

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

**APPLICATION OF GOODNIGHT PERMIAN
MIDSTREAM, LLC FOR APPROVAL OF A
SALTWATER DISPOSAL WELL, LEA COUNTY,
NEW MEXICO AND, AS A PARTY ADVERSELY
AFFECTED BY ORDER R-22869-A, FOR A
HEARING DE NOVO BEFORE THE FULL
COMMISSION, PURSUANT TO NMSA 1978,
SECTION 70-2-13.**

CASE NO. 24123

**APPLICATION OF GOODNIGHT MIDSTREAM
PERMIAN, LLC TO AMEND ORDER
NO. R-22026/SWD-2403 TO INCREASE THE
APPROVED INJECTION RATE IN ITS ANDRE
DAWSON SWD #1, LEA COUNTY, NEW MEXICO**

CASE NO. 23775

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

CASE NOS. 23614-23617

**APPLICATION OF EMPIRE NEW MEXICO TO
REVOKE THE INJECTION AUTHORITY
GRANTED UNDER ORDER NO. R22026 FOR
THE ANDRE DAWSON SWD #001, LEA COUNTY,
NEW MEXICO**

CASE NOS. 24018-24027

THE NEW MEXICO OIL CONSERVATION DIVISION'S NOTICE OF DISMISSAL

COMES NOW The New Mexico Oil Conservation Division ("OCD"), by and through undersigned Counsel, and hereby dismisses without prejudice its cases before the Oil Conservation Commission for the above-captioned matters. OCD and Goodnight arrived at a mutually agreeable settlement, attached hereto as **Exhibit A**, which OCD believes satisfies the requirements imposed upon it by the United States Environmental Protection Agency. Goodnight approves this Notice as of May 14, 2025.

Respectfully submitted,

Christopher L. Moander
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New Mexico Energy, Minerals and
Natural Resources Department
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CERTIFICATE OF SERVICE

I certify that on May 15, 2025, this pleading was served by electronic mail on:

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Christopher L. Moander

**STATE OF NEW MEXICO
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CASE NO. 24123

APPLICATION OF GOODNIGHT MIDSTREAM PERMIAN, LLC TO AMEND ORDER NO. R-22026/SWD-2403 TO INCREASE THE APPROVED INJECTION RATE IN ITS ANDRE DAWSON SWD #1, LEA COUNTY, NEW MEXICO

CASE NO. 23775

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CASE NOS. 23614-23617

APPLICATION OF EMPIRE NEW MEXICO TO REVOKE THE INJECTION AUTHORITY GRANTED UNDER ORDER NO. R22026 FOR THE ANDRE DAWSON SWD #001, LEA COUNTY, NEW MEXICO

CASE NOS. 24018-24027

STANDALONE AGREED-TO ADMINISTRATIVE ORDER BETWEEN GOODNIGHT MIDSTREAM PERMIAN, LLC AND THE NEW MEXICO OIL CONSERVATION DIVISION

This standalone agreed-to administrative order (the “Order”) is made this day May 14, 2025 by Goodnight Midstream Permian, LLC (“Goodnight”) and the New Mexico Oil Conservation Division (“OCD”).

RECITALS

WHEREAS, Goodnight initiated OCC Case Nos. 24123, 23775, and 23614 through 23617 as Petitioner and Goodnight having been subject to applications filed by Empire New Mexico (“Empire”) as Respondent in OCC Case Nos. 24018-24027, and OCD having entered into the above-captioned cases against both Goodnight and Empire;

WHEREAS, OCD identified potential risk to the water quality in the Capitan Reef that OCD believed neither Goodnight nor Empire New Mexico sufficiently addressed; and

WHEREAS, Goodnight and OCD desire to (1) compromise and settle the disputed concerns raised by OCD as to whether Goodnight could be contributing to the impacts to the Capitan Reef through permitted produced water injection, to the satisfaction of both OCD and Goodnight; (2) provide for the dismissal without prejudice of OCD's case against all parties to the above-captioned cases; and (3) provide for Goodnight to conduct a monitoring plan in accord with the one sought by OCD in the above-captioned cases.

