

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Cabinet Secretary

Adrienne Sandoval, Division Director
Oil Conservation Division



Administrative Order SWD-2307
April 21, 2020

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of Division Rule 19.15.26.8(B) NMAC, Goodnight Midstream Permian, LLC (the "Operator") seeks an administrative order to authorize the Ryno SWD Well No. 1 (formerly the "Snyder SWD No. 1"; the "well") located 1450 feet from the North line and 708 feet from the East line, Unit letter H of Section 17, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, for the purpose of commercial disposal of produced water.

This order amends Administrative Order SWD-1700 issued November 2, 2017. This order approves injection into the San Andres formation (SWD; San Andres) and abandonment of the current Devonian injection interval (SWD; Devonian). The well will be summarily plugged and abandoned from the top of the Devoinian formation at 10560 feet to base of the San Andres formation at 5625 feet. This order supersedes Administrative Order SWD-1700 which is rescinded.

THE DIVISION DIRECTOR FINDS THAT:

The application was duly filed under the provisions of Division Rule 19.15.26.8(B) NMAC and satisfactory information was provided that affected parties as defined in said rule have been notified and no objection was received within the prescribed waiting period. The applicant presented satisfactory evidence that all requirements prescribed in Rule 19.15.26.8 NMAC were met and the operator is in compliance with Rule 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, Goodnight Midstream Permian, LLC (OGRID 372311), is hereby authorized to utilize its Ryno SWD Well No. 1 (API: 30-025-43901) located 1450 feet from the North line and 708 feet from the East line, Unit letter H of Section 17, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, for disposal of oil field produced water (UIC Class II only) through a perforated interval within the San Andres formation from 4320 feet to 5625 feet. Injection shall occur through 4½-inch or smaller internally-coated tubing within the 9⅝-inch casing and a packer set a maximum of 100 feet above the top of the perforated interval.

This permit allows neither disposal into the overlying Blinbry formation or the underlying Glorieta Formation, nor lost circulation to adjacent intervals potentially connected to the San Andres formation. The operator shall provide logs and a mudlog over the proposed interval which verify that only the permitted interval is completed for disposal.

Within two (2) years after commencing disposal, the operator shall conduct an injection survey, consisting of a temperature log or equivalent, over the entire injection interval using representative disposal rates. Copies of the survey results shall be provided to the Division's District I office and Santa Fe Engineering Bureau office.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the completion and construction of the well as proposed in the application and, if necessary, as modified by the District Supervisor.

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT procedures and schedules shall follow the requirements in Division Rule 19.15.26.11(A) NMAC. The Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's District I office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

If the disposal well fails a MIT or if there is evidence that the mechanical integrity of said well is impacting correlative rights, the public health, any underground sources of fresh water, or the environment, the Director shall require the well to be shut-in within 24 hours of discovery and the operator shall redirect all disposal waters to another facility. The operator shall take the necessary actions to address the impacts resulting from the mechanical integrity issues in accordance with Division Rule 19.15.26.10 NMAC, and the well shall be tested pursuant to Rule 19.15.26.11 NMAC prior to returning to injection.

The wellhead injection pressure on the well shall be limited to **no more than 860 psi**. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's District I office of the date and time of the installation of disposal equipment and of any MIT so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's District office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's District I office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

The injection authority granted under this order is not transferable except upon Division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The Division may revoke this injection order after notice and hearing if the operator is in violation of Rule 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate one (1) year after the effective date of this order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Compliance with this Order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

Jurisdiction is retained by the Division for the entry of such further orders as may be necessary 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 Division may, after notice and hearing, terminate the disposal authority granted herein.

A handwritten signature in black ink, appearing to read 'AS', is written over a horizontal line.

ADRIENNE SANDOVAL
Director

AS/dhr

cc: Oil Conservation Division – Hobbs District Office
Well file 30-25-43901