

**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. 20314**

**APPLICATION OF MESQUITE SWD INC. FOR APPROVAL OF A PRODUCED  
WATER DISPOSAL WELL IN EDDY COUNTY, NEW MEXICO.**

**OIL CONSERVATION DIVISION'S ENTRY OF APPEARANCE AND  
PRE-HEARING STATEMENT**

The New Mexico Oil Conservation Division ("the Division") enters its appearance in this case. The Division hereby submits its Pre-Hearing Statement for the hearing scheduled on Thursday, March 7, 2019.

**PARTIES**

**Applicant:**

Mesquite SWD Inc.

**ATTORNEYS**

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**Other Parties:**

THE NEW MEXICO OIL CONSERVATION  
DIVISION

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## STATEMENT OF THE CASE

Applicant seeks an order to inject up to 40,000 barrels of produced water per day (BWPD) into the Silurian-Devonian formations at a depth interval from approximately 14,500 feet to 15,700 feet below surface through its Laguna Salada 19 SWD Well No. 1 (the “proposed well”) to be drilled at a surface location 1752 feet from the South line and 1727 feet from the East line (Unit J) in Section 19, Township 23 South, Range 29 East, NMPM, in Eddy County, New Mexico. Applicant further seeks approval of the use of a tapered tubing set with 7-inch diameter tubing inside the surface and intermediate casings and 5½-inch diameter tubing inside the liner. Applicant proposes the well as a commercial operation for the purpose of disposal of produced water from multiple sources.

The Division opposes issuance of an order for authority to inject for the proposed well at the location proposed in the administrative application and as later amended. The Division has sought to maintain a distance of 1.5 miles between injection sources (based on a ¾-mile radius from the well surface location or 7,920 feet between the Devonian SWD wells) that are Devonian wells designed for large-volume disposal in an effort:

1. to lessen the potential for induced-seismic events associated with disposal as recommended by the United States Environment Protection Agency’s National Underground Injection Control (UIC) Technical Workgroup,
2. to minimize interference between wells in support of the effort to reduce the potential for induced-seismic events and to optimize the operational life of these wells (as a best management practice),
3. to protect correlative rights as directed under the New Mexico Oil and Gas Act, and

4. to maintain and improve the state's UIC program to support production while preventing waste as directed by the New Mexico Oil Conservation Commission in Commission Order No. R-14392-A.

The proposed well is located approximately 5,606 feet (1.06 miles) to the northwest of an approved Devonian disposal well which is available for commercial injection with rates exceeding 20,000 BWPD. This disposal well is the Lakeside 20702 SWD No. 1 (API No. 30-015-45146) to be operated by the Applicant. This approved well is located 1750 feet from the North line and 2630 feet from the East line (Unit G) in Section 29, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. The original administrative order approved the use of 4½-inch diameter tubing, but based on recent trends among operators, the Division assumes an application to amend the order to increase tubing diameter to a tapered set utilizing 7-inch diameter and 5½-inch diameter tubing.

Additionally, the proposed well is located approximately 5,544 feet (1.05 miles) to the southeast of another Devonian disposal well which was proposed for commercial injection with rates exceeding 20,000 BWPD, but whose application was administratively denied by the Division. This disposal well is the Laguna Salada 19 SWD No. 1 (API No. 30-015-Pending) to be located at 685 feet from the South line and 50 feet from the East line (Unit P) of Section 13, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico. This disposal well is the subject of Case No. 20313.

It is the Division's position that the approval of the proposed well as located in the application does not conform to the Division's effort to appropriately manage the UIC program for its mission in support oil and gas production while being protective of the environment.

WITNESSES TO BE CALLED BY THE DIVISION

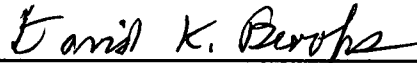
<u>Name</u>	<u>Employer</u>	<u>Position</u>	<u>Field(s) of Expertise</u>
Phillip Goetze, PG	NMEMNRD	Geoscientist and Hearing Examiner	Geology, UIC program, hydrology, Division permitting procedure

Time for Presentation: 1.5 hours

PROCEDURAL MATTERS

The Division requests the consolidation of Cases No. 20312, No. 20313, and No. 20314 at hearing based on the similarities of subjects for each case.

Respectfully submitted,



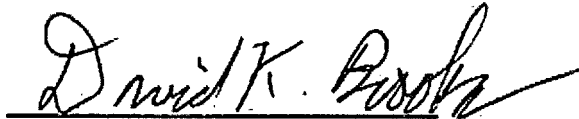
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following party  
by email on February 28, 2019.

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A handwritten signature in black ink, reading "David K. Brooks", written over a horizontal line.

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