

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. 20472

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, May 2, 2019.

PARTIES

ATTORNEYS

Applicant:

Mesquite SWD Inc.

Deana Bennett
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Albuquerque, NM 87103
(505) 848-1800
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Other Parties:

THE NEW MEXICO OIL CONSERVATION
DIVISION

David K. Brooks
Energy, Minerals and Natural Resources
Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3215
Email: davidk.brooks@state.nm.us

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 17,300 feet to 18,500 feet below surface through its Baker SWD Well No. 1 (the “proposed well”) to be drilled at a surface location 330 feet from the South line and 309 feet from the West line (Unit M) in Section 1, Township 26 South, Range 31 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 6569 feet (1.24 miles) to the southwest of a commercial Devonian disposal well which is injecting with reported rates for 2019 ranging from 27,110 BWPD to 29,280 BWPD. This disposal well is the Paduca 6 SWD No. 1Y (SWD-1607-A; API No. 30-025-43379) operated by the Applicant. This approved well is located 2650 feet from the South line and 1175 feet from the West line (Lot 2) in Section 6, Township 26 South, Range 32 East, NMPM, Lea County, New Mexico. The well is currently configured with a tapered tubing set of 4½-inch diameter tubing in the 7⅞-inch liner and 5½-inch diameter tubing above the liner.

A second Devonian disposal well is proposed by the Applicant to the west of the Baker SWD No. 1. This well, identified as the Red Bellied Cooter SWD No. 1 (Administrative application no. pLEL1832554216), has a surface location of 375 feet from the South line and 381 feet from the East line (Unit P) Section 3, Township 26 South, Range 31 East, NMPM, Eddy County, New Mexico. This well is approximately 1.17 miles from the surface location of the Baker SWD No. 1.

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. The Division is not opposed to the proposed location of the Red Bellied Cooter SWD No. 1, but objects to the approval of the Baker SWD No. 1 in combination with the Red Bellied Cooter SWD No. 1.

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 this case with Cases No. 20313 and No. 20314 set for Division hearing docket for May 30, 2019, based on the similarities of subjects for each case.

Respectfully submitted,



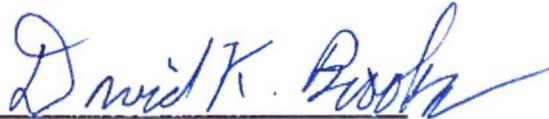
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following party
by email on April 25, 2019.

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For Mesquite SWD Inc.

A handwritten signature in blue ink that reads "David K. Brooks". The signature is written in a cursive style and is positioned above a horizontal line.

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