

COMMITTEE REPORTS

WATER COMMITTEE

Tyler Hussey, Apache Corporation

The PBPA water committee had two Q3 meetings – both virtual presentations on specific topics of interest by industry experts. The first meeting was held on July 22nd. Neil Blandford, a Principal Hydrologist and Senior Vice President with Daniel B. Stephens & Associates, gave a presentation on groundwater in the Permian. Neil covered the geographical extents, typical well production, depth, and water quality of the major and minor New Mexico and Texas aquifers in the Permian. These include Ogallala, Edwards-Trinity, Pecos Valley, Dockum, Rustler, and Capitan Reef Complex. Neil also covered water resource management and permitting in Texas and New Mexico. For Texas, Neil discussed ground water conservation district rules and how groundwater is permitted when one is present. Neil also explained what “available” ground water is as determined through the state planning process and other potential limiting requirements, such as landowner requirements like University Lands. For New Mexico, Neil presented the state permitting process and how the state engineer operates.

The water committee’s second meeting was held on August 26th. Kelly Bennett, the co-found and President/CEO of B3 Insights, gave a presentation on Permian disposal well analytics and the results from a recent study B3 had concluded. Kelly started with oil and gas forecasts and explained how wrong these had been, especially given the past year. Despite the error in production and activity forecasts, their current forecasts predict us having just as much if not more produced water than expected compared to the forecasts generated a few years ago. B3’s research also showed that shallow disposals are often more utilized than deep disposals. However, the utilization of both was much less than the permitted capacity. Their research also found that many disposal wells, especially in Reeves County, are receiving pressure reductions on their permits. The main takeaway from the presentation was that water volumes are increasing; however, disposal wells and permit volumes may not be able to keep up with this demand. A leading indicator that third-party disposal prices may hold steady or even rise due to supply and demand.