

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

**APPLICATION OF NGL WATER SOLUTIONS  
PERMIAN, LLC TO APPROVE SALT WATER  
DISPOSAL WELL IN LEA COUNTY, NEW MEXICO.**

**CASE NO. 20985**

JAN 03 2020 PM 12:23

**OIL CONSERVATION DIVISION'S  
PRE-HEARING STATEMENT**

The New Mexico Oil Conservation Division ("OCD") submits this Pre-Hearing Statement pursuant to 19.15.4.13(B) NMAC.

**I. IDENTIFICATION OF PARTY AND COUNSEL**

OCD has intervened in this matter and is represented by undersigned counsel.

**II. STATEMENT OF THE CASE**

NGL Water Solutions Permian, LLC ("Applicant") has filed an application for authorization to inject produced water into the proposed Striker 4 SWD Well No. 1. The proposed well is to have a surface location of 850 feet from the South line and 174 feet from the West line of Section 24, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico. Applicant seeks approval for a commercial disposal well to inject a maximum volume of 20,000 barrels per day at a proposed maximum surface injection pressure not to exceed 1,087 pounds per square inch. The proposed well will inject through perforations into an interval comprising the Bell Canyon and Cherry Canyon formations, both in the Delaware Mountain Group ("DMG"), from approximately 5,437 to 7,200 feet below the surface.

OCD opposes the application. The proposed injection intervals in located in DMG formations that have historically demonstrated low formation fracture pressures along with geologic variation that has allowed the horizontal and vertical migration of disposed UIC Class



II fluids beyond the USEPA-approved ½-mile area of review. This migration has resulted in impacts to correlative rights for production of active horizontal wells completed in Brushy Canyon formation of the DMG and the Avalon Shale of the Bone Spring formation. This potential for migration of injected fluids further increases the prospect for creating waste by the drowning of undeveloped hydrocarbon resources.

Moreover, the proposed injection interval increases the probability that operators will incur additional production and drilling costs and that the resource will be wasted because they must drill through the projected injection interval to complete wells in the stratigraphically deeper hydrocarbon targets in the Permian Bone Spring and Wolfcamp formations.

### **III. PROPOSED EVIDENCE**

OCD intends to call Phillip Goetze, the OCD's UIC Program Coordinator, as an expert in petroleum geology and underground injection. His testimony is expected to be twenty (20) minutes.

Mr. Goetze manages the UIC Program, including the review of applications for compliance with the OCD's rules and the prevention of waste and protection of correlative rights, public health, and environment. He also serves as a hearing examiner for these applications. Mr. Goetze has more than forty (40) years of experience in the fields of geology, hydrology, and environmental protection.

### **IV. PROCEDURAL MATTERS**

The OCD has not identified any procedural matters to be resolved prior to the hearing.



Respectfully submitted,



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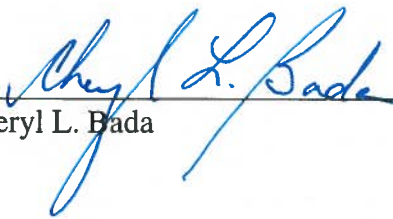


**CERTIFICATE OF SERVICE**

I certify that on January 3, 2020, I served this pleading by electronic mail on:

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