

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico

Form C-101
Revised July 18, 2013

Energy Minerals and Natural Resources

Oil Conservation Division

AMENDED REPORT

1220 South St. Francis Dr.

Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Goodnight Midstream Permian, LLC 5910 N Central Expressway, Suite 850, Dallas, TX 75206		² OGRID Number 372311
		³ API Number 30-025-50633
⁴ Property Code 333306	⁵ Property Name Ernie Banks SWD	⁶ Well No. 1

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
D	17	21-S	36-E		395	NORTH	1203	West	LEA

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County

9. Pool Information R-22027 / SWD-2404

⁹ Pool Name SWD; San Andres	¹⁰ Pool Code 96121
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Additional Well Information

¹¹ Work Type N	¹² Well Type S	¹³ Cable/Rotary R	¹⁴ Lease Type Private Surface & Minerals	¹⁵ Ground Level Elevation 3550.6'
¹⁶ Multiple N	¹⁷ Proposed Depth 5,720	¹⁸ Formation San Andres	¹⁹ Contractor TBD	²⁰ Spud Date Upon Approval
Depth to Ground water 246' (CP-01485 POD1)		Distance from nearest fresh water well 4,458' (CP-01485 POD1)		Distance to nearest surface water 17,481' Southeast

We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	17-1/2"	13-3/8"	54.5 lb/ft	1500'	1180	Surface
Production	12-1/4"	9-5/8"	40.0 lb/ft	5720'	1400	Surface
Tubing	N/A	5-1/2"	17.00lb/ft	4270'	N/A	N/A

Casing/Cement Program: Additional Comments

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22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Annular, Pipe & Blind/Shear Rams	5,000 psi	3,000 psi	Hydril, Cameron, or Equivalent

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

I further certify that I have complied with 19.15.14.9 (A) NMAC and/or 19.15.14.9 (B) NMAC , if applicable.

Signature: *Nathan Alleman*

Printed name: Nate Alleman

Title: Regulatory Specialist - ALL Consulting

E-mail Address: nalleman@all-llc.com

Date: 9/06/2022

Phone: 918-237-0559

OIL CONSERVATION DIVISION

Approved By:

P Kautz

Title:

Approved Date: 09/23/2022

Expiration Date: 09/23/2024

Conditions of Approval Attached

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 96121	Pool Name SWD; SAN ANDRES
Property Code	Property Name ERNIE BANKS SWD	Well Number 1
OGRID No. 372311	Operator Name GOODNIGHT MIDSTREAM PERMIAN, LLC	Elevation 3550.6'

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	17	21-S	36-E		395	NORTH	1203	WEST	LEA

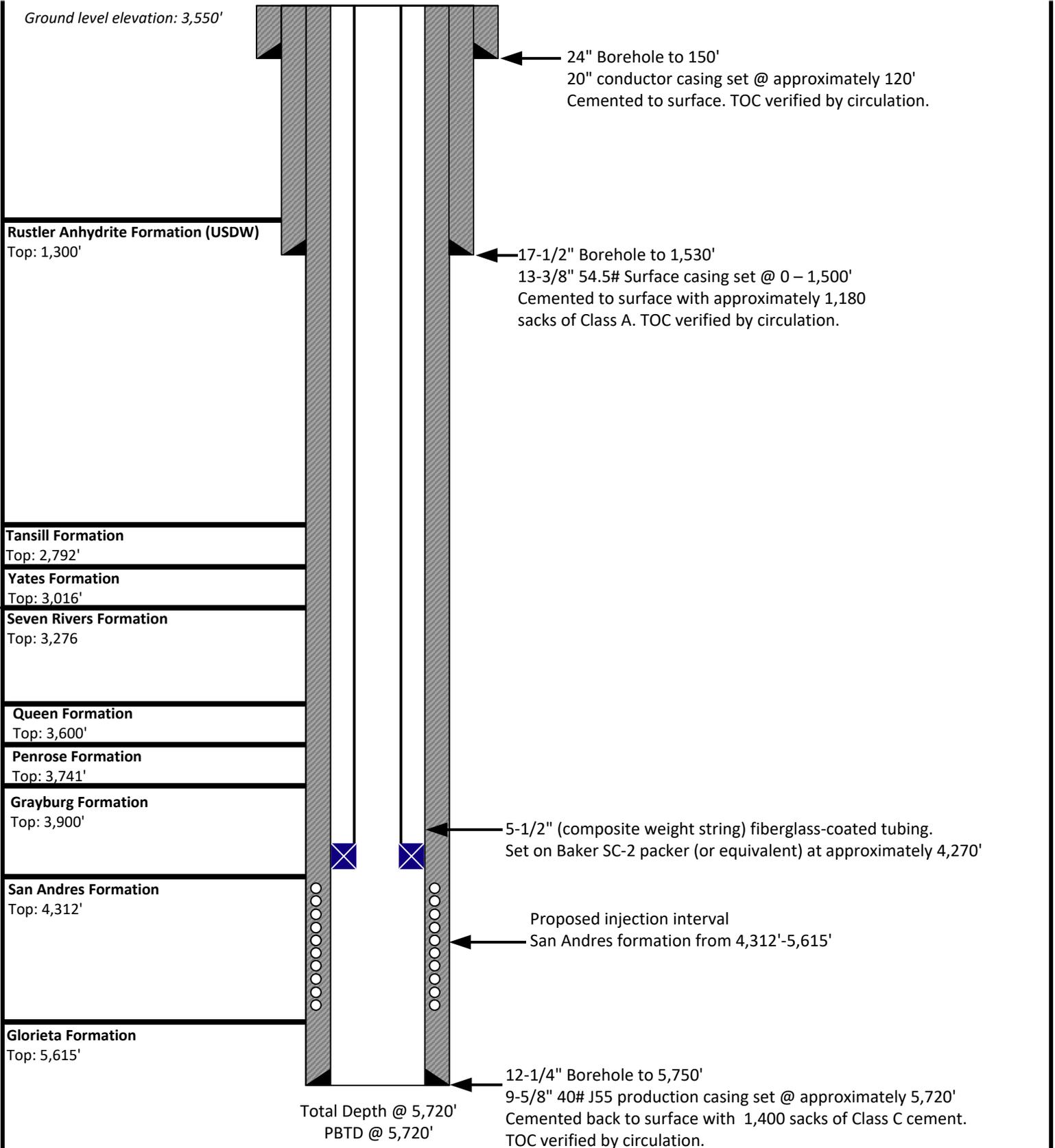
Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
					R-22027 / SWD-2404				

