

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:

APPLICATION OF SOLARIS WATER MIDSTREAM, CASE NO. 20114  
LLC FOR APPROVAL OF A SALTWATER DISPOSAL  
WELL, LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

March 21, 2019

Santa Fe, New Mexico

BEFORE: PHILLIP GOETZE, CHIEF EXAMINER  
KATHLEEN MURPHY, TECHNICAL EXAMINER  
WILLIAM V. JONES, TECHNICAL  
TERRY WARNELL, TECHNICAL EXAMINER  
EXAMINER SUSAN SITA, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Phillip Goetze, Chief Examiner; Kathleen Murphy, William V. Jones and Terry Warnell, Technical Examiners; and Susan Sita, Legal Examiner, on Thursday, March 21, 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.

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APPEARANCES

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ALSO PRESENT: Michael Feldewert, Esq.

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1 (8:47 a.m.)

2 EXAMINER GOETZE: So let us call Case  
3 Number 20114, application of Solaris Water Midstream,  
4 LLC for approval of a saltwater disposal well, Lea  
5 County, New Mexico.

6 Call for appearances.

7 MR. BRUCE: Mr. Examiner, Jim Bruce of  
8 Santa Fe representing the Applicant. I have three  
9 witnesses.

10 MS. ANTILLON: Andrea Antillon representing  
11 the State Land Office and the Commissioner of Public  
12 Lands.

13 MS. BENNETT: Deana Bennett, Modrall,  
14 Sperling, on behalf of NGL Water Solutions Permian, LLC.

15 EXAMINER GOETZE: Will the witnesses please  
16 stand, identify yourself for the court reporter and have  
17 her swear you in?

18 MR. WOOD: Brian Wood.

19 MR. BRANNIGAN: Jim Brannigan.

20 MR. DIXON: Landon Drew Dixon.

21 (Mr. Wood, Mr. Brannigan and Mr. Dixon  
22 sworn.)

23 EXAMINER GOETZE: Mr. Bruce, before we go  
24 down the road, we have had an appearance by the State  
25 Land Office.

1 I believe we had a protest from EOG, which  
2 has been withdrawn, correct?

3 MR. FELDEWERT: Yes, sir.

4 MR. BRUCE: That is correct. The  
5 procedural -- Deana's client, NGL, objected to the  
6 application. They have withdrawn that objection. My  
7 client, EOG, objected to the application. They withdrew  
8 their application. And the last we heard of it is the  
9 State Land Office objected. So that's the current  
10 status, so that's why we are here today. We wanted to  
11 revert back to the administrative docket, but that  
12 didn't quite go.

13 EXAMINER GOETZE: Very good.

14 Please proceed.

15 LONDON DREW DIXON,  
16 after having been previously sworn under oath, was  
17 questioned and testified as follows:

18 DIRECT EXAMINATION

19 BY MR. BRUCE:

20 Q. Would you please state your name for the  
21 record?

22 A. Yes. My name is Drew Dixon.

23 Q. Where do you reside?

24 A. I reside in Houston, Texas.

25 Q. Who do you work for and in what capacity?

1           A.    I work for Solaris Water Midstream, LLC as the  
2 vice president of land, regulatory and permitting.

3           **Q.    Have you previously testified before the**  
4 **Division as a petroleum landman?**

5           A.    I have not.

6           **Q.    Would you summarize your educational and**  
7 **employment background for the examiners?**

8           A.    I'm a graduate of the University of Arkansas  
9 with a Bachelor of Science in Poultry Science.  I'm also  
10 a graduate of the University of Arkansas School of Law  
11 with a Juris Doctorate.

12                         And after law school, I began my career at  
13 Chesapeake Energy as a landman.  I proceeded from there  
14 into a position with BHP Billiton where I was at the  
15 preceding eight years before joining Solaris.  At BHP  
16 Billiton, I was not only a landman but became a field  
17 land manager, followed by -- recently, before joining  
18 Solaris, the head of land over BHP Billiton's Eagle Ford  
19 and Permian assets in Texas.

20           **Q.    How long have you been with Solaris?**

21           A.    I've been with Solaris since October of 2018.

22           **Q.    And does your area of responsibility at Solaris**  
23 **include southeast New Mexico?**

24           A.    It does, yes.

25           **Q.    And are you familiar with the land matters**

1     **involved in this application?**

2           A.     Yes.

3           **Q.     And the permitting of this proposed SWD well?**

4           A.     Yes, that is correct.

5                     MR. BRUCE:   Mr. Examiner, I tender  
6     Mr. Dixon as an expert petroleum landman.

7                     EXAMINER GOETZE:   Ms. Bennett?

8                     MS. BENNETT:   No objection.

9                     EXAMINER GOETZE:   Ms. Antillon?

10                    MS. ANTILLON:   No objection.

11                    EXAMINER GOETZE:   He is so qualified.

12           **Q.     (BY MR. BRUCE) Mr. Dixon, your testimony is**  
13 **going to be pretty brief, but could you give us a**  
14 **timeline on the filing of the C-108 and the current**  
15 **status of the processing of the APD for this well?**

16           A.     Yes.   So we began the process, the staking of  
17     the actual location, in early June of 2018.   The surveys  
18     were received 6/14/2018, at which point in time we used  
19     outside consultants to help prepare our C-108.   We did  
20     so.   The injection permit, C-108, was signed August the  
21     3rd of 2018 and submitted to the NMOCD on August the  
22     16th of 2018.

23                     Shortly thereafter, in October, we had the  
24     federal on-site with the BLM.   We've since worked and  
25     submitted our revised category determination, and our

1 SF 299 will be submitted here as soon as the category  
2 determination comes back.

3 **Q. The APD has not been approved yet?**

4 A. Correct. The APD has not. It's still pending.  
5 Yes.

6 **Q. And the APD is -- it's a federal APD?**

7 A. Yes. So the surface is federal, Bureau of Land  
8 Management, lands.

9 **Q. Okay. Now, even though EOG has withdrawn its**  
10 **objection, what -- what did Solaris agree to do to help**  
11 **satisfy EOG's concerns?**

12 A. Well, so we've -- we've agreed to adjust  
13 certain locations in order to comply -- in -- in  
14 December. So keep in mind this has been such a long  
15 process for us that -- EOG has created a new set of  
16 standards for SWDs on their leasehold estate. As such,  
17 our location as originally staked did not originally  
18 comply with their new -- their new standards that they  
19 rolled out in December. So they didn't actually submit  
20 an objection to this particular well until after their  
21 new set of standards came out.

22 **Q. So originally they didn't have --**

23 A. No. But we actually met with them particularly  
24 about this location and several others, and as part of  
25 that meeting, we agreed to adjust two to three other

1 wells in order for them to approve the location of this  
2 well.

