

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

**APPLICATION OF PIÑON MIDSTREAM,
LLC TO AMEND COMMISSION ORDER NO.
R-21455-A TO INCREASE THE MAXIMUM
DAILY INJECTION RATES FOR THE
INDEPENDENCE AGI #1 AND #2 WELLS,
LEA COUNTY, NEW MEXICO.**

**CASE NO. _____
COMMISSION ORDER NO. R-21455-A**

APPLICATION

Piñon Midstream, LLC (“Piñon”) (OGRID 330718) through its undersigned attorneys, hereby makes application to the Oil Conservation Commission pursuant to the provisions of NMSA 1978, Sections 70-2-11 and 70-2-12, to amend Commission Order No. R-21455-A to increase the maximum daily injection rate of treated acid gas for disposal through the Independence AGI #1 and #2 wells from 12 MMSCFD to 20 MMSCFD. In support of this application, Piñon states as follows:

1. The Independence AGI #1 well (API No. 30-025-48081) is an existing vertical well with a surface and bottom hole location approximately 829 feet from the north line and 1,443 feet from the west line (Unit C) of Section 20, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico. It was originally approved by the Commission as an injection well for disposal of treated acid gas (“TAG”) under Commission Order No. R-21455-A in Case No. 21381.

2. Commission Order No. R-21455-A authorized a maximum daily injection rate of 12 MMSCFD into the target injection interval within the Devonian and Silurian formations from a depth of approximately 16,230 to 17,900 feet deep. The order also required a second acid gas

injection well (“AGI”) to be approved and capable of receiving volumes of TAG “equal to or greater than the volumes approved for injection into” the Independence AGI #1. *See* Order No. R-21455-A, ¶ 18.

3. Under the terms of Order No. R-21455-A, Piñon timely filed an administrative C-108 application for a redundant injection well, the Independence AGI #2 well (API No. 30-025-49974), which will be a deviated well with a surface location approximately 1,180 feet from the north line and 1,578 feet from the west line (Unit C) and a bottom hole location approximately 1,033 feet from the south line and 2,132 feet from the west line (Unit L) in Section 20, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico. It will inject into the same target reservoir as the AGI #1 well, from approximately 16,080 to 17,683 feet deep within the Devonian and Silurian formations.

4. In the C-108 application, Piñon sought authority to inject up to 20 MMSCFD between the Independence AGI #1 and #2 wells.

5. Order No. R-21455-A authorized the Division to approve an administrative C-108 application for the required second well “that is capable of receiving volumes of TAG that is equal to or greater than the volumes approved for injection into the Independence AGI Well No. 1.” *See* Order No. R-21455-A, ¶ 18. The Division issued its approval through administrative order SWD-2462 on March 31, 2022.

6. Notwithstanding the fact that Order No. R-21455-A authorized the Division to administratively approve a second well “that is capable of receiving volumes of TAG that is equal to or greater than the volumes approved for injection into the Independence AGI Well No. 1” and to increase the maximum operating surface injection pressure for the Independence AGI #2, it has taken the position that the Order limits the combined maximum rate of injection for

both AGI wells to 12 MMSCFD and that the Division does not have authority to administratively increase the maximum daily injection rate to 20 MMSCFD. SWD-2462 states that “Under Order No. R-21455-A, a combined total of 12 MMSCFD for both Independence AGI wells injecting concurrently” is the maximum daily injection rate.

7. The Independence AGI wells serve Piñon’s Dark Horse Gas Treatment Plant, which has an anticipated disposal need of up to 20 MMSCFD. Accordingly, Piñon requires authority to increase the total maximum injection rate of TAG that may be injected between both of its AGI wells from 12 MMSCFD to 20 MMSCFD.

WHEREFORE, Piñon Midstream, LLC requests that this application be set for hearing before the Oil Conservation Commission on August 11, 2022, and, after notice and hearing as required by law, the Commission amend Order No. R-21455-A to increase the maximum daily injection rate of TAG from 12 MMSCFD to 20 MMSCFD.

Respectfully submitted,

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