NOW, THEREFORE, in consideration of the following covenants and obligations, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

I. NOTICE OF DISMISSAL

- A. Within five (5) days following execution of this Order by all parties hereto, the OCD shall file a Notice of Dismissal with the OCC, stating that Goodnight and OCD reached a resolution that is satisfactory to Goodnight and OCD and acquires for OCD suitable terms to initiate its sought-after Monitoring Program; provided, however, the Notice of Dismissal shall not be construed as limiting in any way OCD's ability to pursue separate remedies or actions against Empire or any other operator potentially impacting water quality in the Capitan Reef.

II. PERFORMANCE TERMS FOR SETTLEMENT

A. Monitoring Wells

- i. As an initial condition for the implementation of this Order, all obligations hereunder are expressly conditioned upon Goodnight not being substantially adversely impacted by entry of a final Commission Order in these matters, within the following Townships: T21S, R36E; T22S, R36E; and T21S, R37E. Should the above-referenced condition not occur, OCD reserves the right to reactivate the above-captioned cases as to all parties who entered an appearance.
- ii. Subject to the preceding initial condition, Goodnight shall identify no less than five (5) wells to utilize for the entirety of the Monitoring Plan ("Primary Observation Wells") subject to substitution as provided for below in Sections II(A)(ii) and (iii), three (3) in the interface area of the Hobbs Channel, one (1) north of the interface and one (1) south of the interface. Currently identified wells are listed below in subsections a. through e. If any of the Primary Observation Wells listed below cannot be used, a suitable replacement well shall be identified by Goodnight, with notice to OCD being given within ten (10) days of such an identification by Goodnight and must be approved for use as a Primary Observation Well by the OCD. The perforated/monitoring interval(s) for each substitution well(s) must be reviewed by and agreed upon by the OCD before any sampling begins. The five (5) initial Primary Observation Wells are identified, as follows:
 - a. Southwest Jal #1 – API 30-025-20843 (south of the Hobbs Channel)
 - b. Federal Davison #1 – API 30-025-21725 (In the Hobbs Channel)
 - c. North Custer Mountain Unit #1 – API 30-025-21601 (In the Hobbs Channel)
 - d. South Wilson Deep Unit #1 – API 30-025-20849 (In the Hobbs Channel)
 - e. Capitan WSW No.3 (NMOSE CP 1446 POD 1 [EOG Resources]) OR Jal Water System No. 5 – API 30-025-52 (NMOSE CP 115 POD [Chevron] Active) (north of the Hobbs Channel) – which of these two last two (2) wells is utilized is a decision left to the discretion of Goodnight based on well condition and ability to reach agreement with existing well operators.

iii. Prior to taking initial Monitoring Samples at any of the Primary Observation Wells, Goodnight shall perform individual well analyses and inspection to confirm that such Primary Observation Well has suitable mechanical integrity, including casing integrity and requisite perforations, to ensure accurate data sampling for monitoring of the Capitan Reef. If Goodnight, in its reasonable discretion, determines that any of the Primary Observation Wells do not have the requisite mechanical integrity, including casing integrity, suitable perforations, etc., Goodnight may propose for OCD approval on a one-for-one substitution basis with any of the Primary Observation Wells not meeting the criteria.

B. Sampling and Analysis

i. Goodnight shall provide a sampling workplan for OCD approval within 30 days after the final well is placed into a condition that monitoring can occur. The work plan must detail how sampling will be performed and must be at a frequency no less than quarterly. Sampling parameters shall include at a minimum fluid levels, major cation/anions, General Chemistry and method EPA 8260 constituents, as outlined further below in Section II(B)(ii). All sampling field notes and observations will be required to be submitted to the OCD. OCD will be provided with notice of sampling at least 3 business days prior to all sampling events.

ii. Sampling Suite:

1. Cation-anion balance (Standard Method 4110 B) - the anion-cation balance should include the following major cations and anions:

- a. calcium
- b. magnesium
- c. sodium
- d. potassium
- e. alkalinity
 - i. bicarbonate
 - ii. carbonate
 - iii. hydroxide (for pH > 10.0)
- f. chloride
- g. sulfate
- h. fluoride
- i. nitrate
- j. perchlorate
- k. Volatile Organic Compounds (VOCs) by EPA SW-846 Method 8260 or Method 524
- l. Stable isotopes
 - i. $^2\text{H}-^{18}\text{O}$
 - ii. $^{34}\text{S}-^{18}\text{O}-\text{SO}_4^{2-}$
 - iii. $^{87}\text{Sr}/^{86}\text{Sr}$ – strontium isotopes
- m. TDS and TSS
- n. pH.