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p>NW CORNER NMSP-E (NAD 83) N.(Y): = 542138.9' E.(X): = 861181.5' LAT.: = 32.4861270° N LON.: = 103.2960526° W NMSP-E (NAD 27) N.(Y): = 542077.2' E.(X): = 819997.6' LAT.: = 32.4860022° N LON.: = 103.2955783° W</p>	<p>SHL: 395' FSL, 1203' FWL GR. ELEV. 3550.6' NMSP-E (NAD 83) N.(Y): = 541756.4' E.(X): = 862387.1' LAT.: = 32.4850434° N LON.: = 103.2921555° W NMSP-E (NAD 27) N.(Y): = 541694.7' E.(X): = 821203.1' LAT.: = 32.4849185° N LON.: = 103.2916815° W</p>	<p>NORTH QUARTER CORNER NMSP-E (NAD 83) N.(Y): = 542165.1' E.(X): = 863818.8' LAT.: = 32.4861282° N LON.: = 103.2874999° W NMSP-E (NAD 27) N.(Y): = 542103.4' E.(X): = 822634.9' LAT.: = 32.4860034° N LON.: = 103.2870261° W</p>	<p>NE CORNER NMSP-E (NAD 83) N.(Y): = 542191.3' E.(X): = 866456.2' LAT.: = N32.4861288° N LON.: = W103.2789473° W NMSP-E (NAD 27) N.(Y): = 542129.6' E.(X): = 825272.1' LAT.: = 32.4860039° N LON.: = 103.2784739° W</p>	<p>OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p><i>Nathan Alleman</i> Signature _____ Date 11/16/2020 Natchan Alleman Print Name Nalleman@all-llc.com E-mail Address</p>
<p>WEST QUARTER CORNER NMSP-E (NAD 83) N.(Y): = 539468.3' E.(X): = 861201.5' LAT.: = 32.4787866° N LON.: = 103.2960719° W NMSP-E (NAD 27) N.(Y): = 539406.6' E.(X): = 820017.6' LAT.: = 32.4786617° N LON.: = 103.2955978° W</p>			<p>EAST QUARTER CORNER NMSP-E (NAD 83) N.(Y): = 539531.3' E.(X): = 866480.8' LAT.: = 32.4788175° N LON.: = 103.2789525° W NMSP-E (NAD 27) N.(Y): = 539469.6' E.(X): = 825296.7' LAT.: = 32.4786926° N LON.: = 103.2784751° W</p>	<p>SURVEYORS CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>SEPTEMBER 30, 2020 Date of Survey Signature and Seal of Professional Surveyor:  Job No.: WTC 54323 Draft: M.Y. JAMES E. TOMPKINS 14729 Certificate Number</p>
<p>SOUTHWEST CORNER NMSP-E (NAD 83) N.(Y): = 536797.6' E.(X): = 861221.6' LAT.: = 32.4714461° N LON.: = 103.2960911° W NMSP-E (NAD 27) N.(Y): = 536736.0' E.(X): = 820037.6' LAT.: = 32.4713212° N LON.: = 103.2956172° W</p>		<p>SOUTH QUARTER CORNER NMSP-E (NAD 83) N.(Y): = 536838.1' E.(X): = 863865.0' LAT.: = 32.4714864° N LON.: = 103.2875196° W NMSP-E (NAD 27) N.(Y): = 536776.4' E.(X): = 822680.9' LAT.: = 32.4713614° N LON.: = 103.2870461° W</p>	<p>SOUTHEAST CORNER NMSP-E (NAD 83) N.(Y): = 536878.5' E.(X): = 866508.4' LAT.: = 32.4715261° N LON.: = 103.2789481° W NMSP-E (NAD 27) N.(Y): = 536816.9' E.(X): = 825324.3' LAT.: = 32.4714011° N LON.: = 103.2784751° W</p>	

PLAT: X:PROJECTS\OIL & GAS SURVEYS\ALL CONSULTING\54323-ALL CONSULTING STAKE & PLAT\ANDRW DAWSON SWD#1 & ERNIE BANKS SWD#1 LAYOUT.TAB: C:\021\11\10\2020 2:02 PM



NOT TO SCALE

Cement volumes include 25% excess.

Proposed Maximum Injection Rate: 25,000 BPD

Prepared by:

 Prepared for:


Drawn by: Joshua Ticknor
 Project Manager:
 Dan Arthur
 Date: 11/4/2020

Goodnight Midstream Permian, LLC
 Ernie Banks SWD #1
 API# TBD
 395' FNL & 1,203' FWL, Unit D of Sec 17-T21S-R36E
 Lea County, New Mexico

Goodnight Midstream Permian, LLC

**Ernie Banks SWD #1
395' FNL & 1,203' FWL
Section 17, Twp 21S, Rng 36E
Lea County, New Mexico**

Proposed Drilling Plan for New SWD

1. Geologic Information: Permian geologic formations

The Permian San Andres Formation and Glorieta Formation consist of interbedded carbonates rocks including dolomites, siltstones, and sands. Several thick sections of porous and permeable intervals are present within these formations in the area. Geologic information and depths of formation tops were obtained from surrounding wells within the area of interest. Total depth is within the Glorieta Formation. The base of the Rustler Formation and top of the Salado Formation is at approximately 1,300 feet plus 25 feet equals 1,325 feet to set bottom of the surface casing to protect the deepest underground sources of drinking water (USDWs).

