## STATE OF NEW MEXICO

## ENERGY, MINERALS, AND NATURAL RESOURCES Depth

## OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NOS: 20896

APPLICATION OF NGL WATER SOLUTIONS PERMIAN, LLC, FOR APPROVAL OF SALT WATER DISPOSAL WELL IN LEA COUNTY, NEW MEXICO

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

November 14, 2019

SANTA FE, NEW MEXICO

This matter came on for hearing before the New Mexico Oil Conservation Division, EXAMINERS LEONARD LOWE, PHILLIP GOETZE, DYLAN COSS and LEGAL EXAMINER ERIC AMES, on Thursday, November 14, 2019, at the New Mexico Energy, Minerals, and Natural Resources Depth, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

Reported by:

Irene Delgado, NMCCR 253
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Page 2 1 APPEARANCES 2 FOR THE APPLICANT: 3 . LARA KATZ ABADIE & SCHILL PC 214 McKenzie Street 4 Santa Fe, NM 87501 5 970-385-4401 lara@abadieschill.com 6 FOR EOG: 7 ADAM RANKIN 8 HOLLAND & HART 110 North Guadalupe, Suite 1 9 Santa Fe, NM 87501 505-954-7286 10 FOR THE STATE LAND OFFICE: 11 ANDREA ANTILLON 12 NEW MEXICO STATE LAND OFFICE 310 Old Santa Fe Trail 13 Santa Fe, NM 87504-1148 505-827-5752 aantillon@slo.state.nm.us 14 15 FOR SOLARIS: 16 JAMES BRUCE P.O. Box 1056 Santa Fe, NM 87504-1056 17 505-982-2151 18 jamesbruce@aol.com 19 INDEX 20 21 CASE NO. 20896 CALLED 22 NEIL LAWRENCE DUNCAN 23 04 Direct by Ms. Katz Cross by Mr. Rankin 17 24 TAKEN UNDER ADVISEMENT 26 25

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1 HEARING EXAMINER LOWE: Okay. We will now call

- 2 Case Number 20896, NGL for a Salt Water Disposal Well.
- 3 Call for appearance.
- 4 MS. KATZ: Lara Katz on behalf of the applicant,
- 5 NGL Water Solutions Permian LLC.
- 6 HEARING EXAMINER LOWE: Any other appearances?
- 7 MS. ANTILLON: Andrea Antillon on behalf of the
- 8 State Land Office. I do not have any witnesses today. I
- 9 just prepared a statement.
- 10 MR. RANKIN: Mr. Examiner, Adam Rankin on behalf
- of EOG Resources Incorporated. No witnesses today.
- MR. BRUCE: Mr. Examiner, Jim Bruce of Santa Fe
- 13 representing Solaris Water Midstream LLC. I have no
- 14 witnesses.
- MS. KATZ: I have one witness.
- 16 HEARING EXAMINER LOWE: May the witnesses please
- 17 stand and be sworn in.
- 18 (Oath administered.)
- 19 HEARING EXAMINER LOWE: You may proceed.
- MS. KATZ: Thank you.
- 21 NEIL LAWRENCE DUNCAN
- 22 (Sworn, testified as follows:)
- 23 DIRECT EXAMINATION
- 24 BY MS. KATZ:
- Q. Good morning, Mr. Duncan.

- 1 A. Good morning, Counsel.
- 2 Q. Can you please state your full name for the
- 3 record?
- 4 A. Neil Lawrence Duncan.
- 5 Q. For whom do you work?
- 6 A. I am managing director of Integrated Petroleum
- 7 Technologies.
- 8 Q. You have been retained as a consultant for NGL?
- 9 A. That's correct.
- 10 Q. What are your responsibilities for NGL?
- 11 A. Salt water development or salt water disposal
- 12 well development in southeast New Mexico.
- 13 Q. And your responsibilities include management and
- 14 oversight of drilling salt water disposal wells?
- 15 A. Yes.
- 16 Q. And you have previously testified before the
- 17 Division and the Commission?
- 18 A. Since 1991.
- 19 Q. And your credentials were accepted as a matter of
- 20 record?
- 21 A. Yes.
- 22 Q. Are you familiar with an application filed by NGL
- 23 in this matter?
- 24 A. I am.
- 25 Q. Are you familiar with the salt water disposal

well that is the subject of this application?

