

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

**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. 24018

**APPLICATION OF EMPIRE NEW MEXICO LLC TO
REVOKE THE INJECTION AUTHORITY GRANTED
UNDER ORDER NO. R-22027 FOR THE ERNIE BANKS
SWD NO. 1 WELL OPERATED BY GOODNIGHT
MIDSTREAM PERMIAN LLC,
LEA COUNTY, NEW MEXICO**

CASE NO. 24019

**APPLICATION OF EMPIRE NEW MEXICO LLC TO
REVOKE THE INJECTION AUTHORITY GRANTED
UNDER ORDER NO. R-20855 FOR THE NOLAN RYAN
SWD #001 OPERATED BY GOODNIGHT MIDSTREAM
PERMIAN LLC, LEA COUNTY, NEW MEXICO**

CASE NO. 24024

**APPLICATION OF EMPIRE NEW MEXICO LLC TO
REVOKE THE INJECTION AUTHORITY GRANTED
UNDER ORDER NO. R-21190 FOR THE SOSA SA 17 NO. 2
WELL OPERATED BY GOODNIGHT MIDSTREAM
PERMIAN LLC, LEA COUNTY, NEW MEXICO**

CASE NO. 24025

**APPLICATION OF EMPIRE NEW MEXICO LLC TO
REVOKE THE INJECTION AUTHORITY GRANTED
UNDER ADMINISTRATIVE ORDER NO. SWD-2075 FOR
THE TED 28 SWD WELL NO. 1 OPERATED BY
GOODNIGHT MIDSTREAM PERMIAN LLC,
LEA COUNTY, NEW MEXICO**

CASE NO. 24026

**APPLICATION OF EMPIRE NEW MEXICO LLC TO
REVOKE THE INJECTION AUTHORITY GRANTED
UNDER ORDER NO. R-20865 FOR THE YAZ 28 SWD
WELL NO. 1 OPERATED BY GOODNIGHT MIDSTREAM
PERMIAN LLC, LEA COUNTY, NEW MEXICO**

CASE NO. 24027

**EMPIRE NEW MEXICO, LLC'S EXPEDITED MOTION TO STAY OR SUSPEND
GOODNIGHT MIDSTREAM PERMIAN LLC'S AUTHORIZATION TO INJECT AND
FOR SANCTIONS FOR VIOLATION OF SWD ORDERS**

Empire New Mexico LLC ("Empire") requests that the Oil Conservation Commission ("Commission") expeditiously stay or suspend Goodnight Midstream Permian LLC's ("Goodnight") authorization to inject under certain Oil Conservation Division ("Division") orders because Goodnight is flagrantly exceeding its injection authority under the various orders, to the detriment of Empire. Goodnight is also violating the Division's orders and regulations by failing to report injection volumes for two of its salt water disposal ("SWD") wells. As shown on the captions of this motion, Empire has filed applications to revoke Goodnight's Division orders authorizing salt water disposal within and near the exterior boundaries of the Eunice Monument South Unit ("EMSU" or "Unit") in Lea County, New Mexico. In support of this motion, Empire states the following.

BACKGROUND INFORMATION

Andre Dawson SWD Well No.1

1. Goodnight is the operator of record for the Andre Dawson SWD #1 well, API# 30-025-50634 ("Andre Dawson Well"), a produced water disposal well located 1105' FSL and 244' FEL (Unit P) of Section 17, Township 21 South, Range 36 East, NMPM, Lea County, NM.
2. The Andre Dawson Well is disposing of water within the unitized interval of the Eunice Monument South Unit ("Unit"), which is operated by Empire, and authorized under Division Order R-22026.
3. The unitized interval of the Unit extends from the top of the Grayburg formation to the bottom of the San Andres formation.

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

5. Goodnight has failed to report volumes of produced water injected into the Andre Dawson Well for the entire 527 days since Goodnight began injecting into the well. Goodnight is also exceeding the disposal volumes and rates authorized by the applicable order. Through discovery, Empire has learned that during the first 166 days of disposal, Goodnight exceeded the permitted daily disposal rate on 60 days. During those 60 days of over injection, Goodnight injected a total of 460,350 barrels of produced water in excess of the permitted daily amount under the Order. In complete disregard of the Division's order, Goodnight exceeded the daily allowable injection rate by disposing as high as 40,000 BWPD on four (4) days of the 166 days of disposal and injected volumes as high as 41,937 BWPD, which is almost double the authorized injection rate.

Ernie Banks SWD No. 1

6. Goodnight is the operator of record for the Ernie Banks SWD No. 1 well, API# 30-025-50633 ("Ernie Banks Well"), a produced water disposal well located 395 feet from the North line and 1,203 feet from the West line (Unit D) of Section 17, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

7. The Ernie Banks Well is disposing of water within the unitized interval of the Unit, which is operated by Empire, and authorized by Division Order R-22027.