3 **Q. And -- but what specifically have you agreed to**  
4 **with this proposed well so that EOG is comfortable with**  
5 **this location?**

6 A. So ultimately we didn't have to agree to  
7 anything additional once we explained to them the issue  
8 that we're having given the proximity of other  
9 applications now on this particular area, given the rule  
10 that we follow that the NMOCD has established regarding  
11 one-and-a-half-mile radius.

12 **Q. Okay. But have you agreed to a gyroscopic**  
13 **survey?**

14 A. We had discussions there. In this instance, we  
15 will, yes, provide them a gyroscopic survey depicting  
16 100-foot interval in order for them to prevent any  
17 wellbore collision in the future. Yes.

18 **Q. And was it your understanding at the land**  
19 **office that the initial objection made was they would**  
20 **like you to move the well more than just -- maybe**  
21 **approximately an eighth or a quarter of a mile further**  
22 **away from their surface?**

23 A. You're speaking specifically to the State Land  
24 Office's new objections?

25 **Q. The land office.**

1           A.    Yes.  So the land office -- and I was unaware  
2   until most recently that they had stepped in with an  
3   issue.  But yes, now that they've asked us to review  
4   potentially moving that location, we do have issues  
5   giving other pending applications before the Division  
6   regarding a mile-and-a-half radius.  So, unfortunately,  
7   for lack of a better term, we are a little bit in -- to  
8   this particular location.

9           **Q.    Okay.  And if you moved the well another**  
10   **thousand yards or whatever, it would create a whole new**  
11   **host of problems, with objections from potential other**  
12   **SWD companies and other oil and gas operators?**

13          A.    Yes, that is correct.

14          **Q.    And another year of permitting?**

15          A.    Potentially, yes.

16          **Q.    And did Solaris, under your request, conduct a**  
17   **record search to determine who is entitled to the notice**  
18   **under current OCD rules?**

19          A.    Yes, that is correct.

20          **Q.    And, again, who is the surface owner?**

21          A.    The surface owner on this particular tract is  
22   the Bureau of Land Management.

23          **Q.    And were the oil and gas lessees or operators**  
24   **within the expanded area of review identified?**

25          A.    Yes.

1 Q. And was notice given to all of these persons?

2 A. Yes.

3 Q. And is that shown in my Affidavit of Notice  
4 marked as Exhibit 1?

5 A. Yes, it is.

6 MR. BRUCE: Mr. Examiner, I know this is  
7 odd for me, but everybody returned a green card.

8 Q. (BY MR. BRUCE) And finally, Mr. Dixon, in your  
9 opinion, is the granting of this application in the  
10 interest of conservation and the prevention of waste?

11 A. Yes.

12 MR. BRUCE: Mr. Examiner, I move the  
13 admission of Exhibit 1, my Affidavit of Notice.

14 EXAMINER GOETZE: Ms. Bennett?

15 MS. BENNETT: No objection.

16 EXAMINER GOETZE: Ms. Antillon?

17 MS. ANTILLON: No objection.

18 (Solaris Water Midstream, LLC Exhibit  
19 Number 1 is offered into evidence.)

20 MR. BRUCE: And I have no further  
21 questions.

22 MS. BENNETT: I have a few.

23 CROSS-EXAMINATION

24 BY MS. BENNETT:

25 Q. Good morning, Mr. Dixon.

1 A. Good morning.

2 Q. As I mentioned a moment ago, I represent NGL.

3 And you mentioned that the SF 299 will be  
4 submitted when something comes back, and I didn't quite  
5 catch that. I was wondering if you would clarify that  
6 for me.

7 A. Yes, our category determination.

8 Q. Okay. Thanks.

9 Now, you mentioned that the surface is BLM  
10 lands, but are you aware that this -- your proposed well  
11 is within the boundaries of one of the NGL ranches that  
12 it owns within the ranch boundaries?

13 A. Well, so yes, it is within the boundaries of a  
14 ranch. But is it actually ownership if you're only a  
15 lessee of the surface, as a grazing lessee, which is my  
16 understanding? NGL is simply a grazing lessee on the  
17 Bureau of Land Management-owned property.

18 Q. And I was curious. You mentioned that you had  
19 some conversations with EOG about potentially moving the  
20 well.

21 A. Early, yes. A representative of Solaris did.

22 Q. Solaris, right?

23 A. Yes.

24 Q. And I thought you might have said -- and I  
25 apologize if I didn't write this down right -- that you

1     **were even thinking about moving it in December of 2018?**

2           A.     No.    So -- so we met with EOG originally in  
3     September of 2018, a representative of Solaris did and  
4     agreed to this location and some others in exchange for  
5     moving three other wells.

6           **Q.     Okay.**

7           A.     And then in December of 2018, EOG, companywide,  
8     for particularly this field, came out with a new set of  
9     standards for competitive SWD locations on their  
10    leasehold estate.    So they've basically drawn corridors  
11    in which they would allow competitive SWDs to be placed  
12    in order to not -- in their opinion, not impact their  
13    development on the mineral estate.    Because our  
14    application was still pending, that's my understanding  
15    of why they -- not to say back on their word, but why  
16    they actually filed an objection to this particular  
17    location.

18                         So in the month of January is when we  
19    re-engaged discussions with them regarding this  
20    particular location, and we reached an agreement that we  
21    couldn't now move it given all the other pending  
22    applications in the area, and, therefore, we would offer  
23    the gyroscopic survey at every 100-foot interval, rather  
24    than the 300 that we typically do as part of the  
25    Commission standards, in order for them to have further

1 assurance that their wellbore could avoid collision with  
2 our Devonian SWD.

3 Q. Now, I think I may have misunderstood this,  
4 too, but I thought that EOG had withdrawn their protest  
5 because they had determined that they actually didn't  
6 own an interest, that they weren't an interest owner in  
7 that section and that it was COG. And that's not the  
8 situation?

9 A. No.

10 Q. Okay. And if it turned out that it was COG  
11 that owned the interest, though, would you do the same  
12 gyroscopic survey for COG?

13 A. We have offered that in the past. Yes.

14 Q. Those are all the questions I have. Thank you  
15 very much.

16 A. Yes.

17 EXAMINER GOETZE: Ms. Antillon?

18 MS. ANTILLON: No questions.

19 CROSS-EXAMINATION

20 BY EXAMINER GOETZE:

21 Q. Okay. So for the record, what is an SF 299?

22 A. An SF 299?

23 Q. Yes.

24 A. So that is the form in which we apply for it.

25 It's basically an easement grant from the Bureau of Land

1 Management for this -- because we're not operator of  
2 leasehold.

3 Q. It's a surface agreement with the BLM?

4 A. Correct, for this well.

5 Q. Thank you.

6 So it is Solaris' intent, regardless of the  
7 pool within the area, they are going to do a gyroscopic  
8 survey?

9 A. In this particular instance, yes. It is an  
10 additional cost to us, so we don't offer it on every  
11 well, but in the instances where we have issues, we use  
12 that as a tool to resolve that with operators.