iii. Goodnight shall provide OCD Quarterly Sampling Results no more than 30 days after the date on which Goodnight receives the results.

iv. In addition to the above, Goodnight shall also adhere to the following sampling standards as outlined by both the United States Environmental Protection Agency (“EPA”), New Mexico Bureau of Geology & Mineral Resources (“NMBGMR”), and generally accepted scientific practices:

1. EPA specific requirements per analytical method (such as containers; holding

- times; preservation; preparation)
2. Sampling and Analysis Plan per EPA Guidance such as R9QA
 3. Sampling guidance of NMBGMR Open-File Report 558
 4. Well sample preparation (bailing/pumping vs. low-flow purging; water level measurements).

C. Potential Partners to the Monitoring Plan

- i. Should Goodnight wish to avail itself of potential partners to assist in its academic or scientific review and guidance on data to develop the Monitoring Plan, Goodnight may explore the possibility of working with other entities or agencies that may be able to assist in reviewing the documents and provision of feedback such as USGS, NM Bureau of Mines and Mineral Resources, NM Technical College, among others. Should Goodnight wish to do so, Goodnight shall notify OCD in writing of such intent within thirty (30) days of making such a determination and Goodnight shall likewise notify OCD in writing of any and all work plans with such partners, including references to any work or assistance provided by the partner(s) by and through the reporting outlined in Section II(D) of this agreement.
- ii. Goodnight and OCD shall meet to discuss results 60 days after each sampling event. Goodnight shall be prepared to discuss in each meeting the following topics to the extent possible based on the results:
 - a. Any and all evidence, materials, proof, or support that a hydrologic relationship between the Capitan Reef and Hobbs Channel does or does not exist.
 - b. Any and all impacts to water quality in the Capitan Reef, especially if commingling of any kind or type is discovered by Goodnight or its partners between Capitan Reef waters and San Andres formation waters.
 - c. Characterization of the Capitan Reef aquifer in the area as outlined and described in OCD's filings in the above-captioned cases.
- iii. Once Goodnight takes initial Monitoring Samples for each Primary Observation Well, the Monitoring Sample protocols shall continue at the applicable well for a period of twelve (12) months from commencement (the "Monitor Period") at least on a quarterly basis.

D. Final Report and Continuation of the Project

- i. Once Goodnight acquires initial Monitoring Samples for each Primary Observation Well, the Monitoring Sample protocols shall continue at the applicable well for a period of twelve (12) months from commencement (the "Monitor Period"). Monitoring Samples shall be obtained no less than quarterly/every ninety (90) days during the Monitoring Period. At the end of the Monitoring Period, Goodnight and OCD shall meet to discuss the samples themselves, any and all analysis results of such samples, and the following items:
 - a. If a final report can be prepared or if longer term monitoring is necessary.
 - b. If a final report can be prepared, Goodnight shall identify the following:
 - i. Whether a Safe Drinking Water Act ("SDWA") aquifer exemption is necessary for the Capitan Reef and, if so, the physical, geographic, and geologic boundaries of such a potential exemption;
 - ii. If Goodnight contends that an SDWA exemption of the Captain Reef is necessary, Goodnight shall identify information and data needed for the SDWA exemption process and shall provide that data in full to OCD.
 - iii. Regarding the Primary Observation Wells, how those wells will be addressed, including, but not limited to, plugging and abandonment of the Primary Observation Wells and/or conveyance to a third-party entity for beneficial use.

- c. If long-term monitoring is necessary:
 - i. Goodnight and OCD shall generate a plan of action identifying the following parameters:
 - 1. Rationale for additional monitoring, inclusive of any and all data or information forming the basis for the need for long-term monitoring, including the rationale based on such data or information;
 - 2. Identification of other entities that should or may need to be involved in such a long-term monitoring project including, but not limited to, other oil & gas operators, midstream operators, and entities over which OCD maintains jurisdiction;
 - 3. A proposed framework for a long-term monitoring plan, including:
 - a. SDWA issues that remain unaddressed or under-addressed;
 - b. A definitive timeframe for additional long-term monitoring, which timeframe is subject to extension at the discretion of the OCD;
 - c. All technical data of any kind or type that should or needs to be collected, including timeframes for acquisition and reporting to OCD of said technical data;
 - d. Additional tools, actions or modeling needed to generate information useful for SDWA analyses, including the matter of aquifer exemption;
 - e. Identification of any additional or potential future Primary Observation Wells needed for long-term monitoring; and
 - f. Information gaps requiring resolution to achieve compliance with the SDWA.

