

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 Manzano, LLC for Approval
of a Pressure-Maintenance Project and
Authorization to Inject,
Lea County, New Mexico

Case No. 22458

REPORTER'S-TRANSCRIPT-OF-PROCEEDINGS

THURSDAY, JANUARY 6, 2022

EXAMINER HEARING

This matter came on for hearing before the
New Mexico Oil Conservation Division, William
Brancard, Esq. Hearing Examiner, John Garcia, Dylan
Rose-Coss and Philip Goetz, Technical Examiners,
on Thursday, January 6, 2022, via Webex Virtual
Conferencing Platform hosted by the New Mexico
Energy, Minerals and Natural Resources Department

Reported by: Mary Therese Macfarlane
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A P P E A R A N C E S

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1 (Time noted 1:52 p.m.)

2 EXAMINER BRANCARD: Okay. I believe we have one
3 more item on today's agenda

4 This is Case No. 22458. I believe this is
5 a continuation of a prior hearing, Manzano, LLC.

6 MS. HARDY: Good afternoon, Mr. Examiner. Dana
7 Hardy with the sfo of hs on behalf of Manzano, LLC.

8 EXAMINER BRANCARD: Mr. Goetz, are you here for
9 this case also?

10 EXAMINER GOETZ: You know I'm here to help my
11 fellow colleagues along.

12 EXAMINER BRANCARD: All right. I believe there
13 were a number of requests for information that the
14 Division had, including changing the size of the unit --
15 is that what we called it?

16 And I can see that we've a number of
17 filings from Manzano. I don't know, Mr. Goetz. Do you
18 want to start of with indicating whether you think they
19 have sufficiently provided the information that we
20 requested?

21 EXAMINER GOETZ: Well, first of all on the
22 Notice issue, Ms. Hardy, did we go ahead and do -- I
23 guess -- oh, Dylan is here. Let me do this. Let me defer
24 to Dylan and let him run through his list, since he was
25 present before, and I'll follow up, if I may.

1 EXAMINER BRANCARD: All right. We have Dylan
2 Rose-Coss here. Mr. Rose-Coss?

3 MR. ROSE-COSS: Hi. Yes, I don't know if I have
4 anything.

5 Good afternoon, Mr. Brancard. Ms. Hardy,
6 it's nice to see you again.

7 I think what I am going to now is pass --

8 EXAMINER BRANCARD: Mr. Rose-Coss, your video is
9 screwing up your band width, so perhaps...

10 MR. ROSE-COSS: I have no problem stopping it.

11 All right. Can you hear me now?

12 EXAMINER BRANCARD: We can hear you now.

13 MR. ROSE-COSS: I'll continue, then.

14 What I was going to say is I'll pass the
15 buck to you, Ms. Hardy, and allow you to explain what you
16 have done.

17 I see that -- we're actually not just
18 continuing the case that we heard in December. This
19 matter has been entered as a new case number. So if you
20 go over really behind that, and what step -- how this
21 application is different from Case 22357 and what
22 additional Notice is carried out.

23 MS. HARDY: Sure. I'd be happy to do that.

24 Thank you.

25 We refiled the application because the

1 Division had asked us to include the entire spacing unit
2 for the Rag Mama well in our project area, so we refiled
3 the application to make that change in the public Notice
4 as well as in the application.

5 So that's why we refiled. That's the only
6 substantive change in the application.

7 With respect to our exhibits, basically our
8 exhibits are the same as those we had provided in Case No.
9 22357. We did include the additional information that the
10 Division had asked us to provide in that case, and I can
11 run through what that information is, if you would like.

12 MR. ROSE-COSS: Yes. For the record.

13 MS. HARDY: Sure. I'd be happy to do that.

14 Let me just go through briefly what the
15 exhibits are.

16 Exhibit A is the affidavit of landman Mick
17 McClelland. He provides background on the project, C-108,
18 and Notice information.

19 A plat that shows land ownership and the
20 project area is provided as Exhibit 2. That is a new
21 exhibit that we had not provided previously.

22 We provided the Hearing Notice Letter and
23 return receipts in Exhibit A-4 and the Notice of
24 Publication in Exhibit A-5.

25 We notified, in accordance with the

1 Division's request and per the rules, all interested
2 parties within a half mile of the injection well. We did
3 also notify the BLM and State Land Office out of an
4 abundance of caution, although they don't own minerals
5 within the radius.