13 Q. Thank you.

14 And then in your discussions with the State  
15 Land Office, what acreage did they express concern about  
16 in proximity of this well?

17 A. So that may be a question better for our  
18 attorney here. He's had this specific conversation with  
19 them.

20 MR. BRUCE: Mr. Examiner, moving forward,  
21 there is Midland Map Company plat, Exhibit 3. If you  
22 look to the east in Section 2, that is State surface  
23 mineral land, I believe.

24 THE WITNESS: Yes.

25 Q. (BY EXAMINER GOETZE) So standard Section 2 is

1 all still retained by the State for mineral and surface?

2 A. Yes. And that's within the boundaries of Quail  
3 Ranch.

4 Q. So the expanded radius, I am assuming, is one  
5 mile from the well surface location that you've provided  
6 notice; is that correct?

7 A. Yes. Yes.

8 Q. And then one last thing. The one and three --  
9 the one-and-a-half mile, that is not our radius. We're  
10 doing three-quarter-mile radius. And then distance  
11 between the wells, we're hoping to optimize to  
12 one-and-a-half miles.

13 A. Okay.

14 Q. So for the record, we're using the  
15 three-quarter miles as a standard at this point. And it  
16 is not rule, so it is subject to abuse. Okay?

17 A. Yes.

18 EXAMINER GOETZE: I have no more questions  
19 for this witness.

20 Thank you.

21 BRIAN WOOD,

22 after having been previously sworn under oath, was  
23 questioned and testified as follows:

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DIRECT EXAMINATION

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BY MR. BRUCE:

Q. Would you please state your name and city of residence for the record?

A. I'm Brian Wood, Santa Fe, New Mexico.

Q. And what is your profession?

A. Regulatory consultant.

Q. And who do you work for in this case?

A. Solaris Water Midstream.

Q. Have you previously testified before the Division as a regulatory consultant?

A. Yes, I have.

Q. And were your credentials as an expert accepted as a matter of record?

A. Yes.

Q. Are you familiar with the C-108, the injection application, related to this well?

A. Yes, I am.

Q. And let's start with that. Exhibit 3 -- or Exhibit 2 -- excuse me -- is the C-108, correct?

A. Correct.

Q. Now, it was -- looking at it, it was prepared by Bonnie Atwater for Solaris. Have you reviewed the data pertaining to the C-108, and do you agree with its contents?

1           A.     Yes.

2           **Q.     Referring to page 3 of Exhibit 2, could you**  
3 **identify the proposed injection well and described how**  
4 **it will be drilled and completed?**

5           A.     The wells at Telluride Federal SWD No. 1, three  
6 strings of casing will be run. The casing will be  
7 cemented to the surface. A liner will then be run with  
8 at least 200-foot of overlap between the top of the  
9 liner. And the long string of casing, that, too, will  
10 be cemented to the top as a liner. The remainder of the  
11 well will be completed open hole. That would be from  
12 15,835 to 17,160.

13          **Q.     And this is a new drill, correct?**

14          A.     That is correct.

15          **Q.     And is Exhibit 8 a wellbore sketch? Page 8.**

16          A.     Yes. Page 8 is.

17          **Q.     And you've reviewed many of these in your**  
18 **career at the OCD?**

19          A.     Correct.

20          **Q.     Looking at this, will the well's design and**  
21 **construction prevent the movement of fluids between**  
22 **zones?**

23          A.     Yes, it will.

24          **Q.     In looking at pages 12 through 14, how many**  
25 **wells are in the half-mile area of review?**

1           A.    There are five wells.

2           **Q.    And do any of them penetrate the proposed**  
3 **injection zone?**

4           A.    No, none penetrate.  The deepest well was  
5 15,470, which will be 365 feet above the top of the open  
6 hole.

7           **Q.    Okay.  And going back to page 4, could you**  
8 **summarize the operation -- the proposed operation?**

9           A.    The maximum proposed disposal rate would be  
10 30,000 barrels of water per day.  The proposed average  
11 injection rate would be 15,000 barrels of water per day.  
12 The proposed maximum disposal or injection pressure  
13 would be 3,167 psi.  That's based on the standard of 0.2  
14 psi.  Depth measured at the top of the open hole.  The  
15 actual proposed average injection pressure would be  
16 between 1,500 and 2,000 psi.

17          **Q.    And that would comply with the .2 psi per foot**  
18 **of depth?**

19          A.    That is correct.

20          **Q.    And so if they wanted to go above that or**  
21 **increase the injection rates, they would have to do the**  
22 **step-rate test before the Division?**

23          A.    That is correct.

24                         EXAMINER GOETZE:  May I interrupt you for a  
25 minute?  So he's being a witness of fact and not a

1 witness --

2 MR. BRUCE: Oh, I'm sorry.

3 EXAMINER GOETZE: I was wondering where we  
4 were going.

5 MR. BRUCE: I would tender Mr. Wood as an  
6 expert regulatory consultant on OCD matters.

7 EXAMINER GOETZE: Ms. Bennett?

8 MS. BENNETT: No objection.

9 EXAMINER GOETZE: Ms. Antillon?

10 MS. ANTILLON: No objection.

11 EXAMINER GOETZE: Thank you.

12 We will take into consideration his  
13 previous testimony.

14 Please proceed.

15 Q. (BY MR. BRUCE) And is there a  
16 stimulation program?

17 A. Yes, and proposing to do an acid job to clean  
18 out the well.

19 Q. Okay. So it's not being fracked or anything?

20 A. That's correct.

21 Q. Open-hole completion?

22 A. Correct.

23 Q. Are there sources of fresh water in the area?

24 A. There is no water well within a one-mile radius  
25 based on the State Engineer's records.

1           Q.    Okay.  Any water zones in this area would be  
2 quite a bit above the top perforated -- or the top  
3 injection zone; is that correct?

4           A.    That is correct.

5           Q.    And what is the source of the injection water,  
6 to your knowledge?

7           A.    It'll probably be Bone Spring and Wolfcamp  
8 water.

9           Q.    And that's what operators such as EOG and COG  
10 are drilling in this area?

11          A.    Correct.

12          Q.    And are Bone Spring and Wolfcamp water analyses  
13 included at pages 16 and 17?

14          A.    Yes, that's correct.

15          Q.    And if you look at the total dissolved solids  
16 for the Bone Spring and the Wolfcamp, are they very  
17 similar to the TDS measurements for Devonian water as  
18 shown on page 19?