- 2 A. I am.
- 3 Q. Will you please turn to Tab 1 of the exhibit
- 4 packet that I have prepared. Behind Tab 1 is an application
- 5 for an injection well called Moab SWD Number 1, along with
- 6 the C-108 and back-up documentation; correct?
- 7 A. That's correct.
- 8 Q. And what is NGL seeking in this application
- 9 regarding the formation, choosing size and maximum injection
- 10 rate?
- 11 A. We are seeking an SWD into the Devonian, air
- 12 quotes, below the Woodford Shale. And we are seeking an
- injection rate of 50,000 barrels a day a well with a design
- of a tubing string of 7 inch by 5.5 with the casing that
- 15 allows for that, and to drill and operate this well.
- 16 Q. And NGL has previously requested the same tubing
- 17 size for other wells and the Division has approved that;
- 18 correct?
- 19 A. That's correct.
- 20 O. And what is the benefit of the larger tubing
- 21 size?
- 22 A. Lower friction, so lower surface pressure, which
- 23 translates to lower horsepower, lower energy requirements to
- 24 put the water away, and also allows us to inject with fewer
- 25 wells the same line of water, so less disturbance.

Q. Exhibit 1 contains the application in C-108 form

- 2 that is required for the salt water disposal application?
- A. Yes, that's correct.
- 4 Q. And the C-108 was prepared under your direction
- 5 by Chris Weyand who is a consultant for NGL?
- 6 A. Yes.
- 7 Q. The amended application and C-108 in these
- 8 materials in Pages 1 through 24, include the change in the
- 9 location from the original application; is that correct?
- 10 A. That's correct.
- 11 Q. And why was that change made?
- 12 A. Discussions with EOG, we needed to get out of
- 13 their horizontal fairway so that they can -- they can safely
- 14 drill without potential of intersection.
- 15 Q. Okay. And the amended application and C-108 also
- include the change in the depth of the injection zone?
- 17 A. That's correct.
- 18 Q. So the original application that was filed in
- 19 Case Number 16507 which is included in this packet on Pages
- 20 25 to 24 stated the target injection interval as 16,400 feet
- 21 to 18,004, feet and the amended application and C-108
- 22 documents included here state the injection interval as
- 23 16,900 feet to 18,600 feet, so approximately 600 feet deeper
- than the zone identified in the earlier application.
- 25 So can you explain the reason for that change?

- 1 A. Well, there is always more wells being drilled,
- 2 logs being uploaded to the, to the public database that the
- 3 OCD, and as information comes in, we adjust our geology.
- 4 Q. So you wanted to provide that proposed updated --
- 5 A. Yes.
- 6 Q. -- information --
- 7 A. Yes.
- 8 Q. -- to the Division? And in the update -- so the
- 9 updated interval was based on additional data that NGL
- 10 didn't have previously when it submitted its earlier
- 11 application?
- 12 A. That's correct. And the actual interval will be,
- 13 once we drill the well, we'll identify the formation tops
- 14 and formation bottom, and then I think all of these C-108s
- 15 will eventually get amended probably through an
- 16 administrative process to comport with the actual logs.
- 17 Q. Does the change in injection interval change the
- 18 formation into which the injection would occur?
- 19 A. No, it does not.
- 20 Q. Still in the Devonian?
- 21 A. Yes.
- 22 Q. Does the change in injection interval require
- 23 notice to any additional parties?
- 24 A. It does not.
- 25 Q. Does the change alter any substantive elements of

1 the proposed well or the application such that it would

- 2 require new notice to affected parties?
- 3 A. No.
- 4 O. And does the C-108 that is included in the
- 5 materials looks complete and accurate in your estimation and
- 6 according to what Mr. Weyand had previously submitted?
- 7 A. Yes.
- 8 Q. All right. Let's move to Tab 2.
- 9 Did NGL retain a reservoir engineer to conduct a
- 10 study of the injection well for the Moab?
- 11 A. Yes. Scott Wilson, the writer Scott who has
- 12 testified before this Division.
- 13 Q. And his qualifications were accepted?
- 14 A. Yes.
- 15 Q. And Mr. Wilson provided an affidavit that
- 16 discusses his study, and that's included in Exhibit 2 on
- Pages 45 through 48?
- 18 A. Yes.
- 19 Q. And in his affidavit, does Mr. Wilson confirm
- 20 that increasing the tubing size for this well will reduce
- 21 friction in the wellbore?
- 22 A. Yes, he does.
- 23 Q. And does he state that increasing the tubing size
- 24 will not have a significant impact on flow pressures in the
- 25 formation?