Estimated Formation Top Depths:

Rustler - Base	1,300'
Salado	1,325'
Grayburg	3,900'
San Andres	4,312'
Glorieta	5,615'
Total Depth	5,750'

2. Proposed Drilling Plan:

- a. Move in equipment, excavate cellar and install tinhorn, and then drill conductor hole and set and cement in conductor casing.
- b. Mobilize drilling rig and rig up drilling rig and associated equipment onsite. Set up H2S wind direction indicators and monitors; brief all personnel on Emergency Evacuation Routes and ALL Consulting Site Health and Safety Plan.
- c. Everyone onsite will have stop work authority.
- d. Perform Job Safety Analysis (JSA) meetings before each drilling shift change and prior to any subcontractor performing any task on the location. All equipment should be inspected daily and repaired or replaced as required.
- e. Drilling operations commence.
- f. Have mud logger monitoring returns. All drill cuttings and waste hauled to specified waste facility.
- g. After drilling the surface hole and setting and cementing the casing; if hydrogen sulfide (H2S) levels are detected greater than 10ppm, implement H2S Plan by ceasing operations, shut in well, employ H2S safety trailer and personnel safety devices, install flare line, etc. – refer to plan.
- h. Proper secondary containment needs to be in place. Spills need to be cleaned up immediately. Repair or otherwise correct the situation within 48 hours before resuming operations. Notify Oil Conservation Division (OCD) within 24 hours. Remediation started as soon as possible if required. Operator shall comply with 19.15.29 NMAC and 19.15.30 NMAC, as appropriate.

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i. Sundry forms need to be completed and filed as required by OCD.

3. **Proposed Casing Program:** Casing designed as follows:

STRING	HOLE SZ	DEPTH	CSG SZ	COND	WT/GRD	CLLPS/BRS	TNSN
						<i>(Minimum Safety Factors)</i>	
Conductor	24"	0-120'	20"	n/a	n/a	n/a	n/a
Surface	17-1/2"	0-1,500'	13-3/8"	New	54.5# J-55	1.125/1.1	1.8
Production	12-1/4"	0-5,720'	9-5/8"	New	40# J-55	1.125/1.1	1.8
Tubing	n/a	0-4,270'	5-1/2"	New	17# L-80	1.125/1.1	1.8

Notes:

- ✓ A deviation survey will be conducted and submitted with the Well Completion Report (Form C-105)
- ✓ While running all casing strings, the pipe will be kept a minimum of 1/3 full at all times to avoid approaching the collapse pressure of casing.
- ✓ Based on well completions and geophysical logs on adjacent wells, 9-5/8" casing shoe is expected to be set at 5,720'. Similarly, total depth will be approximately 5,750' as determined by open hole geophysical logging and after suitable porosity and low resistivity values have been identified. Maximum perforated interval is anticipated to be from 4,312' to 5,615', but may change based upon actual wellbore determinations. A sundry notice will document such events as a C-105 well completion report filed within 60 days.

4. **Proposed Cementing Plans:**

Surface Casing: Cemented with approximately 1,180 sacks of Class A cement with 25% excess and circulated to the surface.

Production Casing: Cement with approximately 1,400 sacks of Class C cement with 25% excess and cement back to surface inside the 13-3/8" surface casing string. Cement top to be confirmed by cement bond logging after cement has cured to appropriate compressive strength.

5. **Pressure Control:** All Blowout Preventers (BOP) and related equipment will comply with well control requirements as described OCD Rules and Regulations and API RP 53, Section 17. The BOP will be either a Hydril, Cameron or equivalent. Minimum working pressure of the BOP and related equipment required for the drilling shall be 500 psig. The maximum working pressure is anticipated at 3,000 psig and the test pressure will be 3,000 psig. The OCD Hobbs district office shall be notified a minimum of 4 hours in advance for a representative to witness all BOP pressure tests. The test shall be performed by an independent service company utilizing a test plug (no cup of J-packer). The results of the test shall be recorded on a calibrated test chart submitted to the OCD district office. BOP testing shall be conducted at:

- a. Installation;
- b. After equipment or configuration changes;

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- c. At 30 days from any previous test, and;
- d. Any time operations warrant, such as well conditions.

The BOP specifications to be used during the various phases of the drilling and casing installation are included in the table below:

Casing Size	Annular Preventer	Rams
20"	26-3/4" – 3M, with diverter	None
13-3/8"	11" – 5M	Pipe & Blind/Shear – 5M
9-5/8"	11" – 5M	Pipe & Blind/Shear – 5M

A diagram showing the representative BOP setup is included as Attachment 1.

6. **Auxiliary Well Control and Monitoring:** Hydraulic remote BOP operation and mudlogging to monitor returns.

7. **Mud Program and Monitoring:** Mud will be balanced for all operations with adjustment as needed based on actual wellbore conditions and is proposed as follows:

DEPTH	MUD TYPE	WEIGHT	FV	PV	YP	FL	pH
0-1,500'	FW Spud Mud	8.5-9.2	70-40	20	12	NC	10.0
1,500'-5,720'	Brine Mud	9.2-10.0	28-32	NC	NC	NC	10.0

Mud and all cuttings monitored with all drill cuttings recovered for disposal. Returns shall be visually and electronically monitored. In the event of H₂S, mud shall be adjusted appropriately by weight and H₂S scavengers.

8. **H₂S Safety:** This well and related facilities are not expected to have H₂S releases. However, there may be H₂S in the area. There are no private residences or public facilities in the area but a contingency plan has been developed. Goodnight Midstream Permian, LLC will have a company representative available to personnel throughout all operations. If H₂S levels greater than 10ppm are detected or suspected, the H₂S Contingency Plan will be implemented at the appropriate level.

H₂S Safety – There is a low risk of H₂S in this area. The operator will comply with the provisions of New Mexico Administrative Code (NMAC) 19.15.11 and Bureau of Land Management (BLM) Onshore Oil and Gas Order #6.

- a. Monitoring – all personnel will wear monitoring devices.
- b. Warning Sign – a highly visible H₂S warning sign will be placed for obvious viewing at the vehicular entrance point onto location.
- c. Wind Detection – two (2) wind direction socks will be placed on location.
- d. Communications – will be via cellular phones and/or radios located within reach of the driller, the rig floor and safety trailer when applicable.
- e. Alarms – will be located at the rig floor, circulating pump/reverse unit area and the flare line and will be set for visual (red flashing light) at 15 ppm and visual and audible (115 decibel siren) at 20 ppm.
- f. Mud program – If H₂S levels require, proper mud weight, safe drilling practices and H₂S scavengers will minimize potential hazards.

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- g. Metallurgy – all tubulars, pressure control equipment, flowlines, valves, manifolds and related equipment will be rated for H₂S service if required.

The Goodnight Midstream Permian, LLC H₂S Contingency Plan will be implemented if levels greater than 10ppm H₂S are detected.

