

**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:**

AUG 16 2019 10:22:29

**CASE NO. 20463
Consolidated for purposes of hearing with**

**APPLICATION OF BLACKBUCK RESOURCES, LLC FOR APPROVAL OF A SALT
WATER DISPOSAL WELL IN LEA COUNTY, NEW MEXICO.**

CASE NO. 20465

**APPLICATION OF SOLARIS WATER MIDSTREAM, LLC FOR APPROVAL OF A
SALT WATER DISPOSAL WELL, LEA COUNTY, NEW MEXICO.**

OIL CONSERVATION DIVISION'S FINDINGS OF FACT

The New Mexico Oil Conservation Division ("the Division") hereby submits its Finding of Facts in the two consolidated cases for approval of authority to inject in which Blackbuck Resources, LLC and Solaris Water Midstream, LLC are the Applicants.

1. In Case No. 20463, Blackbuck Resources, LLC ("Blackbuck") seeks authority for its Olive Branch Federal SWD Well No. 1 to inject up to 30,000 barrels of produced water per day (BWPD) into the Silurian-Devonian formations with an injection interval from approximately 16,825 feet to 18,290 feet below surface at a surface location 979 feet from the South line and 2,620 feet from the East line (Unit N) in Section 17, Township 24 South, Range 32 East, NMPM, in Eddy County, New Mexico.

2. In Case No. 20465, Solaris Water Midstream, LLC ("Solaris") seeks authority for its Predator Federal 17 SWD Well No. 1 to inject up to 30,000 BWPD into the Silurian-Devonian formations with an injection interval from approximately 16,967 feet to 18,149 feet

below surface at a surface location 1,465 feet from the North line and 1,893 feet from the East line (Unit G) in Section 17, Township 24 South, Range 32 East, NMPM, in Eddy County, New Mexico.

3. Both proposed wells have surface locations approximately 0.55 mile apart.

4. Solaris' Predator Federal 17 SWD Well No. 1 has a closer proximity to an active Devonian disposal well, the Station SWD Well No. 1 (API No. 30-025-43473), being approximately 1.43 miles apart.

5. Blackbuck's Olive Branch Federal SWD Well No. 1 is located greater than 1.5 miles from the Station SWD Well No. 1.

6. The Division offered evidence from historical references to the effect that the proximity of the two proposed commercial wells will result in an accelerated increase in the formation pressure for the proposed injection interval that is common to both wells and that the probability for the disposal capacity of the proposed injection interval in this area would decrease at a much greater rate. This could result in competition for rate and volume between the two wells, which could impact the longevity for disposal in the area.

7. Blackbuck's experts opined that the Olive Branch Federal SWD Well No. 1 should be approved based on the Division's distance protocol since its surface location was farther from all existing Devonian disposal wells.

8. Blackbuck's experts also opined that potentially both disposal wells could be approved with certain conditions.

9. Blackbuck provided evidence and testimony stating that concerns for induced-seismicity potential could be better addressed through monitoring of disposal well activities using a diverse assortment of parameters. Though examples of testing procedures were provided,

specifics as to how these parameters would be used to address issues arising from simultaneous operation of the disposal wells were not offered.

10. Solaris provided testimony as to its application and its content offering similar findings on the geology, hydrology, and the potential for induced-seismic events as presented by Blackbuck.

11. Solaris asserted that its application should receive preference for approval based on the filing date of the original Form C-108 with the Division.

12. The Division is opposed to the approval of both wells concurrently, but the Division does not oppose the approval of authority to inject for one of the proposed wells.

13. For a recommendation for selection of a well for approval, the Division would normally follow the current administrative protocol (as established by the previous Director) based on the date the application was received by the Division for review and whether the administrative application Form C-108 was completed with regards to the content required to satisfy 19.15.26.8(C)(2) NMAC.

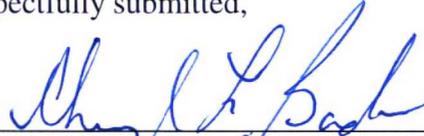
14. The administrative application Form C-108 submitted by Blackbuck for the Olive Branch Federal SWD Well No. 1 (administrative application no. pMAM1908153552) was stamped with a Division reception date of March 22, 2019, while the administrative application Form C-108 submitted by Solaris for the Predator Federal 17 SWD Well No. 1 (administrative application no. pMAM1906359525) was stamped with a reception date of March 4, 2019.

15. Both applications were deemed “administratively complete” at the time they were submitted to the Division and suspended from technical review due to protests.

16. Based on the singular criteria of filing date, the Solaris application for the Predator Federal 17 SWD Well No. 1 would have priority. However, the Division would have

required the relocation of the Predator Federal 17 SWD Well No. 1 to increase the distance from existing disposal activities in the same formations. Thus, based on the technical criteria of proximity, the Olive Branch Federal SWD Well No. 1 would be the preferred application for approval of the authority to inject.

Respectfully submitted,



Cheryl L. Bada, Deputy General Counsel
Eric Ames, Assistant General Counsel
Energy, Minerals and Natural Resources
Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3214
(505) 476-3463
cheryl.bada@state.nm.us
eric.ames@state.nm.us

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served upon the following parties by email on August 16, 2019.

Ernest L. Padilla
P.O. Box 2523
Santa Fe, NM 87504
(505) 988-7577
padillalaw@qwestoffice.net

For Blackbuck Resources, LLC

James Bruce
P.O. Box 1056
Santa Fe, NM 87504
(505) 982-2043
jamesbruc@aol.com

For Solaris Water Midstream, LLC

Deana M. Bennett
Modrall, Sperling, Roehl, Harris & Sisk
P.O. Box 2168
500 Fourth Street NW, Suite 1000
Albuquerque, NM 87103-2168
(505) 848-1800
dmb@modrall.com

For NGL Water Solutions Permian LLC


Cheryl L. Bada
Deputy General Counsel
Energy, Minerals and Natural Resources
Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3214
Email: cheryl.bada@state.nm.us
Attorney for the Oil Conservation Division