- 1 A. Yes.
- 2 Q. Is it Mr. Wilson's opinion that the increased
- 3 tubing size will not cause fracture of formation?
- 4 A. Yes.
- 5 Q. Did Mr. Wilson also perform a study that models
- 6 the migration of fluids that are injected into the wells?
- 7 A. Yes, he did.
- 8 Q. And that study is on Pages 49 through 65?
- 9 A. Yes.
- 10 Q. Does Mr. Wilson's study model all the proposed
- 11 inactive wells in the area we are looking at for fluid
- 12 migration?
- 13 A. Yes. We have seen what happens to those who
- 14 don't.
- 15 Q. Does this study look broadly at the area, not
- 16 just this particular well?
- 17 A. Yes.
- 18 Q. Okay. All right. Moving to Tab 3, did NGL
- 19 retain a geologist to review the geology in the area where
- 20 the Moab well is proposed to be located?
- 21 A. Yes.
- 22 Q. And who is that geologist?
- 23 A. That's Dr. Kate Zeigler.
- Q. And she has previously testified before the
- 25 Division, hasn't she?

- 1 A. Yes, she has.
- Q. And her affidavit is behind Tab 3 on Pages 66 to
- 3 **70?**
- 4 A. Yes.
- 5 Q. Did she also include a study with her affidavit?
- 6 A. Yes, she did.
- 7 Q. And that's included behind Tab 3 at Pages 71
- 8 through 77?
- 9 A. Yes, that's correct.
- 10 Q. Does the study include a broad head chart on Page
- 11 **71**?
- 12 A. Yes.
- 13 Q. And isopachs on Page 72 through 76?
- 14 A. Yes.
- 15 Q. And then a cross section on Page 77?
- 16 A. Yes.
- 17 Q. And these isopachs and cross sections show the
- 18 revised top of the formation including the injection zone?
- 19 A. Yes, they do.
- 20 Q. Does her study conclude that the injection zone
- 21 where the well is proposed to be located is suitable for
- 22 injection at increased rate due to its favorable
- 23 permeability and porosity?
- 24 A. Yes.
- 25 Q. And she discusses permeability barriers located

- 1 both above and below the injection area?
- 2 A. That's correct.
- 3 Q. And she states her opinion that the permeability
- 4 barriers will prevent migration of fluids from the
- 5 reservoir?
- 6 A. Yes, that's correct.
- 7 O. Does she conclude that there would be no adverse
- 8 impact on fresh water resources?
- 9 A. Yes.
- 10 Q. Does she reach the same conclusion with regard to
- 11 correlative rights because of the lack of hydrocarbons in
- injection zone, as well as the permeability barriers?
- 13 A. Yes, the confinement of the injection fluids to
- 14 the injection zone.
- 15 Q. All right. Moving to Tab 4. This tab contains
- 16 the affidavit of Dr. Steven Taylor at Pages 78 -- Page 78 to
- 17 **81.**
- 18 A. Yes.
- 19 Q. And Dr. Taylor is a seismologist retained by NGL?
- 20 A. Yes.
- 21 Q. And has he previously testified before the
- 22 Division?
- A. Yes, he has.
- Q. And his qualifications were accepted?
- 25 A. Yes, they were.