9. **Geophysical Logging and Testing:** Goodnight Midstream Permian, LLC expects to run:
 - a. Geophysical logging through the proposed injection interval will ensure the target interval remains within the San Andres Formation.
 - b. An open hole gamma ray, SP, compensated density- neutron and dual resistivity log suite will be run from total depth to approximately 525'.
 - c. A cement bond log with gamma ray and collar locator will be run (Radial, CET or equivalent) on the production casing.
 - d. No cores or drill stem tests will be conducted. (The well may potentially be step rate tested in the future if additional injection pressures are required.)
10. **Potential Hazards:** H₂S is a potential hazard. No abnormal pressure or temperatures are anticipated, but drilling operations will be prepared in the event that those conditions occur.

No loss of circulation is expected to occur with the exception of drilling into the target disposal zone. All onsite personnel will be familiar with the safe operation of the equipment being used to drill this well. The maximum anticipated bottom-hole pressure is 2500 psig and the maximum anticipated bottom-hole temperature is 210°F.

11. **Waste Disposal Management:** All drill cuttings, fluids, and other solid wastes associated with drilling and completion operations will be transported to a solid waste facility and commercial Class IID injection operation that has been approved and permitted by the Environmental Bureau of the OCD.

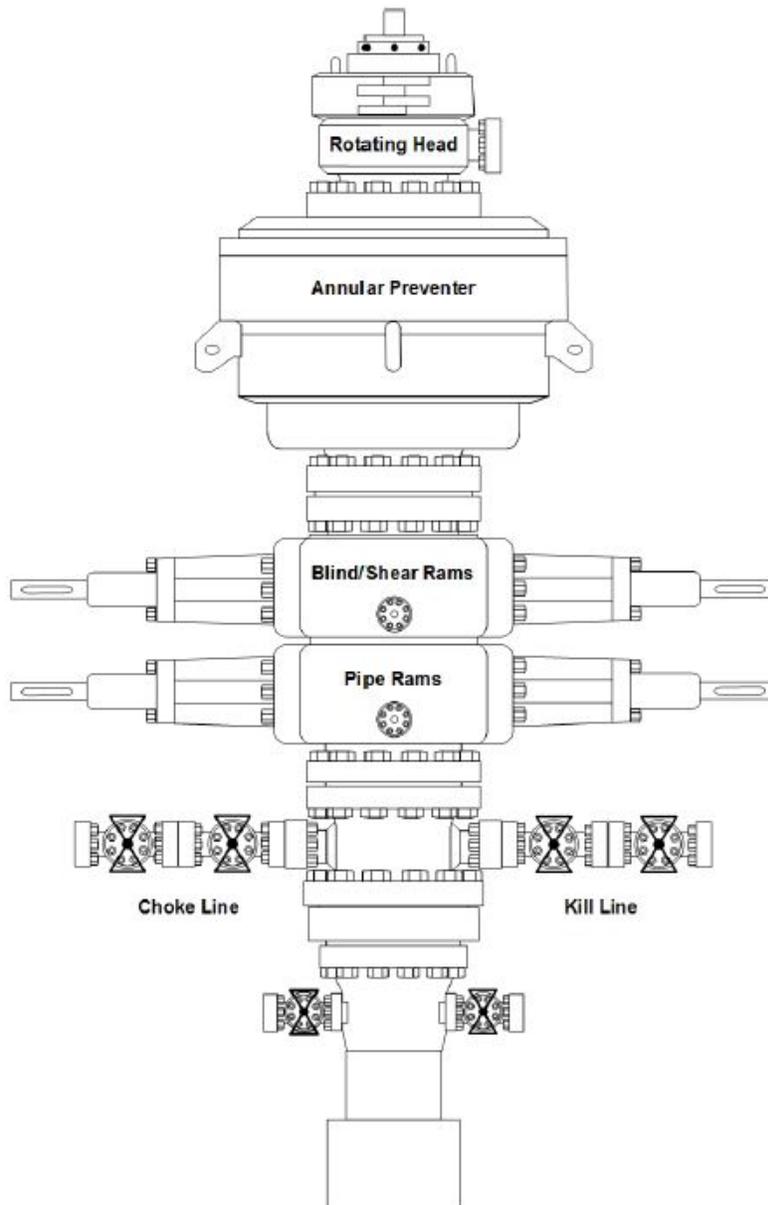
12. **Anticipated Drilling Commencement Date:** Upon approval of the permit for saltwater disposal (SWD), operations would begin within 30 days based on rig availability. Drilling and completion of the well will take approximately two to three weeks. Installation of the surface facility such as the secondary containment and tank battery, plumbing, injection pump(s), and other treatment and filtering associated equipment would be occurring after the well is completed. In any event, it is not expected for the construction of the surface facility of the project to last more than 90 days, pending on availability of subcontractors and equipment lead times.

13. **Completion for Salt Water Disposal:** Subsequent to SWD permit issuance from OCD and prior to commencing any work, a Notice of Intent (NOI) sundry will be submitted to complete the well for SWD and will detail the completion workover including all work otherwise described above, any change to the procedure noted herein and to perform mechanical integrity pressure testing per BLM and OCD test procedures (including appropriate OCD notification). The tubing and packer will be set at a depth of approximately 4,270 feet and the casing/tubing annulus will be filled with freshwater and corrosion inhibitor and pressure tested to the required test pressure using the standard annulus pressure test. Anticipated daily maximum volume is 25,000 barrels of water per day (bpd) and average of 17,500 bpd at a maximum surface injection pressure of 862 psig (0.2 psi/ft to the top of the injection interval).

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If satisfactory disposals rates cannot be achieved at default pressure of 0.2 psi/ft, Goodnight Midstream Permian, LLC will conduct a step-rate test and apply for an injection pressure increase 50 psig below actual parting pressure achieved during the step-rate testing.

Attachment 1 – Representative BOP Setup



**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 GOODNIGHT MIDSTREAM PERMIAN, LLC FOR APPROVAL OF
A SALT WATER DISPOSAL WELL, LEA COUNTY, NEW MEXICO.**

**CASE NO. 21570
ORDER NO. R-22027**

ORDER OF THE DIVISION

This case came in for hearing before the Oil Conservation Division (“OCD”) at 8:15 a.m. on January 21, 2021, in Santa Fe, New Mexico.

