERT: May it please the Examiner,
5 Michael Feldewert with the Santa Fe office of Holland & Hart
6 appearing on behalf of the applicant. Sorry, I don't have
7 any more copies.

8 HEARING EXAMINER COSS: Are there any other
9 appearances for this case?

10 (No response.)

11 HEARING EXAMINER COSS: You may proceed, Mr.
12 Feldewert.

13 MR. FELDEWERT: Mr. Examiner, under this
14 application Devon is seeking authority to recomplete the
15 Sand 18 Federal Well Number 1 in the Devonian-Silurian and
16 Fusselman Formations at a depth of 16,700 feet and 18,000
17 feet.

18 The history here, this well has been actually
19 drilled to the disposal zone. And the reason for that is
20 because this well had actually been previously approved by
21 injection -- for injection in the proposed zone by the
22 Division back in 2014.

23 So one of the things that I provided in the
24 exhibit packet to you under Attachment C or Exhibit C is the
25 administrative order from 2014 that approved this very well.

1 That's why it's been drilled.

2 You will note that that was filed by XTO Energy.
3 XTO Energy then drilled the well into the Devonian but never
4 commenced injection. This well was actually transferred to
5 Devon Energy in early this year, which then prompted Devon
6 to reapply for the authority to dispose because the previous
7 order had expired by its own terms because injection had not
8 commenced.

9 So Devon filed an administrative application
10 seeking the authority to inject in the same zone,
11 essentially resurrect this previous authority, and a company
12 by the name of Foundation Energy Minerals filed an
13 objection, forcing us to hearing.

14 Now, we never understood the basis for their
15 objection. They never really articulated the basis for
16 their objection. So it doesn't surprise that me that
17 yesterday they withdrew, formally withdrew their objection
18 to this application and their entry of appearance in the
19 case. So we are now back to whatever is most convenient for
20 you.

21 The one thing I did notice, Mr. Goetze, in going
22 through this application, is, first off, it seemed to me
23 they needed a better statement from a geologist, from a
24 geology -- a geologic statement is necessary. So Exhibit B
25 is the statement from Sloan Anderson who is a senior

1 geologist that is required for this type of application.

2 The second thing is, I looked at their water
3 well, their water analysis report, and it was from a sample
4 taken back in 2017, so I asked Devon to update that, which
5 they did, and the second page of Exhibit B then is a water
6 analysis report from the Todd 26 Federal SWD, and Mr. Sloan
7 explains why that's important, because essentially it shows
8 the type of water they will be injecting into the formation.

9 So in some sense I guess we have supplemented
10 this administrative application. But now that the objection
11 has been withdrawn, this case has now been called to
12 hearing, Foundation Energy got -- received notice. They
13 actually filed an entry of appearance, filed a prehearing
14 statement, and then yesterday withdrew that.

15 So all notice has been complied with. This
16 application is ripe for approval.

17 So whether you want to do it under this case or
18 take it back into the administrative process, I will leave
19 it up to you, whichever is more expeditious.

20 EXAMINER GOETZE: I think, with the additional
21 information provided as exhibits, we can probably carry it
22 through as a case and go ahead and issue it as a hearing
23 order, that way we don't have to keep refiling information
24 and whatnot.

25 MR. FELDEWERT: That would be fine.

1 MR. AMES: Mr. Feldewert, clarification. Was
2 Foundation the only party entitled to notice of this
3 hearing?

4 MR. FELDEWERT: No. Actually when the
5 application was filed, and you will see in Exhibit A there
6 were other parties that were timely notified and received
7 notice, none of which objected. So Foundation was the only
8 one that objected, therefore they were the entity that
9 received notice of the hearing today.

10 MR. AMES: Okay.

11 EXAMINER LOWE: Has Foundation submitted that
12 information to the OCD?

13 MR. FELDEWERT: They filed it -- well, they filed
14 it yesterday, late yesterday.

15 EXAMINER LOWE: Okay.

16 MR. FELDEWERT: I think we received notice at 3
17 o'clock, something like that.

18 EXAMINER GOETZE: Like lawyers do.

19 MR. FELDEWERT: I guess when they decided they
20 didn't like the cost to send an attorney out here, that's
21 when they made their decision.

22 HEARING EXAMINER COSS: Do you have any
23 additional questions, Mr. Goetze?

24 EXAMINER GOETZE: No.

25 MR. AMES: No.

1 HEARING EXAMINER COSS: I don't. So with that we
2 will admit Exhibits A, B and C for Case Number 20944 into
3 the record and take it under advisement and be on the
4 lookout for the supplemental information of the addition --
5 the party Foundation Energy dropping the protest.

6 (Exhibits A, B and C admitted.)

7 MR. FELDEWERT: It should already be in the
8 Division file. We received the filing yesterday.

9 HEARING EXAMINER COSS: Okay. It should be in
10 the file then. 20944 will be taken under advisement.

11 MR. FELDEWERT: Thank you.

12 (Case 20944 taken under advisement. Adjourned.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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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.

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

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