

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

**APPLICATION OF GOODNIGHT MIDSTREAM
PERMIAN, LLC FOR APPROVAL OF A
SALTWATER DISPOSAL WELL,
LEA COUNTY, NEW MEXICO.**

CASE NO. 22626

EMPIRE NEW MEXICO LLC'S MOTION TO STAY ISSUANCE OF ORDER

Empire New Mexico LLC ("Empire") requests that the New Mexico Oil Conservation Division ("Division") stay issuance of the order in this case pending a decision in Case Nos. 23614-23617, in which Goodnight Midstream Permian, LLC ("Goodnight") seeks approval of salt-water disposal wells ("SWD wells") that will similarly inject produced water into Empire's unitized formation within the Eunice Monument South Unit Area ("Unit Area").¹ In support of this motion, Empire states the following.

1. Empire is the designated operator of the Unit Area and conducts waterflood operations in the area where Goodnight proposes to locate several SWD wells, including the well at issue in this case.

2. In 2021, Empire made a substantial investment to acquire oil and gas interests and the established waterflood operation in the Unit Area from XTO Energy. Goodnight proposes to inject produced water into Empire's unitized interval within the Unit Area, which will interfere with Empire's waterflood operations and jeopardize Empire's ability to operate the Unit Area

¹ The Eunice Monument South Unit Area includes 14,189.84 acres of federal, state, and fee lands located in Sections 25 and 36, Township 20 South, Range 36 East; Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 21 and 22 in Township 21 South, Range 36 East; and Sections 30 and 31 in Township 20 South, Range 37 East. The unitized interval is from the top of the Grayburg formation to the lower limit at the base of the San Andres formation; the geologic markers having been previously found to occur at 3,657 feet and 5,290 feet, respectively, in Continental Oil Company's #23 Meyer B-4 well (located 660 feet FSL and 1,980 feet FEL of Section 4, T-21-S, R-36-3, Lea County, New Mexico) as recorded on the Welx Acoustic Velocity Log taken on October 30, 1962, said log being measured from the kelly drive bushing elevation of 3,595 feet above sea level.

and develop the acreage for the benefit of the interest owners, the State of New Mexico, and the United States economically and efficiently.

3. A hearing was held in this case on September 15, 2022. Shortly after the hearing, Empire's former Chief Operations Officer ("COO"), who was responsible for addressing Goodnight's SWD applications, left his employment with Empire.

4. Empire has retained consulting reservoir engineers and geologists to study the cumulative impact of the proposed applications and evaluate how Goodnight's proposed commercial SWD operations in the producing, unitized interval of the Unit Area will affect future secondary and/or tertiary recovery operations, with water and/or CO₂ injection. Empire's initial analysis indicates that Goodnight's proposed SWDs, at the proposed injection rates in the horizontal and vertical depth within the Unit Area, may reduce effective recovery by up to 1.5 billion barrels of oil.

5. Given the collective scope of Goodnight's applications in this case and related Case Nos. 23614, 23615, 23616, and 23617, and the potential for such a meaningful reduction in recoverable reserves, Empire has requested additional time in Case Nos. 23614, 23615, 23616, and 23617 to perform a reservoir study on a unit-wide area to properly analyze the impact of Goodnight's applications.

6. Empire's study will affect all of Goodnight's SWD applications, including the application in this case. To date, no order has been issued by the Division following the September 15, 2022 hearing. Therefore, Empire requests that the Division stay issuance of an order in this case pending a hearing and entry of an order in Case Nos. 23614, 23615, 23616, and 23617.

7. Given the magnitude of the potential damage to Empire's enhanced oil recovery operations in the area, this request for a stay is reasonable and appropriate and is necessary to ensure

the Division is able to prevent waste and protect correlative rights in accordance with NMSA 1978, § 70-2-6.

8. Further, to avoid unnecessary surface disturbances and avoid gross negative consequences to Empire and other effected interest owners, the Division should stay issuance of an order in this case until the Division is able to examine the results of Empire's reservoir study that will be submitted to the Division in Case Nos. 23614, 23615, 23616, and 23617. *See e.g.*, Order No. R-21454 (staying proceedings pending review of related applications to promote efficiency and avoid inconsistent rulings); Order No. R-20315 (staying drilling under Division pooling orders pending a de novo review "to protect the status quo, prevent waste and protect correlative rights"); Order No. R-14484 (staying drilling on an SWD well pending a hearing on challenges to the issuance of the administrative SWD permit).

9. Counsel for Goodnight was contacted regarding this motion and opposes the relief sought.

WHEREFORE, for the foregoing reasons, Empire requests that the Division stay this case pending the hearing and issuance of an order in Case Nos. 23614, 23615, 23616, and 23617.

Respectfully submitted,

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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 25th day of August, 2023, as follows:

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