III. NO ADMISSION BY THE PARTIES

A. This Order is the result of a compromise of the above-captioned cases. Goodnight and OCD agree that this Order is not, and should not be construed as, an admission or concession of liability, responsibility or wrongdoing by any party hereto or their directors, officers, partners, shareholders, agents, attorneys, employees, representatives, principals, successors, predecessors, assigns, and heirs.

V. CHOICE OF LAW

A. This Order shall be governed by and construed in accordance with the statutes, regulations, and constitution of the State of New Mexico.

V. EXCLUSIVE FORUM FOR RESOLUTION OF DISPUTES/RESERVATION OF JURISDICTION

A. Forum

1. Goodnight and OCD agree that any dispute as to the interpretation, performance or breach of any obligation under or any other issue, claim, or controversy arising out of this Order shall be submitted exclusively to the OCC for consideration and determination and otherwise be subject to OCC authority pursuant to §§ 70-2-4, 70-2-6, and 70-2-11 through -12 NMSA. The OCC retains jurisdiction over this matter until and unless the OCD terminates the Monitoring Plan.

B. Remedies

1. Should Goodnight breach this Order, with the sole exception of situations addressed by

Section XIV herein, OCD shall have the right to seek enforcement of this Order through the OCC. OCD shall likewise retain the right to enforce the performance terms as outlined in Section II of this agreement through the OCC and, should OCD prevail in such an enforcement effort, OCD shall be entitled to attorneys' fees for reactivating and litigating the enforcement of this Order to a final determination, including all non-legal expenses incurred by OCD in securing such a determination.

VI. COUNTERPARTS

- A. This Order may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which together shall constitute but one and the same agreement.

VII. NOTICES

- A. Notices hereunder shall be given solely to the Parties to this Order through counsel of record in the above-captioned cases.
- B. The sole Notice that must be served on all Parties of Record in the above-captioned cases is the Notice of Dismissal to be filed by OCD per Section I above.

VIII. ENTIRE AGREEMENT

- A. This Order constitutes the entire understanding between the parties hereto with respect to the subject hereof and replaces and supersedes all prior oral or written understanding between the parties and is intended as a final expression of their agreement and a complete statement as to the terms and conditions thereof.

IX. MODIFICATION OF AGREEMENT

- A. This Order shall not be modified, supplemented or amended except in writing, specifically referring to this Order, and signed by an authorized representative of each party hereto.

X. NO CONSTRUCTION AGAINST THE DRAFTER

- A. Each party has participated in the drafting of this Order and the Order is a product of arm's length negotiations by retained counsel. Accordingly, the language of the Order shall not be presumptively construed either in favor of or against any party on the grounds that such party drafted this Order.

XI. NO WAIVER

- A. No waiver or indulgence of any breach of any provision of this Order shall be construed as a waiver of any substantive breach of the same or a different provision.
- B. No waiver shall be valid unless detailed in writing and executed by the waiving party.

XII. APPLICATION TO SUCCESSORS, PREDECESSORS, ASSIGNS, ETC.

- A. Except as expressly stated herein, this Order shall inure to the benefit of, and shall be binding upon, each of the parties hereto and each of their successors, predecessors, assigns, respective agents, principals, servants, employees, officers, directors, members, partners, shareholders, accountants, attorneys, trustees, representatives, parent or subsidiary companies, affiliated businesses, and all persons natural or corporate in privity, directly or indirectly, with them or any one of them.

