

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:

ORIGINAL

APPLICATION OF MESQUITE SWD, INC.
TO RE-OPEN CASE NUMBER 14979 TO
AMEND ORDER NUMBER R-13735 TO
ALLOW A NEW WELL AND NEW WELL
LOCATION FOR A SALTWATER DISPOSAL
WELL, LEA COUNTY, NEW MEXICO.

CASE NO. 14979

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

January 8, 2015

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER
WILLIAM V. JONES, TECHNICAL EXAMINER
GABRIEL WADE, LEGAL EXAMINER

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This matter came on for hearing before the
New Mexico Oil Conservation Division, Michael McMillan,
Chief Examiner, William V. Jones, Technical Examiner,
and Gabriel Wade, Legal Examiner, on Thursday, January
8, 2015, at the New Mexico Energy, Minerals and Natural
Resources Department, Wendell Chino Building, 1220 South
St. Francis Drive, Porter Hall, Room 102, Santa Fe,
New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
New Mexico CCR #20
Paul Baca Professional Court Reporters
500 4th Street, Northwest, Suite 105
Albuquerque, New Mexico 87102
(505) 843-9241

1 APPEARANCES

2 FOR APPLICANT MESQUITE SWD, INC.:

3 JAMES G. BRUCE, ESQ.
 4 Post Office Box 1056
 5 Santa Fe, New Mexico 87504
 (505) 982-2043
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15 EXHIBITS OFFERED AND ADMITTED

16 Mesquite SWD, Inc. Exhibit Numbers 1 and 2	5
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1 (8:20 a.m.)

2 EXAMINER McMILLAN: Okay. With that in
3 mind, I would like to call Case 14979, application of
4 Mesquite SWD, Incorporated to re-open Case Number 14979
5 to amend Order R-13735 to allow a new well and new well
6 location for saltwater disposal well, Lea County,
7 New Mexico.

8 Call for appearances.

9 MR. BRUCE: Mr. Examiner, Jim Bruce of
10 Santa Fe representing the Applicant. I have no
11 witnesses. I'm presenting this by affidavit.

12 EXAMINER McMILLAN: Any other appearances?

13 Thank you.

14 MR. BRUCE: Mr. Examiner, by Order Number
15 R-13735, the Division approved injection into Mesquite's
16 proposed Paducah Federal SWD Well #3 for disposal into
17 the Bell Canyon and Cherry Canyon members of the
18 Delaware Formation. The well is located 300 feet from
19 the north line and 1,760 feet from the west line of
20 Section 23, 25 South, 32 East.

21 Submitted to you is Exhibit -- as Exhibit 1
22 is the affidavit of Kay Havenor, who was the geologist
23 who testified on behalf of Mesquite in that case. The
24 well was spudded, surface casing was set and cemented,
25 but when the drilling rig arrived, they couldn't get

1 back into the casing. So the BLM -- it's on federal
2 land, the well -- instructed Mesquite to move slightly,
3 and they moved 10 feet to the south of its original
4 location and redrilled the well. The well has been
5 drilled but not completed. The Division was informed of
6 this. Mr. Goetze has knowledge of this matter, and he
7 said that -- they'd allow the drilling to go on, but
8 said they couldn't inject until the new well and new
9 well location were approved by the Division. And
10 Mr. Goetze suggested that we simply notify everyone of
11 the new well location, which we have done, and get
12 approval, amend the order to approve a new well
13 location, which is 310 feet from the north line and
14 1,760 feet from the west line.

15 And attached to Exhibit 1 is the APD for
16 the new 3Y well, plus the sundry notices showing that
17 the new location was approved by the BLM to skid the
18 well with the condition that no injection occur until
19 the new location was approved.

20 And Exhibit 2 is the Affidavit of Notice.
21 If you went back into the original case file, the
22 parties -- which gives information on the parties
23 entitled to notice, all of those parties were
24 re-notified of this application, and no one has
25 objected. In the first go-around, Yates Petroleum and

1 MYCO and Abo actually objected, but they have not
2 objected to this application.

3 So with that, I'd move the admission of
4 Exhibits 1 and 2 and request that the new well location
5 for the Paducah Number 3Y well be approved.

6 EXAMINER McMILLAN: Exhibits 1 and 2 may be
7 accepted into the record.

8 (Mewbourne Oil Company Exhibit Numbers 1
9 and 2 were offered and admitted into
10 evidence.)

11 EXAMINER McMILLAN: And the question I have
12 is: Has the area of review changed?

13 MR. BRUCE: No. No. The 10 feet actually
14 had no effect on the leases involved in the area of
15 review. They are all the same. And if you'd like, I
16 could get a land plat showing that.

17 EXAMINER McMILLAN: Yeah. That would be
18 good.

19 MR. BRUCE: Okay. I'll do that.

20 EXAMINER McMILLAN: And let's see. And
21 this will be -- the well will be perforated -- set at
22 the same -- perforated at the same depth?

23 MR. BRUCE: Everything is the same.

24 EXAMINER McMILLAN: 4,870 to 7,250; is that
25 correct?

1 MR. BRUCE: That is correct.

2 EXAMINER McMILLAN: Pressure is 974?

3 MR. BRUCE: Yeah. Yeah. They're not
4 requesting anything above the .2 psi per --

5 EXAMINER JONES: So, Mr. Bruce, you noticed
6 Abo or MYCO at the same addresses. Yates Petroleum --
7 were they named as a noticed party, Yates Petroleum?

8 MR. BRUCE: No. They showed up because
9 they're the operator for Abo and MYCO. But they -- they
10 didn't own a leasehold interest, but they own half the
11 state, so they showed up (laughter).

12 EXAMINER JONES: Okay.

13 EXAMINER McMILLAN: With that in mind, Case
14 Number 14979 will be taken under advisement.

15 Thank you.

16 (Case Number 14979 concludes, 8:25 a.m.)

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19 I do hereby certify that the foregoing is
20 a complete record of the proceedings in
the Examiner hearing of Case No. _____
heard by me on _____.

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_____, Examiner
Oil Conservation Division

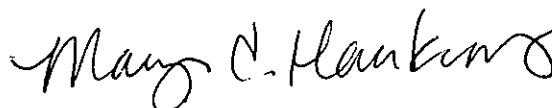
1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO
3

4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, New Mexico Certified
6 Court Reporter No. 20, and Registered Professional
7 Reporter, do hereby certify that I reported the
8 foregoing proceedings in stenographic shorthand and that
9 the foregoing pages are a true and correct transcript of
10 those proceedings that were reduced to printed form by
11 me to the best of my ability.

12 I FURTHER CERTIFY that the Reporter's
13 Record of the proceedings truly and accurately reflects
14 the exhibits, if any, offered by the respective parties.

15 I FURTHER CERTIFY that I am neither
16 employed by nor related to any of the parties or
17 attorneys in this case and that I have no interest in
18 the final disposition of this case.

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20

21 MARY C. HANKINS, CCR, RPR
22 Paul Baca Court Reporters, Inc.
23 New Mexico CCR No. 20
24 Date of CCR Expiration: 12/31/2015
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