1 Q. Dr. Taylor operates a series of stations in and

- 2 around some of NGL's existing wells; is that correct?
- A. Yes.
- 4 Q. And he has also looked at prior seismic activity
- 5 in the area using desktop review and other materials?
- 6 A. Yes. I feel like you are leading the witness.
- 7 Q. I'm trying to get through it. Sorry, I am not
- 8 giving you enough, enough action here?
- 9 And his affidavit is included behind Tab 4 on
- 10 Pages 78 to 81.
- 11 A. Yes.
- 12 Q. And his study -- his study is included on Pages
- 13 **80 to 86.**
- 14 A. Yes, that's correct.
- 15 Q. And does his study conclude that there is very
- 16 little seismic activity in that area?
- 17 A. Yes, very little.
- 18 Q. And that's based on his own observations and his
- 19 seismic monitoring; right?
- 20 A. Yes. And we -- we -- we've see more than what
- 21 has been seen in the past as well as far as sensitivity.
- 22 Q. And he includes recent monitoring results in his
- 23 study for this well.
- 24 A. Yes.
- 25 Q. Through September?

- 1 A. Yes.
- Q. And then also included with Dr. Taylor's
- affidavit is the study prepared by Todd Reynolds of FTI
- 4 Platt Sparks?
- 5 A. Yes.
- 6 Q. And Dr. Taylor collaborated with Mr. Reynolds to
- 7 run a fault slip probability analysis and evaluate the
- 8 potential for seismicity from fluid injection?
- 9 A. Yes, they did.
- 10 Q. And Mr. Reynolds has previously testified before
- 11 the Division?
- 12 A. He has, and his qualifications have been
- 13 accepted.
- 14 Q. Mr. Reynolds' study is included behind Tab 4 on
- 15 **Pages 87 to --**
- 16 A. Yes.
- 17 Q. Can you describe that study?
- 18 A. The study looks at fault slip potential based
- 19 upon the pressure changes that are caused by injection, and
- 20 to the orientation of faults, there is a very, very low
- 21 probability of slipping those faults. And it takes a very,
- 22 very long time to build the core pressure, and even at the
- 23 end of 20 years, there's -- there's no impact on -- there is
- 24 no significant risk of fault slippage.
- 25 Q. So just walking through his report, and this uses

- 1 the standard fault slip probability analysis?
- 2 A. Yes, the one developed by Mark Zoback.
- 3 Q. And he previously testified before the Division
- 4 regarding that, that model?
- 5 A. Steve Taylor has. I don't think Mark Zoback has
- 6 been here.
- 7 Q. Sorry, Todd Reynolds. Mr. Reynolds has?
- 8 A. Todd has.
- 9 Q. Okay. Okay. So the first few pages of his
- 10 report outlined the input he uses?
- 11 A. Yes, that's correct
- 12 Q. And then beginning on Page 94 are the models that
- 13 show the fault slip probabilities. And does his analysis
- include nearby faults in the area?
- 15 A. Yes.
- 16 Q. And does he also include the effects of other
- wells in the area, like Dr. Taylor's?
- 18 A. Yes.
- 19 Q. And as you mentioned, Dr. Taylor and Mr. Reynolds
- 20 conclude there is very little risk of seismic activity as a
- 21 result of injection?
- 22 A. Yes, that's correct.
- 23 Q. And the, the conclusion regarding that risk over
- 24 time is shown on Page 109 where it shows fault slip
- 25 potential at year 2045?

- 1 A. Yes.
- 2 Q. And that column on the left side of the page
- 3 shows the potential for all the faults evaluated as at zero,
- 4 or .01?
- 5 A. Yeah, it's all in the green.
- 6 Q. So even out that far, the model shows very low
- 7 probability of a fault slip?
- 8 A. That's correct.
- 9 Q. Turning to Tab 5, on Page 110 is an affidavit
- 10 prepared by me discussing the notice of this hearing.
- 11 A. That's correct.
- 12 Q. And on Page 112 is a transaction report showing
- 13 the names and interests of entities and individuals within a
- 14 mile of the proposed well location to which notice was
- 15 **provided.**
- 16 A. Yes, that's correct.
- 17 Q. And then did NGL publish notice of this
- 18 application for the Moab well?
- 19 A. Yes, it did, in the Hobbs paper.
- 20 Q. And that's shown in the affidavit on Page 113?
- 21 A. Yes.
- Q. Were Exhibits 1 through 5 created by you or
- 23 prepared under your supervision or direction or compiled
- 24 from company business records?
- 25 A. Yes, they were.