19          A.    Yes.  The Devonian analyses show a TDS of  
20 203,000.  The Wolfcamp TDS is 213,000, and then the Bone  
21 Spring TDS is 185,000.

22          Q.    Would you expect any compatibility problem  
23 between the injection water and the formation water?

24          A.    I would not.

25          Q.    And does the application contain the other

1     **attachments and exhibits that are normally part of a**  
2     **C-108 that you've prepared?**

3           A.     Almost.  The only thing I'm missing is maybe my  
4     copies.  I have no proof of the actual mailing.

5           **Q.     And that was -- Mr. Dixon just gave that.**

6           A.     Okay.

7                     MR. BRUCE:  And, Mr. Examiner, what was  
8     submitted administratively was a little out of date.  It  
9     listed HNG Oil Company and some other oil companies that  
10    have gone the way of the dinosaur.

11                    EXAMINER GOETZE:  Yes.  The Division is  
12    receiving numerous ONGARD applications or notices.  So  
13    yes, the type of work that's being done is somewhat  
14    questionable.

15                    MR. BRUCE:  Yeah.

16           **Q.     (BY MR. BRUCE) Just a couple of final**  
17    **questions, Mr. Wood.  There is a need for saltwater**  
18    **disposal in this area; is that correct?**

19           A.     That is correct.

20           **Q.     The Bone Spring and the Wolfcamp productive**  
21    **zones do produce quite a bit of fluids?**

22           A.     That is correct.

23           **Q.     And so in your opinion, is the granting of this**  
24    **application in the interest of conservation and the**  
25    **prevention of waste?**

1           A.     Yes, it is.

2                     MR. BRUCE:   Mr. Examiner, I'd move the  
3 admission of Exhibit 2.

4                     MS. BENNETT:  No objection.

5                     EXAMINER GOETZE:  Ms. Antillon?

6                     MS. ANTILLON:  No objection.

7                     MR. BRUCE:  I have no further questions of  
8 this witness.

9                     EXAMINER GOETZE:  Exhibit 2 is entered into  
10 the record.

11                    And I'll also move Exhibit 1 into the  
12 record to make sure we have that.

13                    (Solaris Water Midstream, LLC Exhibit  
14 Numbers 1 and 2 are admitted into  
15 evidence.)

16                    EXAMINER GOETZE:  Ms. Bennett.

17                    MS. BENNETT:  I have one or two questions.

18                                    CROSS-EXAMINATION

19 BY MS. BENNETT:

20            **Q.     Good morning.**

21            A.     Good morning.

22            **Q.     In the C-108, on page 3, you have the wells**  
23 **listed as 1,200 feet from the south line and 1,020 feet**  
24 **from the east line.  Are you -- do you know how close**  
25 **that is to NGL's surface ownership?**

1           A.    I do not.

2           Q.    And perhaps this is a question I should have  
3 asked the landman, and maybe I'll be able to ask him in  
4 a moment.  I don't have my notes right with me.

5                        So you haven't actually -- do you just not  
6 remember, or have you not looked at how close?

7           A.    I have not looked at it.

8           Q.    Okay.  Thanks.  That's the only question I had.

9                        EXAMINER GOETZE:  Okay.  You don't want to  
10 call the landman back?

11                       MS. BENNETT:  I'd like to.

12                       EXAMINER GOETZE:  We can do that at the  
13 end.

14                       Ms. Antillon?

15                       MS. ANTILLON:  No questions.

16                       EXAMINER GOETZE:  Okay.  Back to me.

17                                       CROSS-EXAMINATION

18           BY EXAMINER GOETZE:

19           Q.    First of all, I went through the C-108.  The  
20 Division did receive this as an administrative  
21 application.  It does include an induced seismicity  
22 statement, for the record, which has been included as  
23 part of the exhibit.  I will not necessarily ask  
24 Mr. Wood to do any type of induced-seismicity  
25 predictions for us, but I will ask that an affirmation

1 statement be submitted, written by an individual who is  
2 so qualified. It seems that it was part of the original  
3 application. Let's update that and make sure we have  
4 that in place.

5           While we're on the discussion of hydrology  
6 and hydrologic connection, the Rustler has been  
7 identified as a potential -- recognized as an  
8 underground source of drinking water. We do have a  
9 proposed depth, which is given as a top. Does anybody  
10 have -- Mr. Wood or anybody, provide with us what is the  
11 bottom of that aquifer so that we know that that surface  
12 casing is continuous? This is not a critical item in  
13 the sense that we can change the casing design. It does  
14 not require notice, and it does not require any  
15 additional information, but it is a BLM well, so we are  
16 going to have to comply with their Onshore Number 2. So  
17 I would ask you to reconfirm the shoe of your surface  
18 casing.

19           MR. BRUCE: Okay. We will do that.

20           EXAMINER GOETZE: And for the record, this  
21 is going to be a commercial well, correct --

22           MR. BRUCE: Correct.

23           THE WITNESS: That is correct.

24           EXAMINER GOETZE: -- in the sense that we  
25 are going to have sources from another operator?

1 MR. BRUCE: Correct.

2 EXAMINER GOETZE: So NGL is not an operator  
3 other than it has -- speaking of which, since this is  
4 federal land -- I'm going to have to call the landman  
5 back. NGL and the status of bonding, I believe we do  
6 have a blanket bond, but we'll ask the landman that.

7 MR. BRUCE: Okay.

8 EXAMINER GOETZE: I have reviewed the  
9 consent of this when it initially came in, and I have no  
10 further questions with regard to this application. And  
11 I just ask that the two items be clarified, and provide  
12 it to all parties.

13 MR. BRUCE: Okay.

14 EXAMINER GOETZE: No more questions, unless  
15 someone --

16 EXAMINER JONES: I have one.

17 CROSS-EXAMINATION

18 BY EXAMINER JONES:

19 Q. It's a bit of an ancillary question. Are you  
20 aware of the surface -- surface lithology out here? In  
21 other words, is it flat? There's a big pipeline going  
22 to come in for this well; is that correct?

23 A. I'm not familiar with the pipeline, but in  
24 general -- hold on a second. I'll tell you how flat is  
25 flat.

1                   Okay. The maximum relief is -- the highest  
2 spot on the pad would be 3,353. The low spot would be  
3 3,348, so -- relief, over 600 feet, 1 percent grade,  
4 roughly.

5           **Q. Okay. That's very specific. If there is a**  
6 **spill out there close to this well, is there a lake it's**  
7 **going to drain into, or where would it go?**

8           A. It does show -- I'm looking at a topographic  
9 map that the surveyors prepared. There is a low spot  
10 I'm going to say half to 2/3 of a mile to the northeast.  
11 Conceivably, it could flow in that direction.