The OCD Director, having considered the testimony, the record, the recommendations of Hearing Examiner Kathleen Murphy, these findings of fact, and conclusions of law issues this Order.

FINDINGS OF FACT

1. Due public notice has been given, and the Oil Conservation Division (“OCD”) has jurisdiction of this case and the subject matter.
2. Goodnight Midstream Permian, LLC (“Applicant”) seeks authority to utilize its Ernie Banks SWD No. 1 Well (API No. 30-025-Pending; “Well”), located 395 feet from the North line and 1203 feet from the West line (Unit D) of Section 17, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, as an Underground Injection Control (“UIC”) Class II well for disposal of produced water into the San Andres formation through a perforated interval from 4312 feet to 5615 feet below surface.
3. Applicant submitted a Form C-108 application (Administrative Application No. pBL2032264441) on November 17, 2020, for authority to inject into the Well which was protested by the New Mexico State Land Office (“NMSLO”).
4. On December 8, 2020, Applicant submitted an application for hearing for approval of the Well for commercial disposal of produced water. Subsequently, the NMSLO filed prehearing statement for this application on December 31, 2020.

Case No. 21570
Order No. R-22027
Page 2 of 3

5. Applicant provided affidavits at hearing through counsel that presented geologic and engineering evidence in support of the approval of injection authority for the Well.
6. Applicant did not identify any wells that penetrate the proposed injection interval within the one-half mile Area of Review of the surface location of the Well.
7. Four freshwater wells were located within one mile of the Well and a sample from the CP 01485 well was taken. Based on the records of the Office of the State Engineer, two of these four wells, CP 00693 and CP 00696 penetrate the proposed injection interval to a depth of 5000 feet and 4900 feet, respectively.
8. The NMSLO did not appear at hearing and did not oppose the presentation of the case by affidavit nor oppose the granting of this application. The NMSLO provided a statement into record expressing their concern for the spacing of disposal wells and the potential impacts to adjacent state mineral interests.
9. No other party appeared at the hearing, or otherwise opposed the granting of this application.

The OCD concludes as follows:

10. Applicant provided the information required by 19.15.26 NMAC and the Form C-108 for an application to inject produced water into a Class II UIC well.
11. Applicant complied with the notice requirements of 19.15.4 NMAC.
12. Applicant affirmed in a sworn statement by a qualified person that it examined the available geologic and engineering data and found no evidence of open faults or other hydrologic connections between the approved injection interval and any underground sources of drinking water.
13. Applicant is in compliance with 19.15.5.9 NMAC.
14. Approval of disposal in the Well will enable Applicant to support existing production and future exploration in this area, thereby preventing waste while not impairing correlative rights and protecting fresh water or underground sources of drinking water.

IT IS THEREFORE ORDERED THAT:

1. Goodnight Midstream Permian, LLC is hereby authorized by **UIC Permit SWD-2404** to utilize its Ernie Banks SWD Well No. 1, located in Unit D of Section 17, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, for the commercial disposal of UIC Class II fluids into the San Andres formation.
2. Jurisdiction is retained by the OCD for the entry of such further orders as may be necessary

Case No. 21570
Order No. R-22027
Page 3 of 3

for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order; whereupon the OCD may, after notice and hearing or prior to notice and hearing in event of an emergency, terminate the disposal authority granted herein.

DONE at Santa Fe, New Mexico, on this 07 day of February, 2022.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

UIC CLASS II PERMIT SWD-2404

APPENDIX A – AUTHORIZED INJECTION

Permittee: Goodnight Midstream Permian, LLC

OGRID No.: 372311

Well name: Ernie Banks SWD No. 1

Surface location: Lat: N 32.4850434; Long: W 103.2921555; NAD83
395 feet from the North line and 1203 feet from the West line (Unit D) of
Section 17, Township 21 South, Range 36 East, NMPM, Lea County, New
Mexico.

Bottom hole location (if different): NA

Type of completion: Perforations

Type of injection: Commercial

Injection fluid: Produced water from production wells completed in the Delaware Mountain
Group, Bone Spring and Wolfcamp Formations.

Injection interval: San Andres Formation

Injection interval thickness (feet): 4,312 feet to 5,615 feet (1,303 feet)

Confining layer(s): Upper confining: base of Grayburg Formation and upper San Andres
Formation
Lower confining: upper contact of Glorieta Formation

Prohibited injection interval(s): Paddock or deeper formations.

Liner, tubing, and packer set: No liner; 5.5-inch lined tubing with packer set within 100 feet of
uppermost perforation.

Maximum daily injection rate: 25,000 barrels of water.

Maximum surface injection pressure: 862 psi

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

UIC CLASS II PERMIT SWD- 2404

Pursuant to the Oil and Gas Act, NMSA 1978, §§70-2-1 *et seq.*, (“Act”) and its implementing regulations, 19.15.1 *et seq.* NMAC, (“Rules”) and the federal Safe Drinking Water Act, 42 U.S.C. 300f *et seq.*, and its implementing regulations, 40 CFR 144 *et seq.*, the Oil Conservation Division (“OCD”) issues this Permit to Goodnight Midstream Permian, LLC (“Permittee”) to authorize the construction and operation of a well to inject produced water at the location and under the terms and conditions specified in this Permit and Appendix A.

I. GENERAL CONDITIONS

A. AUTHORIZATION

1. Scope of Permit. This Permit authorizes the injection of produced water into the well described on Appendix A (“Well”). Any injection not specifically authorized by this Permit is prohibited. Permittee shall be the “operator” of the Well as defined in 19.15.2.7(O)(5) NMAC.

a. Injection is limited to the approved injection interval described in Appendix A. Permittee shall not allow the movement of fluid containing any contaminant into an underground source of drinking water (“USDW”) if the presence of that contaminant may cause a violation of a Primary Drinking Water Regulation adopted pursuant to 40 CFR Part 142 or that may adversely affect the health of any person. [40 CFR 144.12(a)]

b. The wellhead injection pressure for the Well shall not exceed the value identified in Appendix A.

c. Permittee shall not commence to drill, convert, or recomplete the Well until receiving this approval and until OCD approves a Form C-101 Application for Permit to Drill (“APD”) pursuant to 19.15.14 NMAC or receives an approved federal Form 3160-3 APD for the Well. [40 CFR 144.11; 19.15.14.8 and 19.15.26.8 NMAC]

d. Permittee shall not commence injection into the Well until the Permittee complies with the conditions in Section I. C. of this Permit.

e. This Permit authorizes injection of any UIC Class II fluid or oil field waste defined in 19.15.2.7(E)(6) NMAC.

f. This Permit does not authorize injection for an enhanced oil recovery project as defined in 19.15.2.7(E)(2) NMAC.