- Q. In your opinion, does the granting of this
- application promote the prevention of waste and protection
- 3 of correlative rights?
- 4 A. It does.
- 5 MS. KATZ: At this point I would move admission
- of Exhibits 1 through 5 into the record.
- 7 MR. RANKIN: No objection.
- 8 MR. BRUCE: No objection.
- 9 MS. ANTILLON: No objection.
- 10 HEARING EXAMINER LOWE: Exhibits 1 through 5 will
- 11 be admitted for this case.
- 12 (Exhibits 1 through 5 admitted.)
- 13 MS. KATZ: I have no other questions of Mr.
- 14 Duncan.
- 15 CROSS-EXAMINATION
- 16 BY MR. RANKIN:
- 17 Q. Just a few questions. I just want to make sure,
- 18 Mr. Duncan, I understood what the updated location was
- 19 because -- I don't have it in front, but I want to make sure
- 20 I understand what the location, what the change was to the
- 21 location of the well.
- 22 A. It was in 24, it's now in 25. We moved onto BLM
- 23 where you don't have the horizontal well. Just, we had to
- 24 move it so far that we ended up on BLM land. Worked it out
- 25 with Chuck Moran.

- 1 MR. RANKIN: No further questions.
- 2 MS. ANTILLON: No questions.
- HEARING EXAMINER LOWE: Mr. Bruce?
- 4 MR. BRUCE: No questions.
- 5 HEARING EXAMINER LOWE: Dylan, any questions?
- 6 EXAMINER COSS: So thanks for including the
- 7 additional seismic analysis that recently recorded seismic
- 8 activity in the area. And I noticed that you said that that
- 9 core pressure increase associated with this well is not
- 10 likely to affect the fault in question to fault slip, but
- 11 that was only monitoring of one well?
- THE WITNESS: We used all the wells.
- 13 EXAMINER COSS: All the wells.
- 14 THE WITNESS: And the proposed wells.
- 15 EXAMINER COSS: Well, that clears that up. And I
- 16 noticed also in here it says that there was a cluster of
- 17 small magnitude earthquakes from year 2018. It says they
- 18 are associated with fracking operations, not necessarily
- 19 injection operations.
- 20 Can you elaborate on that for me, and could you
- 21 discuss if you see any -- also like injection in the area
- 22 that would exacerbate.
- 23 THE WITNESS: Yeah, I don't see potential from
- 24 the injection. And, you know, our seismic monitors are
- 25 very, very sensitive. And we actually use, in another area

1 of my business where we, where we do frac supervision, we

- 2 sometimes partner up with micro seis and use seismic
- 3 monitors to identify fractured drill and make sure the
- 4 fracturing is within our modeling parameters and to see how
- 5 far fracs are propagating from a horizontal wellbore.
- So, and those are always very, very small
- 7 magnitude fracs or magnitude events. They are not
- 8 earthquakes, really, they are just small magnitude events
- 9 that are associated with breaking rock.
- We can see a truck go by on these monitors.
- 11 EXAMINER COSS: Sure. And so on the picture on
- 12 Page 94, the red lines with the black dot, is that the
- 13 seismic monitoring?
- 14 THE WITNESS: We had a map of those. I'm not
- 15 sure what page that is. No, those are the events. The
- 16 monitors are in Steve Taylor's exhibit on Page 84.
- 17 So with those monitors, green circles represent
- 18 where we can see a magnitude one event. The red indicates
- 19 the distance to where we can see a magnitude 1.5 event.
- 20 EXAMINER COSS: Page 4-84?
- THE WITNESS: 84, behind Tab 4.
- 22 EXAMINER COSS: Okay. So you are saying on Page
- 23 94, though, that the red lines with -- the red line with the
- 24 black dashes is the event that you monitored?
- MS. KATZ: I believe that's the fault.