8. The unitized interval of the Unit extends from the top of the Grayburg formation to the bottom of the San Andres formation ("Unitized Interval").

9. The Ernie Banks Well disposes into the San Andres formation through a perforated interval from 4,312 feet to 5,615 feet below surface.

10. Goodnight has violated Division regulations by failing to report volumes of produced water injected into this SWD well for the entire 409 days since injection commenced. Based on Goodnight exceeding the authorized injection volume for the Andre Dawson well, upon information and belief, it is exceeding authorized volumes as permitted by the order authorizing disposal volumes and rates.

Sosa SA SWD Well No. 2

11. Goodnight is the operator of record for the Sosa SA 17 SWD Well No. 2 well, API# 30-025-47947 (“Sosa SA Well”), a produced water disposal well located 470 feet from the South line and 1,815 feet from the West line (Unit N) of Section 17, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

12. The Sosa SA Well is disposing of water within the unitized interval of the Eunice Monument South Unit (“Unit”), which is operated by Empire, and authorized by Division Order R-21190.

13. The unitized interval of the Unit extends from the top of the Grayburg formation to the bottom of the San Andres formation.

14. The Well disposes into the San Andres formation through a perforated interval from 4,500 feet to 5,350 feet below surface.

15. Based on Empire’s review of Goodnight’s injection reports for the Sosa SA Well, Goodnight is exceeding the allowable daily injection rate of 25,000 BWPD by an excess of approximately 4,500 BWPD.

Ted 28 SWD No. 1

16. Goodnight is the operator of record for the Ted 28 SWD Well No. 1, API# 30-025-44386 (“Ted 28 Well”), formerly known as the Snyder SWD 28 No. 1, a produced water disposal

well located 2,402 feet from the North line and 1,911 feet from the West line (Unit F) of Section 28, Township 21 South, Range 36 East, NMPM, in Lea County, NM.

17. The Ted 28 SWD Well No. 1 is disposing of water into the San Andres formation, at a distance of approximately 2,402' from the Unit and authorized by Division Administrative Order No. SWD-2075.

18. Upon information and belief, produced water disposed in the Ted 28 Well is migrating into the unitized interval of the Unit.

19. The unitized interval of the Unit extends from the top of the Grayburg formation to the bottom of the San Andres formation.

20. The Well disposes into the San Andres - Glorietta formations through a perforated interval from 4,630 feet to 6,245 feet below surface.

21. Based on Empire's review of Goodnight's injection reports for the Ted 28 SWD Well No. 1, Goodnight's injection into the Well is exceeding the allowable daily injection rate of 25,000 BWPD by an excess of approximately 2,000 BWPD.

Yaz 28 SWD Well No. 1

22. Goodnight is the operator of record for the Yaz 28 SWD Well No. 1 well, API# 30-025-46382 ("Yaz 28 Well"), a produced water disposal well located 230 feet from the North line and 236 feet from the East line (Unit A) of Section 28, Township 21 South, Range 36 East, NMPM, in Lea County, NM.

23. The Yaz 28 Well is disposing of water into the San Andres formation, at a distance of approximately 230' from the Unit. The Yaz 28 Well No. 1 is authorized by Division Order R-20865.

24. Upon information and belief, water disposed of in the Yas 28 Well is migrating into the unitized interval of the Unit.

25. The unitized interval of the Unit extends from the top of the Grayburg formation to the bottom of the San Andres formation.

26. The Yaz 28 SWD Well disposes into the San Andres - Glorietta formations through a perforated interval from 4,630 feet to 6,100 feet below surface.

27. Based on Empire's review of Goodnight's injection reports for the Yaz 28 Well, Goodnight's injection into the Well is exceeding the allowable daily injection rate of 25,000 BWPD by an excess of approximately 3,125 BWPD

Nolan Ryan SWD Well No. 1

28. Goodnight is the operator of record for the Nolan Ryan SWD Well No. 1, API# 30-025-45349 ("Nolan Ryan Well"), a produced water disposal well located 779 feet from the South line and 1,995 feet from the East line (Unit O) of Section 13, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

29. The Nolan Ryan Well is disposing of water into the San Andres formation, at a distance of approximately 3,285' from the Unit. The Nolan Ryan SWD Well No. 1 is authorized by Division Order R-20855.

30. Upon information and belief, water disposed of in the Nolan Ryan SWD Well is migrating into the unitized interval of the Unit.

31. The unitized interval of the Unit extends from the top of the Grayburg formation to the bottom of the San Andres formation.

32. The Nolan Ryan Well disposes into the San Andres formation through a perforated interval from 4,100 feet to 4,700 feet below surface.

33. Based on Empire's review of Goodnight's injection reports for the Nolan Ryan SWD Well, Goodnight's injection into the well is exceeding the allowable daily injection rate of 15,000 BWPD by an excess of approximately 1,635 BWPD.