12           **Q. And who owns that land?**

13           A. That is State Section 2.

14           **Q. Okay.**

15                   EXAMINER GOETZE: You sure you don't want  
16 to ask another one?

17                   EXAMINER JONES: I'll refer it back to you.

18                   EXAMINER GOETZE: No more questions for  
19 this witness. Thank you.

20                   MR. BRUCE: One more.

21                                   JIM BRANNIGAN,  
22 after having been previously sworn under oath, was  
23 questioned and testified as follows:  
24  
25

1 DIRECT EXAMINATION

2 BY MR. BRUCE:

3 Q. Would you please state your name for the  
4 record?

5 A. Jim Brannigan.

6 Q. And where do you reside?

7 A. Midland, Texas.

8 Q. And what is your profession?

9 A. I'm a geologist -- petroleum geologist.

10 Q. Are you a consulting geologist?

11 A. Yes, I am.

12 Q. And are you consulting on behalf of Solaris on  
13 this matter?

14 A. Yes, I am.

15 Q. Have you previously testified before the  
16 Division?

17 A. Yes, I have.

18 Q. And have your credentials as an expert  
19 petroleum geologist been accepted as a matter of record?

20 A. Yes.

21 Q. And have you reviewed Devonian geology in this  
22 general area?

23 A. Yes, I have.

24 MR. BRUCE: Mr. Examiner, I tender  
25 Mr. Brannigan as an expert petroleum geologist.

1 EXAMINER GOETZE: Ms. Bennett?

2 MS. BENNETT: No objection.

3 EXAMINER GOETZE: Ms. Antillon?

4 MS. ANTILLON: No objection.

5 Q. (BY MR. BRUCE) What is Exhibit 3?

6 A. It's a Midland Map, a lease map, showing the  
7 locations of the Solaris Telluride and the NGL  
8 Sidewinder, along with the -- you can see the permitted  
9 wells that are horizontal wells in that section. And it  
10 also has the surface owners estate, fee, Fed.

11 Q. Yeah. And it shows -- immediate to Section 2  
12 is the State Land Office -- the lands [sic] to the State  
13 Land Office?

14 A. Yes. Uh-huh.

15 Q. What is Exhibit 4?

16 A. Exhibit 4 is just a generalized geological  
17 section showing the Delaware Basin geology.

18 And to answer the question that was before,  
19 what's the base of the Rustler, the base of the Rustler  
20 would be the top of the Salado. And so this is just --  
21 I took this out of a Roswell Geological Symposium.

22 Q. You don't have a specific depth for this well,  
23 the top of the Salado?

24 A. Oh. No, I don't. Well, it might be in the --  
25 I don't, but it might be in the records.

1           **Q.    And, again, injection will be into the**  
2 **Siluro-Devonian Formation?**

3           A.    Yes.

4           **Q.    What is Exhibit 5?**

5           A.    Exhibit 5 is a copy of a geomap that's --  
6 that's conjured on top of what the geomap calls the  
7 Siluro-Devonian.  Out here, the Siluro-Devonian,  
8 Siluro-Ordovician or just straight Silurian, straight  
9 Devonian, straight -- or you can go ahead and say  
10 Siluro-Ordovician, Siluro-Devonian.  This is -- this is  
11 what I would like to refer to as pre-Mississippian  
12 carbonates.

13          **Q.    Okay.  And it extends across this entire area?**

14          A.    Yes.  This is just a small -- small area of a  
15 geomap that was -- that encompasses all of southeast New  
16 Mexico and West Texas.  And it shows -- and it shows the  
17 three locations.

18          **Q.    And there is a fault just to the northwest of**  
19 **the -- of the Solaris proposed well, correct?**

20          A.    Yes.  And that's what sets up the Antelope  
21 Ridge-Devonian field.  There are three wells that  
22 produce out of that field dating back to 1962.  I think  
23 Shell drilled it back in 1962.  And those are basically  
24 gas wells.

25          **Q.    Okay.  And talking about that pool a little**

1 **bit, what is Exhibit 6?**

2 A. Exhibit 6 is a copy of a -- a field study out  
3 of a Roswell Geological Society symposium done by Will  
4 Green in 1966 when he worked for Shell, and it just  
5 shows the -- it's a -- I've done dozens of these for the  
6 Roswell Geological Society. What you do is you collect  
7 data: What was the first well drilled; what's the type  
8 of reservoir; what's the pressures; what's the salinity.  
9 You just put as much data down as you can. It helps  
10 other people that are working in the area. This  
11 particular one was done by Will, and it shows that the  
12 well was -- the field was discovered by seismic. It  
13 talks about the lithology of the -- of the -- of the  
14 rock itself. It's a dolomite, white -- white to light  
15 gray. It talks about the -- the salinity. It talks  
16 about the pressures. It talks about a lot of things.  
17 But it also goes into the cumulative production that's  
18 on the bottom of that page. And the second page, if you  
19 turn it over, it just goes in and it's Will's  
20 interpretation at the time, back in 1966, of what the  
21 field looked like, and you can see the fault on the map  
22 on the left side of that -- of -- of the second page,  
23 along with -- in the upper right-hand section, he shows  
24 the potential pays. He calls it the Silurian. Of  
25 course, it's Silurian-Devonian. But that's -- that's

1 what we're going to be injecting our water into.

2 Q. Okay. And the plat on page 2 shows that the --  
3 it's a three-well pool, you said?

4 A. Yes.

5 Q. Antelope Ridge?

6 A. Right. Uh-huh.

7 Q. And all the wells are completed at or near the  
8 top of the structure?

9 A. Yes. Uh-huh.

10 Q. Typical for the Devonian?

11 A. Yeah. For the Devonian, most of the time what  
12 you want to do is you don't want to -- a lot of these  
13 wells -- there are several Devonian wells in this area  
14 that they didn't run electric logs on because the secret  
15 to a lot of Devonian fields is just to hit the top of  
16 it, stop, because if you get into the water, you're  
17 going to cone up, and the water is going to flow faster  
18 than the oil. So the key is go ahead and just tag the  
19 top of the Devonian and stop. Some wells out here have  
20 actually gone to the Precambrian, but they've produced  
21 uphole in the Wolfcamp and the Morrow.

22 Q. And the Devonian or however you want to call  
23 it -- you call it the Precambrian -- pre-Miss- --

24 A. Pre-Mississippian carbonate.

25 Q. -- it can be quite -- quite a thick zone?

1           A.    Oh, yes, thousands of feet.  Yes.  Yes.  In  
2 fact, it's -- on one of the -- I just have -- it's a  
3 well that was drilled by Exxon back in 1974.  They're  
4 saying that the top of the Silurian, which is the  
5 Silurian-Ordovician, is at 17,200 feet.  The top of the  
6 Precambrian is almost at 21,000.  So you can see that  
7 section is 3- or 4,000 feet.