2. Notice of Commencement. Permittee shall provide written notice on Form C-103 to OCD E-Permitting and notify OCD Engineering Bureau by email of the submittal no later than two (2) business days following the date on which injection commenced into the Well. [19.15.26.12(B) NMAC]

3. Termination. Unless terminated sooner, this Permit shall remain in effect for a term of twenty (20) years beginning on the date of issuance. Permittee may submit an application for a new permit prior to the expiration of this Permit. If Permittee submits an application for a new permit, then the terms and conditions of this Permit shall remain in effect until OCD denies the application or grants a new permit.

a. This Permit shall terminate one (1) year after the date of issuance if Permittee has not commenced injection into the Well, provided, however, that OCD may grant a single extension of no longer than one (1) year for good cause shown. Permittee shall submit a written request for an extension to OCD Engineering Bureau no later than thirty (30) days prior to the deadline for commencing injection.

b. One (1) year after the last date of reported injection into the Well, OCD shall consider the Well abandoned, the authority to inject pursuant to this Permit shall terminate automatically, and Permittee shall plug and abandon the Well as provided in Section I. E. of this Permit. Upon receipt of a written request by the Permittee no later than one year after the last date of reported injection into the Well, OCD may grant an extension for good cause. [19.15.26.12(C) NMAC]

B. DUTIES AND REQUIREMENTS

1. Duty to Comply with Permit. Permittee shall comply with the terms and conditions of this Permit. Any noncompliance with the terms and conditions of this Permit, or of any provision of the Act, Rules or an Order issued by OCD or the Oil Conservation Commission, shall constitute a violation of law and is grounds for an enforcement action, including revocation of this Permit and civil and criminal penalties. Compliance with this Permit does not relieve Permittee of the obligation to comply with any other applicable law, or to exercise due care for the protection of fresh water, public health and safety and the environment. The contents of the Application and Appendix A shall be enforceable terms and conditions of this Permit. [40 CFR 144.51(a); 19.15.5 NMAC]

2. Duty to Halt or Reduce Activity to Avoid Permit Violations. Permittee shall halt or reduce injection to avoid a violation of this Permit or other applicable law. It shall not be a defense in an enforcement action for Permittee to assert that it would have been necessary to halt or reduce injection in order to maintain compliance with this Permit. [40 CFR 144.51(c)]

3. Duty to Mitigate Adverse Effects. Permittee shall take all reasonable steps to minimize, mitigate and correct any waste or effect on correlative rights, public health, or the

environment resulting from noncompliance with the terms and conditions of this Permit. [40 CFR 144.51(d)]

4. Duty to Operate and Maintain Well and Facilities. Permittee shall operate and maintain the Well and associated facilities in compliance with the terms and conditions of this Permit. [40 CFR 144.51(e)]

5. Duty to Provide Information. In addition to any other applicable requirement, Permittee shall provide to OCD by the date and on the terms specified by OCD any information which OCD requests for the purpose of determining whether Permittee is complying with the terms and conditions of this Permit. [40 CFR 144.51(h)]

6. Private Property. This Permit does not convey a property right or authorize an injury to any person or property, an invasion of private rights, or an infringement of state or local law or regulations. [40 CFR 144.51(g)]

7. Inspection and Entry. Permittee shall allow OCD's authorized representative(s) to enter upon the Permittee's premises where the Well is located and where records are kept for the purposes of this Permit at reasonable times and upon the presentation of credentials to:

- a. Inspect the Well and associated facilities;
- b. Have access to and copy any record required by this Permit;
- c. Observe any action, test, practice, sampling, measurement or operation of the Well and associated facilities; and
- d. Obtain a sample, measure, and monitor any fluid, material or parameter as necessary to determine compliance with the terms and conditions of this Permit. [40 CFR 144.51(i)]

8. Certification Requirement. Permittee shall sign and certify the truth and accuracy of all reports, records, and documents required by this Permit or requested by OCD. [40 CFR 144.51(k)]

9. Financial Assurance. Permittee shall provide and maintain financial assurance for the Well in the amount specified by OCD until the Well has been plugged and abandoned and the financial assurance has been released by OCD. [40 CFR 144.52; 19.15.8.12 NMAC]

C. PRIOR TO COMMENCING INJECTION

1. Construction Requirements.

- a. Permittee shall construct the Well as described in the Application,

Appendix A and as required by the Special Conditions.

b. Permittee shall construct and operate the Well in a manner that ensures the injected fluid enters only the approved injection interval and is not permitted to escape to other formations or onto the surface.

2. Tests and Reports. Permittee shall complete the following actions prior to commencing injection in the Well.

a. Permittee shall obtain and comply with the terms and conditions of an approved APD prior to commencing drilling of the Well, or other OCD approval, as applicable, prior to converting or recompleting the Well. If the APD is approved by the OCD, the Well shall be subject to the construction, testing, and reporting requirements of 19.15.16 NMAC.

b. Permittee shall circulate to surface the cement for the surface and intermediate casings. If cement does not circulate on any casing string, Permittee shall run a cement bond log ("CBL") to determine the top of cement, then notify the OCD Engineering Bureau and the appropriate OCD Inspection Supervisor and submit the CBL prior to continuing with any further cementing on the Well. If the cement did not tie back into next higher casing shoe, Permittee shall perform remedial cement action to bring the cement to a minimum of two hundred (200) feet above the next higher casing shoe.

c. If a liner is approved for the construction of the Well, Permittee shall run and submit to OCD E-Permitting and notify the OCD Engineering Bureau by email, a CBL for the liner to demonstrate placement cement and the cement bond with the tie-in for the casing string.