1 EXAMINER COSS: Red line with black dots.

- THE WITNESS: Those are the known faults.
- 3 EXAMINER COSS: Okay.
- 4 HEARING EXAMINER LOWE: In the area.
- 5 EXAMINER COSS: And the little pink bullseye?
- 6 THE WITNESS: The little pink bullseye's are
- 7 where the little clusters are, and you see the magnitude
- 8 there associated with them, 1.3, 1.5, those or very --
- 9 EXAMINER COSS: Small?
- 10 THE WITNESS: You can't feel them.
- 11 EXAMINER COSS: And there's no concerns yet, you
- 12 haven't teased out or found any correlation between those
- 13 events and the proximity to the faults or kind of smaller
- 14 faults near larger ones?
- 15 THE WITNESS: Well, there is no -- so far there's
- 16 no injection. These are permits on this side of the fault.
- 17 There's really no injection, so --
- MS. KATZ: I would also say that we don't have
- 19 our actual expert witnesses here on those points, so I just
- 20 want to be careful about --
- 21 THE WITNESS: Hearsay.
- MS. KATZ: Not that he doesn't have quite a bit
- 23 of knowledge.
- 24 EXAMINER GOETZE: You don't want to see Neil go
- 25 down?

1 EXAMINER COSS: Those are just my questions,

- 2 flipping through that for the first time, and I'm plum out
- 3 of it, so I will pass it.
- 4 THE WITNESS: Okay, great, Just like Phil said
- 5 to me one time, you are on a pedestal until you are off.
- 6 EXAMINER GOETZE: Just a few points. Let's see,
- 7 roughly how far did we move it from the original surface
- 8 location to the one in this permit?
- 9 THE WITNESS: I don't know. I know I did some
- 10 distance calculations to Solaris Aspen last night.
- 11 EXAMINER GOETZE: You did it for Solaris?
- 12 THE WITNESS: Not for you, sorry. So it moved it
- 13 into the next section.
- 14 EXAMINER GOETZE: So we are not looking at a
- 15 mile.
- 16 THE WITNESS: No, no.
- 17 EXAMINER GOETZE: So some small distance.
- 18 THE WITNESS: Right.
- 19 EXAMINER GOETZE: So NGL stated they would like
- 20 to have their orders with a 50,000 barrel limit on it. Are
- 21 you still interested in that, or have times changed?
- THE WITNESS: We'll take more.
- 23 EXAMINER GOETZE: Just trying to figure it out.
- 24 THE WITNESS: Oh, okay. Yeah, but we always work
- 25 with the Division on, on rates and concerns.

1 EXAMINER GOETZE: And last but not least, how

- does this reflect the other NGL wells in the area? Are they
- 3 starting to increase overlap? Is that something to be
- 4 concerned about?
- 5 THE WITNESS: Increase overlap?
- 6 EXAMINER GOETZE: Getting closer to your other
- 7 NGL wells.
- 8 THE WITNESS: Not really. We are pretty much
- 9 spaced out.
- 10 EXAMINER GOETZE: Okay. Okay. No further
- 11 questions. Thank you.
- 12 THE WITNESS: Okay.
- 13 MR. AMES: I do have a question. Ms. Katz, I
- 14 have a question about Tab 5, Exhibit 5. Tab 5 is your
- 15 affidavit stating that the application was provided under a
- 16 notice letter and proof of receipt attached. I don't see
- 17 the notice letter.
- MS. KATZ: Oh, I apologize, I don't actually have
- 19 the notice on here. I can provide a copy of that. All I
- 20 have IS the proof of receipt of notice.
- MR. AMES: With regard to first to Page 113, that
- 22 legal notice is the legal notice for the filing of the
- 23 application itself. Correct?
- 24 MS. KATZ: That is the legal notice for the well
- 25 relocation, and that was filed, and then the -- that notice

1 was published. And then the Division informed us that we

- 2 could not file the relocation application as amended under
- 3 that case number. And so we -- and I attempted to get
- 4 clarification on that, and I was not able to obtain that.
- I spoke to Mr. Wade and Mr. Brainard, and I
- 6 informed them that I was going to file the application, an
- 7 amended application under the new number with the old number
- 8 indicated, and I was going to have it be consolidated and
- 9 relate back to that application.
- 10 And so my -- our position is that no new notice
- is actually required, and so, although we did send out
- 12 notice to the individual parties as a courtesy of the new
- 13 application, but all of the continuances of 16507 have been
- on the record, and at the last hearing I was on the record,
- 15 my colleague Mr. Savage explained that that case was
- 16 consolidated with this case and was being -- going to be
- 17 heard today.
- 18 MR. AMES: My question, I -- I know that there's
- 19 been two different applications, and I wasn't intending to
- 20 focus on the distinction between the two applications, but
- 21 is there an actual legal notice for this hearing itself,
- 22 notice for this hearing itself?
- 23 MS. KATZ: We would maintain that that notice was
- 24 -- this notice would be that notice because it noticed the
- 25 hearing that, that it was connected with the previous -- or

