

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:

CASE NO: 21570

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

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

JANUARY 21, 2021

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
BILL BRANCARD and TECHNICAL EXAMINER KATHLEEN MURPHY on
Thursday, January 21, 2021, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102
505-843-9241

A P P E A R A N C E S

For the Applicant:

KAITLYN LUCK
HOLLAND & HART
110 North Guadalupe, Suite 1
Santa Fe, NM 87501
505-954-7286

I N D E X

CASE CALLED

SUMMARY OF CASE AND EXHIBITS 03

EXAMINER QUESTIONS 05

TAKEN UNDER ADVISEMENT 08

REPORTER CERTIFICATE 09

E X H I B I T I N D E X

Admitted

Exhibits and Attachments 08

1 HEARING OFFICER BRANCARD: Move ahead to case
2 21570, Goodnight. Looks like Ernie Banks this time. Ms.
3 Luck, are you appearing?

4 MS. LUCK: Yes. Kaitlyn Luck again from the
5 Santa Fe office of Holland & Hart on Goodnight Midstream
6 Permian LLC.

7 HEARING OFFICER BRANCARD: And do we have any
8 other appearances in this case, 21570?

9 (No audible response.)

10 HEARING OFFICER BRANCARD: Hearing none, you may
11 proceed, Ms. Luck.

12 MS. LUCK: Thank you. Similar to the prior case,
13 this application was filed by Goodnight Midstream due to
14 protests by the State Land Office, and the State Land Office
15 was provided notice of this hearing and indicated it was not
16 opposed to Goodnight presenting this case by affidavit.

17 So on Tuesday Goodnight filed its exhibits in
18 this case which include Exhibits A through F. Starting off
19 with Exhibit A, that is the form C-108 for the proposed
20 injection well, followed by Exhibit B, which is the
21 application of Goodnight in this case.

22 The application reflects that Goodnight is
23 seeking approval of a new commercial saltwater disposal well
24 to be named the Ernie Banks SWD Number 1, which is going to
25 be located 395 feet from the north line, and 1230 feet from

1 the west line of Section 17, Township 21 South, Range 36
2 East in Lea County, New Mexico.

3 In this case the injection interval that has been
4 proposed is in the San Andres formation, and that pool code
5 is 96121. Again the disposal fluid will be produced
6 saltwater from oil and gas wells producing from the Bone
7 Spring, Delaware and Wolfcamp formations. And the
8 application provides the estimated average production
9 pressures.

10 Goodnight provides as Exhibit C the affidavit of
11 Nathan Alleman who is the regulatory specialist and project
12 manager who put together the C-108 application for this
13 well, and his affidavit indicates that the State Land Office
14 was the only objecting party and did not oppose this
15 application going forward by affidavit today.

16 Goodnight's Exhibit C is the affidavit of Steve
17 Drake and he is the geologist and reservoir engineer. He
18 provides a log of the injection interval as well as a
19 geology statement with his affidavit that reflects that
20 there should be no communication between the injection
21 interval and any other underground sources of drinking
22 water.

23 And then the affidavit of Thomas Tomastik is
24 provided as Exhibit E, and he also provides information on
25 the proposed well design as well as the (unclear) tubing

1 information for this injection well.

2 Finally, as Exhibit F, it is an affidavit from
3 our office reflecting that notice of this hearing was timely
4 provided to the State Land Office.

5 So with that, I would move the admission of
6 Exhibits A through F and request that these cases or this
7 case be taken under advisement as well.

8 HEARING OFFICER BRANCARD: Thank you. I will
9 look once again, if there are any parties entering their
10 appearance. State Land Office, are you going to speak at
11 this point?

12 (No audible response.)

13 HEARING OFFICER BRANCARD: Hearing none, I will
14 go to the examiners. Mr. Rose-Coss?

15 TECHNICAL EXAMINER COSS: Morning again, Ms.
16 Luck. I guess I will just state, since Mr. Drake isn't
17 here, I understand that his geology explanation does not
18 attend to the well protecting drinking water in the general
19 vicinity, the Division does have some concerns regarding the
20 well's ability or potential to impact protectable waters in
21 the Capitan Reef in this adjacent area. But I do not have a
22 specific -- or since Mr. Drake isn't here, I don't -- I
23 don't have a specific question other than that statement
24 that I will make, and thank you for your testimony, Ms.
25 Luck.

1 MS. LUCK: Yeah, thank you. I want to just
2 mention Mr. Drake did include his hydrologic statement as
3 D-2 with his affidavit in both of these cases. And he does
4 not believe that there is any connection between any
5 underground sources of drinking water and this injection
6 well.

7 TECHNICAL EXAMINER COSS: Yes. I appreciate
8 that, Ms. Luck.

9 HEARING OFFICER BRANCARD: Mr. Rose-Coss, is
10 there anything in addition that you would like to see in
11 this application?

12 TECHNICAL EXAMINER COSS: Well, this application
13 is one of half a dozen or more similar applications in the
14 vicinity. And the Division had some concern there could be
15 potential for these injected waters to migrate into not the
16 drinking water sources, the shallow drinking water sources,
17 but the potential to protectable waters within the Capitan
18 Reef and has not seen any modeling by All or Goodnight to
19 suggest that these waters won't eventually -- the injected
20 waters won't eventually migrate towards the Capitan Reef and
21 potentially impact the protectable waters within the Capitan
22 Reef that the statute requires to protect.

23 So any one of these wells in solo, standalone,
24 doesn't necessarily pose a threat, but the Division is
25 considering their impact in toto. That's a statement for

1 the record, and if Goodnight or All would like to provide
2 modeling to such an extent, the Division would be pleased to
3 see it.

4 MS. LUCK: Thank for letting us know. I
5 appreciate that explanation.

6 TECHNICAL EXAMINER COSS: Yeah.

7 HEARING OFFICER BRANCARD: And Mr. Rose-Coss, for
8 this interval, this is San Andres, are we -- do we -- does
9 the Division normally look for a fault slip potential, also?

10 TECHNICAL EXAMINER COSS: The Division is less
11 concerned with the potential for fault slip for the San
12 Andres, but the San Andres is known to have communication
13 due to its stratigraphic position with the Capitan Reef
14 formation.

15 HEARING OFFICER BRANCARD: Okay.

16 TECHNICAL EXAMINER COSS: It doesn't communicate
17 with the basin like the Devonian, but it will communicate
18 with the Capitan Reef.

19 HEARING OFFICER BRANCARD: Thank you. So we will
20 take this case then, 21570, and accept the exhibits and take
21 it under advisement with the proviso that there may be
22 further communication from the Division on these cases on
23 that. Is that acceptable, Ms. Luck?

24 MS. LUCK: Thank you. I appreciate it.

25 HEARING OFFICER BRANCARD: Okay.

1 (Exhibits admitted.)

2 (Taken under advisement.)

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

3

4 REPORTER'S CERTIFICATE

5

6 I, IRENE DELGADO, New Mexico Certified Court
7 Reporter, CCR 253, do hereby certify that I reported the
8 foregoing virtual proceedings in stenographic shorthand and
9 that the foregoing pages are a true and correct transcript
10 of those proceedings to the best of my ability.

11 I FURTHER CERTIFY that I am neither employed by
12 nor related to any of the parties or attorneys in this case
13 and that I have no interest in the final disposition of this
14 case.

15 I FURTHER CERTIFY that the Virtual Proceeding was
16 of poor to good quality.

17 Dated this 21st day of January 2021.

18

/s/ Irene Delgado

19

Irene Delgado, NMCCR 253
License Expires: 12-31-21

20

21

22

23

24

25