d. Permittee shall submit to the appropriate OCD Engineering Bureau the mudlog, geophysical logs, and a summary of depths (picks) for the contacts of the formations demonstrating that only the permitted formation is open for injection. OCD may amend this Permit to specify the depth of the approved injection interval within the stratigraphic interval requested in the application. If Permittee detects a hydrocarbon show during the drilling of the Well, it shall notify OCD Engineering Bureau by email and obtain written approval prior to commencing injection into the Well.

e. Permittee shall obtain and submit to the OCD E-permitting on a Form C-103 a calculated or measured static bottom-hole pressure measurement representative of the completion in the approved injection interval.

f. Permittee shall conduct an initial mechanical integrity test ("MIT") on the Well in compliance with the terms and conditions of this Permit and 19.15.26 NMAC, and shall not commence injection into the Well until the results of the

initial MIT have been approved by the appropriate OCD Inspection Supervisor. [19.15.26.11(A) NMAC]

g. OCD retains authority to require a wireline verification of the completion and packer setting depths in this Well. [19.15.26.11(A) NMAC]

D. OPERATION

1. Operation and Maintenance.

a. Permittee shall equip, operate, monitor and maintain the Well to facilitate periodic testing, assure mechanical integrity, and prevent significant leaks in the tubular goods and packing materials used and significant fluid movements through vertical channels adjacent to the well bore. [19.15.26.10(A) NMAC]

b. Permittee shall operate and maintain the Well and associated facilities in a manner that confines the injected fluid to the approved injection interval and prevents surface damage and pollution by leaks, breaks and spills. [19.15.26.10(B) NMAC]

c. OCD may authorize an increase in the maximum surface injection pressure upon a showing by the Permittee that such higher pressure will not result in the migration of the disposed fluid from the approved injection interval or induced seismicity. Such proper showing shall be demonstrated by sufficient evidence, including an acceptable step-rate test.

d. If OCD has reason to believe that operation of the Well may have caused or determined to be contributing to seismic activity, Permittee shall, upon OCD's written request:

i. Take immediate corrective action, which could include testing and evaluating of the injection interval and confining layers; suspending or reducing of the rate of injection or maximum surface injection pressure, or both; and providing increased monitoring of the Well's operation; and

ii. Submit a remedial work plan or an application to modify the Permit to implement the corrective action, plug back the injection interval, or incorporate another modification required by OCD.

OCD may approve the remedial work plan, modify the Permit or issue an emergency order or temporary cessation order as it deems necessary.

2. Pressure Limiting Device.

a. The Well shall be equipped with a pressure limiting device, which is in workable condition and can be tested for proper calibration at the well site, that shall limit surface tubing pressure to the maximum surface injection pressure specified in Appendix A.

b. Permittee shall test the pressure limiting device and all gauges and other metering requirement to ensure their accuracy and proper function no less than every five (5) years.

3. Mechanical Integrity. Permittee shall conduct a MIT prior to commencing injection, at least every five (5) years after the date of the previous MIT, and whenever the tubing is removed or replaced, the packer is reset, mechanical integrity is lost, Permittee proposes to transfer the Well, or requested by OCD.

a. MITs shall be conducted in accordance with 19.15.26 NMAC.

b. Permittee shall submit a sundry notice on Form C-103 of intent to install or replace injection equipment or conduct a MIT no later than three (3) business days prior to the event.

c. Permittee shall report the result of a MIT no later than two (2) business days after the test.

d. Permittee shall cease injection and shut-in the Well no later than twenty-four (24) hours after discovery if:

i. The Well fails a MIT; or

ii. Permittee observes conditions at the Well that indicate the mechanical failure of tubing, casing, or packer.

e. Permittee shall take all necessary actions to address the effects resulting from the loss of mechanical integrity in accordance with 19.15.26.10 NMAC.

f. Permittee shall conduct a successful MIT pursuant to 19.15.26.11 NMAC, including written approval from OCD prior to recommencing injection and the requirements contained in Section I G.3.

4. Additional Tests. Permittee shall conduct any additional test requested by OCD, including but not limited to step-rate tests, tracer surveys, injection surveys, noise logs, temperature logs, and casing integrity logs [19.15.26.11(A)(3) NMAC]

5. Records.

a. Permittee shall retain a copy of each record required by this Permit for a period of at least five (5) years and shall furnish a copy to OCD upon request. [40 CFR 144.51(h)]

b. Permittee shall retain a record of each test, sample, measurement, and certification of accuracy and function collected for the Well, including:

- i. Date, location, and time of sample, measurement or calibration;
- ii. Person who conducted the sample event, -measurement or calibration;
- iii. Calibration of gauge or other equipment in accordance with the manufacturer's specifications;
- iv. Description of method and procedures;
- v. Description of handling and custody procedures; and
- vi. Result of the analysis.

E. PLUGGING AND ABANDONMENT

1. Upon the termination of this Permit, Permittee shall plug and abandon the Well and restore and remediate the location in accordance with 19.15.25 NMAC.

2. If Permittee has received an extension pursuant to Section I. A. 2. b., Permittee shall apply for approved temporary abandonment pursuant to 19.15.25 NMAC.

3. If this Permit expires pursuant to 19.15.26.12 NMAC and OCD has not issued a new permit, then Permittee shall plug and abandon the Well and restore and remediate the location in accordance with 19.15.25 NMAC.

4. Permittee's temporary abandonment of the Well shall not toll the abandonment of injection in accordance with 19.15.26.12(C) NMAC.

F. REPORTING

1. **Monthly Reports.** Permittee shall submit a report using Form C-115 using the OCD's web-based online application on or before the 15th day of the second month following the month of injection, or if such day falls on a weekend or holiday, the first workday following the 15th, with the number of days of operation, injection volume, and injection pressure. [19.15.26.13 NMAC; 19.15.7.24 NMAC]

2. Corrections. Permittee shall promptly disclose to OCD any incorrect information in the Application or any record required by this Permit and submit corrected information. [40 CFR 144.51(h)(8)]

G. CORRECTIVE ACTION

1. Releases. Permittee shall report any unauthorized release of injection fluid at the Well or associated facilities in accordance with 19.15.29 and 19.15.30 NMAC.