8           **Q.    Okay.  And does Exhibit 6 also mention --**  
9 **discuss or at least identify porosity and permeability?**

10          A.    Yes, it does.  The work that was done -- and  
11 I'm not sure how -- how Will got this -- Will Green got  
12 this information, but he's talking about reservoir  
13 porosities of 5.5 percent and 4.5 millidarcies  
14 permeability, and he goes into water saturations and oil  
15 saturations.

16          **Q.    So there is porosity there, and there is**  
17 **permeability?**

18          A.    Oh, yeah.  Yes.  Yeah.  I mean, the wells --  
19 the well flowed at 41 million a day.  It had to have  
20 some porosity and permeability to go ahead and produce  
21 that kind of hydrocarbon.

22          **Q.    The next productive zone up above the**  
23 **Silurian-Devonian would be what?**

24          A.    The next productive zone --

25          **Q.    Yeah.**

1 A. -- would be the Morrow.

2 **Q. Morrow?**

3 A. Yeah. But that's separated -- if you go in --  
4 and just the general stratigraphy out there -- if you  
5 went to the -- the base of the Morrow, which is the top  
6 of the Chester and the Barnett, that's going to be at  
7 around -- and one of the wells, the Exxon well, reports  
8 it at 16,430 feet. The top of the Siluro-Devonian is  
9 at -- reported on this well is 17,225 feet, so that's  
10 almost 3,000 feet of extremely tight low-porosity,  
11 low-permeability rock between where we want to inject in  
12 the closest hydrocarbon zone.

13 **Q. So there would be a barrier so there would be**  
14 **no movement of the fluids?**

15 A. It would be a heck of a frac job.

16 **Q. The well's not being fracked?**

17 A. No. I know. That's what I mean. But to frac  
18 3,000 feet, I mean, I wish I had an interest in some of  
19 those that could frac that much.

20 **Q. And what is Exhibit 7?**

21 A. Exhibit 7 is a copy I made. It's the -- I have  
22 access to the laser production reports. This is -- this  
23 is -- I just pulled this up in the last week or two.  
24 And what it is is it's the Antelope Ridge field, the  
25 wells that are produced -- that are produced in the

1 Antelope Ridge field from day one, in 1962, when Shell  
2 drilled their first well. The production starts in  
3 1970, and it cums out. It doesn't go back all the way  
4 to -- to the beginning of time. Just like a lot of the  
5 OCD records go to 1993 and then you have to go back to  
6 individual months to be able to see what they've done.

7           But, anyway, so this is just a cum of what  
8 those three wells have done. And if you look to the  
9 right side, it talks about the number of flowing wells  
10 and the number of other wells. The maximum in this  
11 field has been three. And now it's -- I believe the  
12 wells -- I think the field now is pretty much dormant.  
13 I don't know if it's officially been -- if it's been  
14 plugged, but it's at least temporarily abandoned in  
15 2017. But you can see that out of the three wells,  
16 there's been almost 40 Bcf of -- of -- of gas and over a  
17 million cubic -- a million barrels of oil and about 6.65  
18 million barrels of water produced out of that field.  
19 It's got perm. It's got porosity. You know, it's  
20 produced a lot of hydrocarbon.

21           **Q. Yeah. And a lot of volume of fluid has already**  
22 **come out of the reservoir?**

23           A. Yes. Uh-huh.

24           **Q. And one final thing, you know, discussing**  
25 **development out here. What is -- why is Exhibit 8**

1     **submitted?**

2           A.     Exhibit 8 is submitted only because -- this,  
3     again, is a -- is a Midland Map showing the Solaris  
4     Aspen number one location.  And the reason I wanted to  
5     show this is because if you look at the map, you see all  
6     the permitted horizontal wells that are out here, and  
7     this is probably just right now Bone Spring.  And if you  
8     follow the evolution of what's been happening in  
9     southeast New Mexico, since I got involved in it in  
10    1981, what's happened is everybody chases the same  
11    thing.  It's the Abo.  It's the Delaware.  It's the  
12    Morrow.  Now what's happening out here is people are  
13    chasing the 1st, 2nd, 3rd sand.  Now, all of a sudden,  
14    it's the eight or ten shelves in the Wolfcamp.

15                         So my point is that if you have this map  
16    five years from now, you're probably going to see two or  
17    three times as many wells permitted on this one township  
18    that's there right now because it's just going crazy out  
19    there.

20           **Q.     So there is a need for saltwater disposal?**

21           A.     You know, I have an interest in a bunch of  
22    horizontal wells, and to be honest with you, I have no  
23    idea what they're doing.  What Marathon, COG, Mewbourne,  
24    what they're doing with their water, I let other people  
25    worry about that.  But yes, there is a need for

1 saltwater disposal.

2 **Q. Otherwise, the wells can't produce?**

3 A. You can throw it in the Pecos River, but I  
4 think the State might get kind of cranky about that.

5 **Q. Two states.**

6 A. Two states.

7 I don't know what you would do with the  
8 water if you couldn't dispose it.

9 **Q. Were Exhibits 3 through 8 prepared by you or**  
10 **under your supervision?**

11 A. Yes, they were.

12 **Q. And in your opinion, is the granting of this**  
13 **application in the interest of conservation and the**  
14 **prevention of waste?**

15 A. Yes, it is.

16 MR. BRUCE: Mr. Examiner, I move the  
17 admission of Exhibits 3 through 8.

18 EXAMINER GOETZE: Ms. Bennett?

19 MS. BENNETT: No objection.

20 EXAMINER GOETZE: Ms. Antillon?

21 MS. ANTILLON: No objection.

22 (Solaris Water Midstream, LLC Exhibit  
23 Numbers 3 through 8 are offered and  
24 admitted into evidence.)

25 EXAMINER GOETZE: Any questions?

1 MS. BENNETT: No questions.

2 MS. ANTILLON: No questions.

3 CROSS-EXAMINATION

4 BY EXAMINER GOETZE:

5 Q. So we're looking at a clastic [sic] closure  
6 against a fault boundary as the --

7 A. Yes. But it's actually -- if you -- if you  
8 look at the -- if you look at the structure map done by  
9 Geomap, it's actually -- the field produces in a  
10 downthrown slope.

11 Q. Okay. So everything comes up in a fault  
12 boundary --

13 A. Yes.

14 Q. -- as a trap boundary?

15 A. That's a trap barrier.

16 Q. So -- but we're not looking at -- we're trying  
17 to get at a very limited area of productivity in the  
18 Devonian. As far as up north of where your location is,  
19 there would be -- what potential for any influence from  
20 injection into the Telluride for any remaining resources  
21 in this -- this small field?

