

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

**APPLICATION OF SALT CREEK MIDSTREAM, LLC
TO AMEND ORDER NO. R-20913-D. Case No. 23294**

**SECOND APPLICATION OF SALT CREEK MIDSTREAM, LLC Case No. 23464
TO AMEND ORDER NO. R-20913-D.**

**SALT CREEK MIDSTREAM, LLC'S
CONSOLIDATED PRE-HEARING STATEMENT**

Salt Creek Midstream, LLC ("Salt Creek") submits its Pre-Hearing Statement in accordance with Rule 19.15.4.13(B) NMAC.

APPEARANCES

APPLICANT

Salt Creek

ATTORNEYS

Dana S. Hardy
Jaclyn M. McLean
Yarithza Peña
P.O. Box 2068
Santa Fe, NM 87504-2068
Phone: (505) 982-4554
Facsimile: (505) 982-8623
dhardy@hinklelawfirm.com
jmclean@hinklelawfirm.com
ypena@hinklelawfirm.com

INTERESTED PARTIES

New Mexico Oil Conservation Division

ATTORNEYS

Jesse Tremaine
Assistant General Counsels
New Mexico Energy, Minerals, and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
(505) 741-1231
(505) 231-9312
jessek.tremaine@state.nm.us

Ameredev Operating, LLC

Earl E. DeBrine Jr.
Deana M. Bennett
P.O. Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, NM 87103-2168
(505) 848-1800
edebrine@modrall.com
debennett@modrall.com

STATEMENT OF THE CASE

The Commission issued Order No. R-201913-C on January 16, 2020, approving Salt Creek's application for authorization to inject treated acid gas ("TAG") into the Salt Creek AGI #1 well ("Well") located in Section 21, Township 26 South, Range 36 East in Lea County. The Order provided that the Well would be completed in the Bell Canyon and Cherry Canyon formations of the Delaware Mountain Group with an injection interval from 5,410 feet to 7,000 feet. The well was to be located approximately 594 feet from the West line and 2,370 feet from the South line of Section 21. The Order incorporated permit conditions agreed upon by the Oil Conservation Division ("OCD"), State Land Office ("SLO") and Salt Creek. On December 28, 2020, the Commission issued Order No. R-20913-D extending the deadline for Salt Creek to commence injection into the Well until December 28, 2022.

Salt Creek spudded the Well (API: 30-25-46746) on October 18, 2022 and commenced drilling. However, Salt Creek encountered technical complications that ultimately caused it to plug the well. As a result, on December 6, 2022, Salt Creek filed an application seeking to amend Order No. R-20913-D to extend the deadline to commence injection of TAG into the Well until six months from the date of the amended order. That application has been assigned Case No. 23294. On January 6, 2023, the Commission issued an order staying the injection deadline.

Salt Creek subsequently determined it is necessary to revise the well design to add two additional casing strings and to drill the Well at a location 277 feet from the west line and 2,350 feet from the south line of Section 21, approximately 120' from the original location. As a result, Salt Creek submitted its application in Case No. 23464, seeking approval of its Amended C-108 and an extension of the deadline to commence injection until 24-months from the date of the amended order. The target injection zone for the Well will remain in the Bell Canyon and Cherry Canyon formations at depths of approximately 5,580 feet to 7,040 feet.

The Well, as proposed in the Amended C-108, will not cause waste, impair correlative rights, or harm public health or the environment. Also, as recognized in Order No. R-20913-C, the Well will facilitate the sequestration of CO2 and TAG, which is in the public interest. Accordingly, Salt Creek's request to relocate and redesign the well is reasonable and consistent with the order and the requirements of the Oil and Gas Act.

PROPOSED EVIDENCE

A. Witnesses

<u>WITNESS</u>	<u>ESTIMATED TIME</u>	<u>EXHIBITS</u>
John Nicholson (Chief Operating Officer)	10 minutes	2
David White (Geologist)	45 minutes	2

Salt Creek reserves the right to call a rebuttal witness(es) if appropriate.

B. Exhibits

In accordance with Rule 19.15.4.13(B)(2) NMAC, copies of Salt Creek's hearing exhibits are being filed contemporaneously with this Pre-Hearing Statement.

PROCEDURAL MATTERS

Salt Creek requests that Case Nos. 23294 and 23464 be consolidated for hearing.

Respectfully submitted,

HINKLE SHANOR LLP

Dana S. Hardy

Dana S. Hardy

Jaclyn M. McLean

Yarithza Peña

P.O. Box 2068

Santa Fe, NM 87504-2068

Phone: (505) 982-4554

Facsimile: (505) 982-8623

dhardy@hinklelawfirm.com

jmclean@hinklelawfirm.com

ypena@hinklelawfirm.com

Counsel for Salt Creek Midstream, LLC

CERTIFICATE OF SERVICE

I hereby certify that on May 4, 2023, I served a copy of the foregoing document to the following counsel of record via electronic mail to:

Jesse Tremaine

Assistant General Counsel

New Mexico Energy, Minerals, and

Natural Resources Department

1220 South St. Francis Drive

Santa Fe, New Mexico 87505

(505) 741-1231

(505) 231-9312

jessek.tremaine@state.nm.us

Attorney for New Mexico Oil Conservation Division

Earl E. DeBrine Jr.

Deana M. Bennett

P.O. Box 2168

500 Fourth Street NW, Suite 1000

Albuquerque, NM 87103-2168

(505) 848-1800

edebrine@modrall.com

debennett@modrall.com

Attorneys for Ameredev Operating LLC

/s/ Dana S. Hardy

Dana S. Hardy

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720

District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 213780

QUESTIONS

Operator: Salt Creek Midstream, LLC 5775 N Sam Houston Pkwy W Houston, TX 77086	OGRID: 373554
	Action Number: 213780
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

QUESTIONS

Testimony	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>