2. Failures and Noncompliance. Permittee shall report the following incidents to appropriate OCD Inspection Supervisor and OCD Engineering Bureau verbally and by e-mail no later than 24 hours after such incident:

a. Any mechanical integrity failures identified in Section I. D. 3. d;

b. The migration of injection fluid from the injection interval [19.15.26.10 NMAC]; or

c. A malfunction of the Well or associated facilities that may cause waste or affect the public health or environment, including: (a) monitoring or other information which indicates that a contaminant may affect a USDW; or (b) noncompliance or malfunction which may cause the migration of injection fluid into or between USDWs. [40 CFR 144.51(l)(6)]

3. Corrective Action. Permittee shall submit a written report describing the incident in Sections I.G.1 or I.G.2, including a corrective active plan, no later than five (5) calendar days after discovery of the incident. [40 CFR 144.51(l)(6)] For an unauthorized release, Permittee also shall comply with the site assessment, characterization and remediation requirements of 19.15.29 and 19.15.30 NMAC.

4. Restriction or Shut-In. OCD may restrict the injected volume and pressure or shut-in the Well if OCD determines that the Well has failed or may fail to confine the injected fluid to the approved injection interval or has caused induced seismicity until OCD determines that Permittee has identified and corrected the failure. [19.15.26.10(E) NMAC]

H. PERMIT CHANGES

1. Transfer. This Permit shall not be transferred without the prior written approval of OCD. Permittee shall file Form C-145 for a proposed transfer of the Well. OCD may require, as a condition of approving the transfer, that this Permit be amended to ensure compliance and consistency with applicable law. If the Well has not been spud prior to the transfer, the OCD may require that the new operator reapply and submit to the OCD a new Form C-108 prior to constructing and injecting into the well. [19.15.26.15 NMAC; 19.15.9.9 NMAC]

2. Insolvency. Permittee shall notify OCD Engineering Bureau of the commencement of a voluntary or involuntary proceeding in bankruptcy which names Permittee or an entity which operates the Well on behalf of Permittee as a debtor no later than ten (10) business days after the commencement of the proceeding.

3. OCD Authority to Modify Permit and Issue Orders

a. The OCD may amend, suspend, or revoke this Permit after notice and an opportunity for hearing if it determines that:

i. The Permit contains a material mistake;

ii. Permittee made an incorrect statement on which OCD relied to establish a term or condition of the Permit or grant this Permit;

iii. this Permit must be amended to ensure compliance and consistency with applicable law, including a change to the financial assurance requirements;

iv. The Well's operation may affect the water quality of fresh water;

v. Injected fluid is escaping from the approved injection interval;

vi. Injection may be caused or contributed to seismic activity:
or

vii. Injection may cause or contribute to the waste of oil, gas or potash resources or affect correlative rights, public health, or the environment.

b. OCD retains jurisdiction to enter such orders as it deems necessary to prevent waste and to protect correlative rights, protect public health, and the environment.

c. OCD retains jurisdiction to review this Permit as necessary and no less than once every five (5) years, and may determine whether this Permit should be modified, revoked and reissued, or terminated. [40 CFR 144.36(a)]

4. Permittee Request to Modify Permit. Permittee may apply to modify the terms of this Permit.

a. **Minor Modifications.** OCD may make a minor modification to this Permit without notice and an opportunity for hearing for:

- i. Non-substantive changes such as correction of typographical errors;
- ii. Requirements for more frequent monitoring or reporting;
- iii. Changes to the Well construction requirements provided that any alteration shall comply with the conditions of the Permit and does not change the Area of Review considered in the application for the Permit;
- iv. Amendments to the plugging and abandonment plan;
- v. Changes in the types of fluids injected which are consistent with sources listed in the application for the Permit and do not change the classification of the Well;
- vi. Corrections of the actual injection interval if within the approved formation; or
- vii. Transfer of a Permit for a Well that has been spud. [40 CFR 144.41]

b. **Major Modifications.** OCD shall require notice and an opportunity for hearing for any modification that is not minor. For such modifications, Permittee shall submit Form C-108 and comply with the notice requirements of 19.15.26 NMAC.

II. SPECIAL CONDITIONS

Permittee shall comply with the following special conditions:

1. The Permittee shall obtain a water sample for analysis of hydrocarbon content as well as general water chemistry (including major cations, major anions, and Total Dissolved Solids (TDS)). Prior to commencing injection, the Permittee shall supply the results of the water sample in an e-mail submittal to the OCD Engineering Bureau. *If the analysis of the sample is found to contain a TDS concentration of 10000 mg/L or less, the injection authority under this Order shall be suspended ipso facto.*

2. Prior to commencing injection, the Permittee shall provide a summary report for the following two wells approved by the New Mexico Office of the State Engineer:

- a. CP 693 located 1220 feet (ft.) from the North line and 1520 ft. from the West line in Section 8, Township 21 South, Range 36 East, NMPM, and
- b. CP 696 located 2590 ft. from the South line and 50 ft. from the West line in

Section 9, Township 21 South, Range 36 East, NMPM.

The Permittee shall contact the owner of the wells, currently recorded as Chevron USA Inc., and obtain information that includes the well construction (wellbore diagram showing cementing and casing), copies of any prior water analytical results, any records of water depth measurements, and an assessment of the current operational status. The summary report shall be submitted as an e-mail to the OCD Engineering Bureau.

III. ATTACHMENT

Well Completion Diagram as Provided in the C-108 Application for Case No. 21570.

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(575) 393-6161 Fax:(575) 393-0720
District II
 811 S. First St., Artesia, NM 88210
 Phone:(575) 748-1283 Fax:(575) 748-9720
District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 140822

CONDITIONS

Operator: GOODNIGHT MIDSTREAM PERMIAN, LLC 5910 North Central Expressway Dallas, TX 75206	OGRID: 372311
	Action Number: 140822
	Action Type: [C-101] Drilling Non-Federal/Indian (APD)

CONDITIONS

Created By	Condition	Condition Date
pkautz	Notify OCD 24 hours prior to casing & cement	9/23/2022
pkautz	WILL REQUIRE DEVIATION SURVEY WITH COMPLETION REPORT	9/23/2022
pkautz	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string	9/23/2022
pkautz	Cement is required to circulate on both surface and production strings of casing	9/23/2022
pkautz	The Operator is to notify NMOCED by sundry (Form C-103) within ten (10) days of the well being spud	9/23/2022