22 A. I don't think it's -- yeah. I think there is a  
23 limited boundary. I don't know if Will goes into what  
24 the lower -- what the -- what the lower contour is as  
25 far as what's economical and what's not, where you get

1 into your water, but we're not -- putting water into the  
2 Telluride is not going to have any effect on the  
3 Antelope Ridge-Devonian field.

4 **Q. I don't have any more questions.**

5 EXAMINER GOETZE: Mr. Jones?

6 CROSS-EXAMINATION

7 BY EXAMINER JONES:

8 **Q. Just briefly, you mentioned the porosity --**

9 A. According to Will -- you know, Will Green did  
10 this -- did this, and he was with -- I believe it was  
11 Shell, and they had -- they drilled a discovery well.  
12 If you look on Exhibit 6, in the middle of the page, it  
13 says "Reservoir Data," and it says "5.5 percent  
14 porosity," "4.5 percent millidarcies." And it goes into  
15 water saturations, you know, 62 API clear sour oil. And  
16 then it goes into the GOR, 50,000 gravity of 0.66. So  
17 it just gives you kind of a geochemical look. And  
18 then -- and I'm not sure how Will got this information.  
19 I'm not sure if -- Shell may have cored that first well,  
20 and I wouldn't have doubted it. Back in those days, you  
21 know, they did a lot more science than we do right now.

22 **Q. What's Solaris' proposal for testing a well or**  
23 **logging a well or coring a well?**

24 A. I can't answer that. I really don't know.

25 **Q. The porosity seems pretty low to me, but maybe**

1     **that's over a big vertical section.**

2           A.     Well, 5.5 percent is actually not too bad in  
3     the carbonate. I mean, if you get a dolomite and you're  
4     in the Scar field, I mean, you've got some vuggy  
5     porosity and then you're going to produce a lot out of  
6     the vuggs. But for me, if I've got -- if I've got a San  
7     Andres well that has 5-1/2 percent cross-plot porosity  
8     with this kind of permeability, I feel I've hit a home  
9     run. 5.5 is pretty good. If it was a sand -- you know,  
10    some Delaware sands, you have to have 20 percent. Some  
11    Morrow sands, 3 percent will produce. But in this case,  
12    when you look -- when you look at the porosity and  
13    permeability that was done before -- and then you look  
14    at the production 30 years later, you say, "Well, that's  
15    pretty good -- that's pretty good rock."

16           **Q.     Are you talking core porosity then?**

17           A.     I don't know. Will doesn't say in here how  
18    that -- how that -- how they gathered that information.  
19    It could have been they ran some kind of logs. Back in  
20    1962, sonic was probably state-of-the-art.

21           **Q.     Yeah.**

22           A.     So there wasn't a whole lot of good stuff, you  
23    know. So it might have been a sidewall core. It could  
24    have been a hole core. I mean, I don't know. Will's  
25    still alive. I guess I could give him a call. He's

1 living in Midland. I can ask him.

2 **Q. Well, what about the thickness of the injected**  
3 **interval?**

4 A. You know, that's, again, a question that I  
5 didn't get involved in, as far as where they're going --  
6 how deep they're going to TD, how deep -- when they  
7 penetrate the top of the Siluro-Devonian, how deep  
8 they're going to go into that rock in order to go ahead  
9 and start injecting. I'm not sure. I don't know if  
10 that's an engineering question or a geological question,  
11 but I can't answer that, not that I don't want to. I  
12 just don't know.

13 **Q. Okay. It would just be -- some other**  
14 **parameters would go into calculating how far away from**  
15 **this well injection would reach at a certain amount of**  
16 **time?**

17 A. Now you're talking about a reservoir engineer  
18 instead of a petroleum geologist.

19 MR. BRUCE: Mr. Examiner, Mr. Wood pointed  
20 out to me that on Exhibit 2, page 8, the wellbore sketch  
21 on the lower left-hand space, there is some logging info  
22 set forth.

23 EXAMINER JONES: Okay.

24 **Q. (BY EXAMINER JONES) And I guess as far as the**  
25 **boundary below the Siluro-Devonian, is there a barrier**

1 **or barriers?**

2 A. Well, what you have is you have the Siluro --  
3 Siluro -- Siluro-Devonian, the Fusselman, the Montoya,  
4 the Simpson, the Ellenburger, and then you get into your  
5 Precambrian. But some of those rocks are going to be  
6 pretty tight. I'm not sure about the Simpson. I mean,  
7 the Simpson is actually, in some cases, you know, has  
8 some porosity, but I don't think that's going to be a  
9 problem getting -- again, we're not going to -- I would  
10 assume we're not ever going to get above frac gradient.  
11 Again, I'm talking like an engineer and I'm not. So I  
12 don't think we have to worry about any of the fluid  
13 going anywhere but in the zone that Solaris wants it to  
14 go into.

15 **Q. Okay. So can you summarize briefly why the**  
16 **Devonian is such a good injection interval or good rock**  
17 **for injection?**

18 A. Well, part of that is because it's got porosity  
19 and permeability? I guess -- I guess I would say look  
20 at the history behind it. It's working. It's -- it's  
21 there. I mean, if history is any key to what's going to  
22 happen in the future, if it's working in the past and  
23 it's working right now, then it should work in these  
24 other wells. Again, I'm not saying that in every area,  
25 if you get up into Roosevelt County or if you get up

1 into northern Lea or Chaves County, that the Devonian is  
2 going to have the same porosity and permeabilities, but  
3 down in this country, it seems like it's working.

4 **Q. The gravity that your oil came out, you're not**  
5 **talking about this well. You're talking about some --**

6 A. No. No. We're talking about the Antelope  
7 Ridge-Devonian field.

8 **Q. Which is --**

9 A. Northeast.

10 **Q. -- productive somewhere away from this well?**

11 A. Yes. It's on a -- it's on a downthrown side  
12 of -- it's producing on a downthrown side of the -- of  
13 the fault. So it's a pinch-out. It's a pinch-out on  
14 the fault.

15 **Q. Okay.**

16 EXAMINER GOETZE: That's what you get for  
17 not taking the exhibits.

18 EXAMINER JONES: Yeah.

19 **Q. (BY EXAMINER JONES) okay. You said a lot of**  
20 **gas came out of this field?**

21 A. Yeah. Well, what came in -- I'm looking just  
22 at the -- what -- what Will Green put in as the  
23 discovery well, was the #1 Harris in Section 27 and  
24 23-34, completed August 9th, 1963, with an initial  
25 potential of 41 million plus 60 barrels of condensate.

1 Now, that might be 60 barrels of condensate per million,  
2 or it could be 60 barrels of condensate total. I'm  
3 probably thinking it's probably 60 barrels of condensate  
4 per -- per thousand cubic feet, only because when you  
5 look at the production numbers, it did make -- that  
6 field did make over a million barrels of -- I don't  
7 want -- I want to make sure.