6 We provided the exhibits of geologist John
7 Worrall as Exhibit B. He discusses the geology issues.
8 He provides as Exhibit B-1 an injection model for the
9 Vince well, and that was information that the Division had
10 requested. And I believe we had submitted it after the
11 hearing in the last case, but since we had to refile the
12 application we went ahead and included it as a
13 supplemental exhibit here.

14 Exhibit C is the affidavit of Operations
15 Manager Mike Hanagan. He discusses the operations and
16 engineering matters that relate to the application. His
17 exhibits include a Production Decline Curve which we had
18 provided previously, and he also provided an H2S
19 Contingency Plan as Exhibit C-2, and that is another new
20 exhibit that the Division had requested after the last
21 hearing.

22 So that's what we've done here. And I
23 would ask the Division to take administrative notice of
24 the testimony that was provided at the hearing in Case
25 No. 22357. I think the witness answered a lot of the

1 questions the Division had at that time, but I do have him
2 available here also if there are further questions.

3 MR. ROSE-COSS: Thank you, Ms. Hardy. That
4 clears up -- I think that clears up the record in terms of
5 changes between 22357 and this Case 22458. It sounds like
6 from my memory and reviewing of case notes from last time
7 that you addressed the concerns that we had in that
8 December hearing, and therefore I haven't come up with
9 additional questions in the interim. I mean, for the -- I
10 guess to be clear, though, the Noticed parties are the
11 same Noticed parties as from before, but they were
12 notified that the project area was changing and now you
13 have additionally Noticed the State Land Office and BLM.

14 MS. HARDY: That's correct.

15 MR. ROSE-COSS: Okay. Perfect. And I suppose
16 I need to pass it to Mr. Brancard or Marlene about how the
17 cases get linked in the record, or how the testimony from
18 the last case gets brought into this case, and then pass
19 the microphone to Mr. Goetz for any additional -- and Mr.
20 Garcia for any additional questions they might have.

21 EXAMINER GARCIA: I have no questions.

22 EXAMINER BRANCARD: Mr. Goetz?

23 EXAMINER GOETZ: Well, the only comments I will
24 make is thank you for providing the additional
25 information. Because this is kind of a new phase in what

1 we're doing with regards to dealing with gas, especially
2 in light of the new methane rule, there is a good
3 likelihood we'll put a time on this, and we would like to
4 be able to have some information compiled. And so we
5 would consider this a pilot project that you could come
6 back within three to five years with information in order
7 that we establish this as a permanent operation.

8 So that is my comment on the situation
9 especially in light of, again, current trends and that we
10 may see more of these.

11 So that's all I have.

12 MR. ROSE-COSS: Sorry, Mr. Brancard. I guess
13 I'll piggyback on Mr. Goetz now.

14 To the witnesses we have present, is there
15 any estimate, you know taking like -- okay. So if this is
16 going to be a project, pilot project then you'll need to
17 report back in a certain amount of time, is there any
18 estimate of how long it would take to get the project
19 operational and any estimates on how long would be a
20 reasonable amount of time to expect to see any results?

21 Like, in a year's time would we have --
22 what would we expect to see, and in three years time?
23 What sort of results would we have presented to us.

24 MS. HARDY Mr. Worrall, I think you-all are
25 muted.

1 EXAMINER BRANCARD: Ms. Hardy, do you have your
2 witnesses who can answer these questions?

3 MS. HARDY I believe I do.

4 EXAMINER BRANCARD: So perhaps you can indicate
5 who they are and I can swear them in, because we are
6 actually on a new case number here.

7 MS. HARDY: I believe Mr. Worrall is present --

8 MR. WORRALL: Yes.

9 MS. HARDY: -- and could be sworn in.

10 JOHN WORRALL.

11 having been duly sworn, testified as follows:

12 EXAMINER BRANCARD: Thank you.

13 MR. WORRALL: Do you want me to go ahead and
14 answer those questions?

15 MS. HARDY: Yes, please, Mr. Worrall.

16 MR. WORRALL: Yes, I believe that we are ready
17 to put a compressor out on location. So to answer your
18 question as to how fast we could enact this, I would
19 imagine it to be 30 days. There's a little bit of work to
20 be done to lay a line to the well, to the injection well
21 from our battery.