XIII. REPRESENTATIONS AND WARRANTIES

- A. Each party hereto represents and warrants to each other and agrees with each other as follows:

- i. Each party to this Order has received independent legal advice from attorneys of its own choosing with respect to the advisability of executing this Order, and prior to the execution of this Order by each party hereto, that party's attorneys reviewed this Order at length, and made all desired changes.
- ii. Except as expressly stated in this Order, no party hereto has made any statement, representation, or promise to any other party to this Order regarding any fact relied upon by such other party in entering into this Order, each party hereto specifically does not rely upon any statement, representation, or promise of any other party in executing this Order, and no party shall be entitled to set aside this Order as a result of any statement, representation or promise made by any party hereto.
- iii. Except as expressly stated in this Order, there are no agreements, understandings, promises or expectations of future payments or benefits to be received by and between the parties relating to the subject matter hereof.
- iv. Each party hereto, together with its attorneys, has made such investigation of the facts pertaining to this Order, and of all the matters pertaining thereto, as it deems necessary, and each party hereto expressly acknowledges that no party to this Order has an obligation to make any representation of fact to any other party.
- v. The terms of this Order are contractual, not mere recitals, and this Order is the result of negotiations between the parties hereto, each of which has participated in the drafting of this Order through its respective attorneys.
- vi. Each party hereto has the power and authority to enter into and perform this Order, and the execution and performance of this Order has been duly authorized by the OCD.
- vii. Each party hereto agrees that such party will not take any action that would interfere with the performance of this Order by any other party to this Order or that would adversely affect any of the rights provided for herein. However, OCD, as the regulating body with jurisdiction over the subject matter of the above-captioned cases and the subject matter underlying this Order, will not be construed as having interfered or otherwise adversely affected Goodnight's performance of this Order should OCD be obligated by law to interfere or intervene with Goodnight's performance in pursuit of OCD's statutory and regulatory obligations.
- viii. In entering into this Order, each party recognizes that no facts or representations are ever absolutely certain; accordingly, except as specifically provided herein, each party hereto assumes the risk of any mistake, and if any party should subsequently discover that any fact it relied upon in entering into this Order was untrue, or that any understanding of the facts or of the law was incorrect, such party shall not be entitled to set aside this Order by reason thereof. This Order is intended to be final and binding between and among the parties hereto, regardless of any mistake of fact, mistake of law or any other circumstances whatsoever. Each party relies on the said finality of this Order as a material factor inducing that party's execution hereof.
- ix. No party to this Order has heretofore assigned or transferred or purported to assign or transfer to any person, firm or corporation whatsoever any actions, causes of action, debts, dues liabilities, controversies, claims or demands herein released. Goodnight hereto agrees to indemnify and hold harmless the OCD hereto against any actions, causes of action, debts, dues, liabilities, controversies, claims, counterclaims, cross claims, third- party claims or demands based on, arising out of or in connection with any such transfer or assignment or purported transfer or assignment, including all attorneys' fees and costs incurred in connection therewith.

XIV. FORCE MAJEURE

A. Goodnight shall take all available measures to perform its obligations pursuant to this Order and shall minimize or avoid any delay or prevention of the performance of its obligation pursuant to this Order. If, however, any event occurs which causes or may cause delays in the achievement of Goodnight’s compliance with this Order within 10 days of the delay or anticipated delay, as applicable Goodnight shall provide notice to OCD. The notice shall describe in detail the anticipated length of the delay, the precise cause or causes of the delay, the measures taken and to be taken by Goodnight to prevent or minimize the delay, and the timetable by which those measures will be implemented. Goodnight shall adopt all available measures to avoid or minimize any such delay. Failure by Goodnight to comply with the notice requirements of this paragraph shall render the entire Order void as a matter of law and OCD shall be permitted to reactivate the above-captioned OCD cases to seek the originally sought Monitoring Plan Remedy. Should OCD prevail in such situation, OCD shall be entitled to attorneys’ fees for reactivating and litigating the case to a final determination, including all non-legal expenses incurred by OCD in securing such a determination.

IN WITNESS WHEREOF, the parties have duly executed this Order as of May 14, 2025.

FOR GOODNIGHT MIDSTREAM PERMIAN, LLC:



GRANT ADAMS
CHIEF EXECUTIVE OFFICER
GOODNIGHT MIDSTREAM PERMIAN

5 / 14 /2025

DATE

FOR THE NEW MEXICO OIL CONSERVATION DIVISION:



BRANDON POWELL
DEPUTY DIRECTOR
NEW MEXICO OIL CONSERVATION DIVISION

5/14/2025

DATE

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