8 **Q. You said 50 --**

9 A. It made over a million barrels of oil. So  
10 it's -- it was rich in -- it was rich oil and gas. And,  
11 of course, he talks about the oil is 62 API and clear.  
12 And I've had some -- it really is. I mean, in the  
13 Buffalo Valley in Chaves and Eddy Counties, the oil  
14 looks like water. And that's what this probably is at  
15 62 gravity. You get around 55 gravity, and you start  
16 getting, you know, pretty -- it's pretty light.

17 **Q. And that fault has been -- when's the last**  
18 **time -- when was it created and when was it --**

19 A. Oh. When was it created? Well --

20 **Q. What's the age of the fault?**

21 A. Well, the age of the fault is probably --  
22 it's -- it's after the Devonian, probably Atoka --  
23 probably Atoka age. There is a lot of movement out here  
24 in the -- in the -- in the Pennsylvanian time, so it's  
25 probably a Penn fault. But I'd have to go back and do

1 some more research to know that.

2 Q. Thank you.

3 A. You bet.

4 EXAMINER GOETZE: Anybody else have  
5 questions for this witness? No?

6 Okay. We're done with this witness.

7 MR. BRUCE: Couple of questions for the  
8 landman.

9 EXAMINER GOETZE: Yes. Let's bring him  
10 back up. We like him.

11 I will let you go ahead, Deana.

12 MS. BENNETT: Thank you.

13 LONDON DREW DIXON,  
14 after having been previously sworn under oath, was  
15 re-called, questioned and testified as follows:

16 RE-CROSS EXAMINATION

17 BY MS. BENNETT:

18 Q. Thanks for coming back up, Mr. Dixon.

19 A. Yeah.

20 Q. I just had a couple of follow-up questions for  
21 you.

22 First, I think I may have misspoken earlier  
23 when I mentioned or asked you the question about whether  
24 the Telluride well is on land that's within the exterior  
25 boundaries of the McCoy Ranch. I think I was actually

1 thinking of the Aspen well and not the Telluride well.

2 A. Okay.

3 Q. So I just wanted to clarify that for the  
4 record.

5 But in terms of Telluride well, I asked  
6 Mr. Wood -- I believe is his name -- if he knew the  
7 location -- the proposed location of the Telluride well  
8 relative to the boundaries of NGL's fee land, NGL's  
9 surface ownership, and he did not know that information.  
10 I was wondering if you happen to know that information.

11 A. I have an approximation, if that's sufficient.  
12 It's about a quarter mile away from the NGL fee land.

13 Q. On both sides, right?

14 A. Yes.

15 Q. It's a sliver that's bounded on both sides by  
16 NGL fee land?

17 A. That is correct.

18 Q. A moment ago, Mr. Jones -- Examiner Jones asked  
19 Mr. Brannigan about the potential for water to spread,  
20 and Mr. Brannigan said that would be a question for a  
21 reservoir engineer. And looking through your materials,  
22 I didn't see any study performed by a reservoir. Is  
23 that correct, that there are no exhibits in your packet  
24 of a study performed by a reservoir engineer?

25 A. Yes. That's my understanding.

1           **Q.    Those are all the questions I had. Thank you.**

2                           EXAMINER GOETZE: Thank you.

3   RE CROSS EXAMINATION

4 BY EXAMINER GOETZE:

5           **Q.    Just one follow-up with regards -- since we're**  
6 **on BLM land.**

7           A.    Yes.

8           **Q.    Current disposition of the company, Solaris,**  
9 **with regards to the bonding?**

10          A.    So we have our statewide bond that we have  
11 filed with the NMOCD or the regulatory bodies here. But  
12 as for each location, because we're not a lease  
13 operator, we will obtain a bond specific to this SWD  
14 well, and that'll be a \$25,000 bond. However, we cannot  
15 file for that bond until our SF 299 is assigned to a  
16 royalty -- royalty specialist and we have our -- our  
17 number in order to associate it therewith.

18          **Q.    Okay. No more questions. Thank you.**

19          A.    Yes.

20                           EXAMINER GOETZE: That's it?

21                           MR. BRUCE: That's it. Ask that the matter  
22 be taken under advisement.

23                           EXAMINER GOETZE: Case 20114 is taken under  
24 advisement.

25   And I believe it's break time.

1 Oh, yes (indicating).

2 MS. ANTILLON: Mr. Examiner, I don't have  
3 any witnesses to present today, but I did want to make a  
4 statement just for the record.

5 EXAMINER GOETZE: Well, let's -- sorry.  
6 Case Number 20114 will be re-opened.

7 Please.

8 MS. ANTILLON: Thank you.

9 Once again, this is Andrea Antillon with  
10 the State Land Office and the Commissioner of Public  
11 Lands. And as I said, I'm not putting on any witnesses  
12 today. I just want to make a quick statement for the  
13 record.

14 The proposed Telluride well location is  
15 within a quarter mile of state trust land and minerals,  
16 and the State Land Office is concerned about that well  
17 spacing and the close proximity of the proposed well to  
18 state trust land and other saltwater disposal wells. We  
19 currently conducting a technical review of the  
20 application, and we just want to reserve our right to  
21 appeal if we do have any concerns once we've done that  
22 review.

23 EXAMINER GOETZE: By being part of this  
24 hearing, you so have that opportunity.

25 Is there rec- -- are you foreseeing any

1 recommendations from the State Land Office to ease any  
2 concerns that they have?

3 MS. ANTILLON: We had asked them to move  
4 that location to greater than a half mile, and it's my  
5 understanding that that was not possible. So any  
6 further recommendations will have to wait on our  
7 engineers to do a review.

8 EXAMINER GOETZE: Very good.

9 So with that note, we will go ahead and  
10 re-close and take under advisement Case 20114.

11 And when do you want to come back,  
12 Mr. Jones?

13 EXAMINER JONES: Ten minutes.

14 EXAMINER GOETZE: Five or ten? Five  
15 minutes will be ten.

16 (Case Number 20114 concludes, 9:43 a.m.)

17 (Recess, 9:43 a.m. to 10:04 a.m.)

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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

3

4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court  
6 Reporter, New Mexico Certified Court Reporter No. 20,  
7 and Registered Professional Reporter, do hereby certify  
8 that I reported the foregoing proceedings in  
9 stenographic shorthand and that the foregoing pages are  
10 a true and correct transcript of those proceedings that  
11 were reduced to printed form by me to the best of my  
12 ability.

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

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

20 DATED THIS 7th day of April 2019.

21

22

23 MARY C. HANKINS, CCR, RPR  
24 Certified Court Reporter  
New Mexico CCR No. 20  
Date of CCR Expiration: 12/31/2019  
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