22 Other than that, as far as seeing results,
23 I do believe you will see some results within a year, and
24 of course we will know how the injection goes in a very
25 short amount of time.

1 MS. ROSE-COSS: Okay. Perfect.

2 Well, I can't endeavor to say I'll have an
3 Order on this matter within 30 days, but that's good to
4 have for the record, and both those answers satisfy the
5 questions I had. So thank you.

6 And nothing further from me, Mr. Brancard.
7 I can see (inaudible) Mr. Worrall.

8 EXAMINER BRANCARD: Okay. So, Ms. Hardy, we will, as
9 you requested, take Notice of the records in the
10 proceedings in Case 22357, and they will be available for
11 use in Case 22458.

12 MS. HARDY: Thank you.

13 MR. HANAGAN: Dylan, this is Mike. Do I need to
14 be sworn in? I just have one comment.

15 MR. BRANCARD: Sure.

16 MR. HANAGAN: The name is Mike Hanagan,
17 H-a-n-a-g-a-n.

18 MIKE HANAGAN,
19 having been duly sworn, testified as follows:

20 EXAMINER BRANCARD: Thank you. Please proceed.

21 MR. HANAGAN: This well and the associated wells
22 going into it are currently under an Agreed Compliance
23 Order that expires next week, January 9th, I believe it
24 is, so we're going to have to shut these wells in until we
25 can get either the -- we've applied for an extension to

1 that Agreed Compliance Order before but we have not heard
2 back from the Division yet.

3 So just requesting this gets as great a
4 priority as we can so we can get these going.

5 MS. ROSS: I understand. Okay. Thank you. So
6 that's good to add to the record, and I suppose to have
7 written into or addressed in any Agreed Compliance Order
8 or conversation that you do have with the other part of
9 the Division.

10 MR. HANAGAN: Okay. That's all I had.

11 EXAMINER BRANCARD: Thank you.

12 Then, Ms. Hardy, any other evidence to
13 submit, or perhaps you would like to sum up for the record
14 here today.

15 MS. HARDY: Sure.

16 So I would ask in this case our exhibits be
17 admitted into the record, because I don't believe I did
18 that.

19 EXAMINER BRANCARD: All right. So admitted.

20 MS. HARDY: And I was going to mention a request
21 for an expedited Order, but I think Mr. Hanagan has taken
22 care of that.

23 So with that I would ask that the case be
24 taken under advisement.

25 EXAMINER BRANCARD: Any other comments, Mr.

1 Goetz or Mr. Rose-Coss?

2 EXAMINER GOETZ: Just one quick one.

3 Who are you working with at the ACOI? Was
4 there an individual, or were you working with Ms. Hardy,
5 or were you working directly with, like, the Division?

6 MR. WORRALL: That's directly with the Division.
7 I sent that letter in to the Director, and copied -- I
8 can't remember the three people I copied, Nick may
9 remember, but it was sent on, I believe one month ago,
10 December 6th.

11 MR. GOETZ: Could you send us a copy to -- I
12 guess who will be the victim? Either me or Dylan.

13 MR. ROSE-COSS: The engineer is probably the
14 best spot. (Note: Multiple voices.)

15 MR. HANAGAN: We sent it Brandon Powell and
16 Tiffany Polack.

17 MR. GOETZ: Unfortunately you sent it to the top
18 of the tree.

19 UNIDENTIFIED VOICE: Nick, do you want to take
20 care of getting that?

21 MR. GOETZ: Sometimes it's just an ornament.

22 Okay. Thank you.

23 EXAMINER BRANCARD: All right. Thank you.

24 So I think you summed up, then, Ms. Hardy.
25 I think you did, yes.

1 All right. So we will take Case 22458
2 under advisement and it will be consolidated with Case
3 22357, and hopefully we will have a resolution quickly for
4 you.

5 MS. HARDY: Thank you very much. We appreciate
6 your time.

7 EXAMINER BRANCARD: Thank you.

8 MR. WORRALL: Thank you.

9 MR. HANAGAN: Thank you.

10 EXAMINER BRANCARD: And with that, are there any
11 other matters to come before the Division?

12 I don't want to hear it.

13 Thank you, everyone. Have a good day.

14 MS. HARDY: Thank you.

15 (Time Noted 2:07 p.m.)

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1 STATE OF NEW MEXICO)

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3 COUNTY OF TAOS)

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8 January 6, 2022, the proceedings in the above-captioned
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