1 that application, and then all those parties would be

- 2 notified through the continuances in that process.
- 3 MR. AMES: So is your affidavit for the notice
- 4 of -- for the notice of the hearing in the previous file?
- 5 MS. KATZ: Yes, uh-huh.
- 6 MR. AMES: That's my question. Thank you.
- 7 MS. KATZ: Thank you.
- 8 HEARING EXAMINER LOWE: I want to clarify,
- 9 what -- I heard that the amendment on the case 16507 to the
- 10 current one we are in now was due to the surface location
- 11 and the depth; is that correct?
- MS. KATZ: Just the surface location. The depth
- 13 ended up being something that we just -- that new
- 14 information just came in very recently.
- 15 HEARING EXAMINER LOWE: So surface location was
- 16 reason why it was --
- 17 MS. KATZ: Yes, and the depth. Sorry, I
- 18 apologize. It is also for the depth. The surface location
- 19 was noticed earlier, and then the depth, those changes were
- 20 made in this most recent one that we are submitting today.
- 21 HEARING EXAMINER LOWE: Okay.
- 22 THE WITNESS: But the depth is not the reason we
- 23 are here.
- MS. KATZ: Correct.
- 25 HEARING EXAMINER LOWE: Okay. And anything that

1 you need to submit to us, make sure you submit it to the

- 2 other.
- MS. KATZ: I certainly will.
- 4 HEARING EXAMINER LOWE: That's all the questions
- 5 I have right now.
- 6 MS. KATZ: Okay. If there is no other questions,
- 7 I would ask that the case be taken under advisement.
- 8 MR. BRUCE: I have a quick statement, Mr.
- 9 Examiner. As such, Solaris is opposed to NGL's application
- 10 just that this well is about a little less than 1.4 miles
- 11 from Solaris' well. I'm just pointing that out in case that
- 12 has -- we don't -- it was a case that was heard last
- 13 spring in a Solaris matter, and we just want to put that on
- 14 the record, that our case wouldn't be adversely affected
- 15 because of Division policy.
- 16 MS. ANTILLON: The State Land Office also has a
- 17 statement to make. We want to say we're approving this
- 18 application and have concerns with the salt water disposal
- 19 well spacing due to proximity to State Trust Land the state
- 20 owned -- E/2 of Section 25 which is approximately 2490 feet
- 21 from the proposed well location.
- 22 HEARING EXAMINER LOWE: So duly noted.
- 23 EXAMINER COSS: I quess I would be curious, if
- 24 you can elaborate a little on what concerns, what proximity
- 25 concerns you have. Is it surface contamination or what?

Page 26 MS. ANTILLON: We are still in the process of 1 2 reviewing the application, so if we do have more, our concerns will be more elaborated if, if and when we decide 3 to file an appeal. 5 EXAMINER COSS: Thank you. HEARING EXAMINER LOWE: Okay. 6 7 MS. KATZ: I would ask that this case be taken 8 under advisement. 9 HEARING EXAMINER LOWE: Okay. Case Number 20896 will be taken under advisement. 10 11 MS. KATZ: Thank you. 12 HEARING EXAMINER LOWE: We are going to cut for 13 lunch now and reconvene about 1 o'clock. (Case 20896 taken under advisement.) 14 15 16 17 18 19 20 2.1 22 23 24 25

Page 27 STATE OF NEW MEXICO ) )SS COUNTY OF SANTA FE I, IRENE DELGADO, certify that I reported the 3 proceedings in the above-transcribed pages, that pages 4 5 numbered 1 through 26 are a true and correct transcript of 6 my stenographic notes and were reduced to typewritten 7 transcript through Computer-Aided Transcription, and that on the date I reported these proceedings I was a New Mexico 8 9 Certified Court Reporter. Dated at Santa Fe, New Mexico, this 14th day of 10 November 2019. 11 12 13 14 Irene Delgado, NMCCR 253 Expires: 12-31-19 15 16 17 18 19 20 21 22 23 24 25