EFFECT OF VIOLATIONS

34. Goodnight's failure to report disposal volumes and its exceeding authorized injection rates shows a pattern and practice of intentional violation of the Division's orders and regulations. In this regard, Goodnight exhibits an indifference toward compliance with the orders and the regulations of the Division and the Commission.

35. The effect of exceeding daily disposal rates is that higher injection rates and pressures adversely affect fracture gradients such that the interval separating the Grayburg formation and the San Andres formation is being fractured, which allows increased migration of produced water from the San Andres formation to the Grayburg formation, the current producing formation of the Unit.

36. Goodnight's failure to comply with the requirements of the Division's disposal orders has resulted in, and will continue to result in, unlawful and significant injection of produced water into the San Andres formation within the unitized interval of the Unit.

37. Migration of produced water into the Grayburg formation has increased Empire's producing costs, ultimately leading to watering out the Grayburg formation and causing waste.

38. Residual oil zones ("ROZ") exist within the San Andres formation, and Empire has the right to recover hydrocarbons therein which will be drowned out by over-injection.

39. 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. The existing salinity level in the San Andres formation is approximately 15,000 mg/l. Upon information and

belief, Goodnight is injecting produced water from sources in Lea County with salinity levels of approximately 245,000 mg/l in addition to other toxic materials.

40. Goodnight's operations are in violation of the orders in that Goodnight is effectively injecting into the Grayburg formation. NMAC 19.15.26.10 (B) states:

The operator of an injection project shall operate and maintain at all times the injection project, including injection wells, producing wells and related surface facilities, in such a manner as will confine the injected fluids to the interval or intervals approved and prevent surface damage or pollution resulting from leaks, breaks or spills. (emphasis added).

The Grayburg and San Andres formations behave as a single zone and have nature fractures that allow migration of water from the San Andres to the Grayburg formation.

41. Empire is and will continue experiencing migration of produced water from the injection interval under the orders into the Grayburg formation.

SANCTIONS AND PENALTIES

42. NMAC 19.15.5.10 sets forth the Oil Conservation Division's enforcement authority. Section A of the rule states that whenever the Division determines a violation of the Oil and Gas Act, rule, order, permit the Division may seek a sanction, including:

- a. issue a temporary cessation of the Order;
- b. a civil penalty;
- c. modification, suspension, cancellation or termination of a permit or authorization;

43. Unless the Commission or Division invokes sanctions pursuant to NMAC 19.15.5.10, Goodnight's disposal in the wells impairs and destroys the future ability of Empire to recover hydrocarbons from the San Andres formation, pollutes both the Grayburg and San Andres formations, and thereby adversely affects the correlative rights of Empire and other interest owners in the Unit and results in waste and increases production costs of the Unit.

44. Based on the foregoing, Goodnight's injection into the wells discussed above should be stayed and suspended to prevent further prejudice to Empire and so the status quo can be maintained until the Commission enters a ruling on Empire's application to revoke Goodnight's injection authority under the orders.

WHEREFORE, Empire respectfully requests that the Commission:

- A. Immediately require Goodnight to account for the volumes of produced water it has injected into the wells identified above since the inception of injection.
- B. Immediately require Goodnight to report injection volumes for the Andre Dawson and Ernie Bank Wells and to the extent of any over-injection, immediately suspend further disposal into the wells until over-injection is balanced with the amount of authorized injection.
- C. For the four other SWD wells for which over-injection has occurred, immediately suspend injection until over-injection is balanced with the amount of water that was allowed under the SWD orders.
- D. Issue sanctions, including but not limited to:
 1. Monetary penalties pursuant to NMAC 19.15.5.10 for Goodnight's violation of the orders.
 2. Cessation of the orders until a hearing to revoke the orders is held by the Commission.
 3. For such other and proper relief as the Commission finds appropriate.

Respectfully submitted,

/s/Ernest L. Padilla
Ernest L. Padilla
PADILLA LAW FIRM, P.A.
P.O. Box 2523
Santa Fe, NM 87504
(505) 988-7577
padillalawnm@outlook.com

Sharon T. Shaheen
MONTGOMERY & ANDREWS, P.A.
P.O. Box 2307
Santa Fe, NM 87504-2307
(505) 986-2678
sshaheen@montand.com

Dana S. Hardy
Jackie McLean
HINKLE SHANOR LLP
P.O. Box 2068
Santa Fe, NM 87504-2068
(505) 982-4554
dhardy@hinklelawfirm.com
jmclean@hinklelawfirm.com

Attorneys for Empire New Mexico, LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the forgoing was served to counsel of record by electronic mail this 1st day of July 2024, as follows:

Michael H. Feldewert	mfeldewert@hollandhart.com
Adam G. Rankin	agrarkin@hollandhart.com
Paula M. Vance	pmvance@hollandhart.com

/s/Ernest L. Padilla
Ernest L. Padilla

Attorney for Empire New Mexico, LLC