

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

**APPLICATION OF PINON MIDSTREAM, LLC TO  
AMEND COMMISSION ORDER NO.  
R-21455-B/SWD-2464 TO INCREASE THE SHARED  
MAXIMUM DAILY INJECTION RATE FOR THE  
INDEPENDENCE AGI #1 AND #2 WELLS,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 24755  
COMMISSION ORDER NO. R-21455-B**

**PINON MIDSTREAM, LLC’S PRE-HEARING STATEMENT**

PINON MIDSTREAM, LLC (“PINON”) (OGRID 330718), the applicant in the above-referenced case, submits this Pre-Hearing Statement pursuant to the rules of the Oil Conservation Division.

**APPEARANCES**

**APPLICANT**

Pinon Midstream, LLC

**ATTORNEY**

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### **APPLICANT'S STATEMENT OF THE CASE**

Piñon (OGRID 330718) seeks to amend Commission Order No. R-21455-B/SWD-2464 to increase the maximum daily injection rate of treated acid gas ("TAG") for disposal through its Independence AGI #1 and #2 wells from 20 MMSCFD to 28.5 MMSCFD.

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 TAG under Commission Order No. R-21455-A in Case No. 21381.

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 with a maximum surface injection pressure of 4,779 psig. Independence AGI #1 was commissioned and placed into service in September 2021.

Order R-21445-A also required a second acid gas injection ("AGI") well 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.

Under the terms of Order No. R-21455-A, Piñon timely filed an administrative C-108 application for a redundant AGI injection well, the Independence AGI #2 well (API No. 30-025-49974). The Division approved the application under Order SWD-2464.

The Independence AGI #2 is a deviated well with a surface location approximately 1,110 feet from the north line and 1,443 feet from the west line (Unit C) and a bottom hole location approximately 1,080 feet from the south line and 1,978 feet from the west line (Unit N) in Section 20, Township 25 South, Range 36 East, NMPM, Lea County, New Mexico. It injects

into the same target reservoir as the Independence AGI #1 well, from approximately 16,080 to 17,683 feet deep within the Devonian and Silurian formations with a maximum surface injection pressure of 5,005 psig.

Order No. R-21455-B authorizes Piñon to inject a shared maximum of 20 MMSCFD of TAG into either or both Independence AGI #1 and Independence AGI #2. *See* Order R-21455-B, decretal ¶ 1.

The Independence AGI wells serve Piñon's Dark Horse Treating Facility, which is experiencing increasing demand for sour gas processing and disposal. In planning for this increased demand, Piñon has (i) secured a New Source Review air permit from the New Mexico Environment Department authorizing the construction of several additional amine treating units at the Dark Horse Treating Facility, and (ii) developed and initiated a facility improvement schedule for the Dark Horse Treating Facility that will increase the sour-gas treatment capacity and result in the need for up to 22.5 MMSCFD of TAG disposal as soon as Q2 2025 and 28.5 MMSCFD as soon as Q2 2026.

Accordingly, Piñon seeks authority to increase the total maximum injection rate of TAG that may be injected into either or both Independence AGI wells from 20 MMSCFD to 28.5 MMSCFD.

Approving this application authorizing an increase in the shared injection rate between the Independence AGI #1 and Independence AGI #2 to 28.5 MMSCFD will allow Piñon to meet increasing demands for sour gas disposal and avoid interruptions to development and production in the area. Approval will therefore prevent waste, protect correlative rights, and protect human health and the environment.

**APPLICANT’S PROPOSED EVIDENCE**

<b>WITNESS Name and Expertise</b>	<b>ESTIMATED TIME</b>	<b>EXHIBITS</b>
Steven Green, Chief Executive Officer, Pinon Midstream, LLC	Self-Affirmed Statement	Approx. 3
David A. White, M.S., Geology, Geolex, Inc. Geology, Hydrogeology, Seismic Interpretation/Fault-Slip, AGI Operation	Self-Affirmed Statement	Approx. 5

**PROCEDURAL MATTERS**

None at this time.

Respectfully submitted,

HOLLAND & HART LLP

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**ATTORNEYS FOR PINON MIDSTREAM, LLC**

**CERTIFICATE OF SERVICE**

I hereby certify that on September 5, 2024, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
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QUESTIONS

Action 381041

**QUESTIONS**

Operator: Pinon Midstream LLC 757 N. Eldridge Pkwy Houston, TX 77079	OGRID: 330718
	Action Number: 381041
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

**QUESTIONS**

<b>Testimony</b>	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	<i>Not answered.</i>
Testimony time (in minutes)	<i>Not answered.</i>