

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

**APPLICATION OF EMPIRE NEW MEXICO LLC TO
REVOKE THE INJECTION AUTHORITY GRANTED
UNDER ORDER NO. R-22026 FOR THE ANDRE DAWSON
SWD #001 OPERATED BY GOODNIGHT MIDSTREAM
PERMIAN LLC, LEA COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

Empire New Mexico LLC (“Empire”) respectfully applies for an order revoking the injection authority granted under Order No. R-22026/SWD-2403 in Case No. 21569 (“Order”). In support, Empire states as follows:

1. Goodnight Midstream Permian, LLC (“Goodnight”) is the operator of record for the Andre Dawson SWD #1 well, API# 30-025-50634 (“Well”), a produced water disposal well located 1105’ FSL and 244’ FEL (Unit P) of Section 17, Township 21 South, Range 36 East, in Lea County, NM.

2. The Well is disposing of water within the unitized interval of the Eunice Monument South Unit (“Unit”), which is operated by Empire.

3. The unitized interval of the Unit extends from the top of the Grayburg formation to the bottom of the San Andres formation (“Unitized Interval”). The vertical limits of the Unitized Interval are the same as the vertical limits of the Eunice Monument Grayburg-San Andres Pool covering the Grayburg and San Andres formations.

4. The Well disposes into the San Andres formation between 4,287 feet and 5,590 feet.

5. At the time of the application, Goodnight misrepresented that the San Andres is a non-productive zone known to be compatible with formation water from the Bone Spring, Delaware, and Wolfcamp formations (“Produced Water”).

6. However, residual oil zones (“ROZ”) are found within the San Andres, and Empire has the right to recover hydrocarbons therein.

7. Moreover, the salinity levels of Produced Water are substantially greater than the salinity levels of water in the Unitized Interval, including the San Andres formation.

8. Goodnight began disposing into the Well on approximately January 18, 2023 and has regularly exceeded the permitted maximum daily disposal rate of 25,000 barrels of water, in violation of the Order. Within the first 166 days of disposal, Goodnight exceeded the permitted daily disposal rate 60 days.

9. Disposal in the Well impairs the ability of Empire to recover hydrocarbons within the Unitized Interval and thereby adversely affects the correlative rights of Empire and other interest owners in the Unit and results in waste.

10. Empire has requested that Goodnight voluntarily cease disposal of produced water in the Well, but as of the date of filing this application, the Well remains an active saltwater disposal well. Rather, Goodnight filed an application to increase the maximum daily disposal rate to 40,000 barrels of water in Case No. 23775, which is currently pending before the Division.

11. Revocation of the disposal authority granted by Order No. R- 22026 will prevent the waste of recoverable hydrocarbons and will protect correlative rights.

WHEREFORE, Empire requests that this case be heard as a status conference on December 7, 2023 and, at that time, be set for a consolidated contested hearing with Case No. 23775.

Respectfully submitted,

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Application of Empire New Mexico LLC to Revoke the Injection Authority Granted Under Order No. R-22026 for the Andre Dawson SWD #001 Operated by Goodnight Midstream Permian LLC, Lea County, New Mexico. Applicant in the above-styled cause seeks an order revoking the injection authority granted by Order No. R-22026, SWD-2403, issued in Case No. 21569 on February 7, 2022, to dispose of produced water in the Andre Dawson SWD #1 well, API# 30-025-50634 (“Well”), a produced water disposal well located 1105’ FSL and 244’ FEL (Unit P) of Section 17, Township 21 South, Range 36 East, in Lea County, NM. The approved injection zone is the San Andres formation, an interval which is potentially productive of hydrocarbons since the advent of horizontal drilling. The Well is located approximately 6.5 miles Northwest of Eunice City, New Mexico.