

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

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

CASE NOS. 23614-23617

**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 EMPIRE NEW MEXICO LLC TO
REVOKE INJECTION AUTHORITY,
LEA COUNTY, NEW MEXICO**

CASE NOS. 24018-24020, 24025

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

DIVISION CASE NO. 24123

**OIL CONSERVATION DIVISION'S RESPONSE TO EMPIRE'S MOTION TO
REQUIRE MODIFICATION OF THE OIL CONSERVATION DIVISION'S
IMPLEMENTATION DECISION**

The New Mexico Oil Conservation Division (“OCD”) hereby submits its Response to Empire’s Motion to Require Modification of the OCD’s Implementation Letter. The OCD is moving to have Empire’s Motion denied for reasons discussed below. In its Motion, Empire incorrectly asserts that OCD’s Implementation Letter runs in contravention to both OCC Order No. 24004 and 24004-A. This narrative is incorrect and simply untrue, despite the fact OCD previously attempted to clarify these fallacies with Empire. The Implementation Letter OCD issued provided simple directions to both parties to these actions and was clear as to which part of the Orders the letter specifically addressed to inform both parties of the implementation methods required by OCD. Empire then submitted a response with a narrative similar to this Motion asking

to reconsider the implementation method. OCD responded paragraph by paragraph as to why their requests were not feasible either in complying with the OCC's Orders or with OCD's general rules. Empire's continued delay in implementing the CO2 pilot project is specifically concerning if they do intend to demonstrate a recoverable ROZ in the area within the time period allowed by the OCC. Additionally, it should be noted Empire failed to serve OCD with its Motion for reasons that remain wholly inexplicable to OCD especially considering the bulk of the Motion is their disagreement with the OCD. In summary OCC Order No. 24004-A directed the OCD to "provide Empire the opportunity to establish the CO2 EOR pilot project" and OCD provided that opportunity via its Implementation Letter. The scope of that opportunity was OCD's to define in relation to its applicable regulations and permitting processes. OCD proposes that the OCC deny Empire's Motion *in toto* and thus permit OCD to continue implementing the OCD's Implementation Plan as written in accordance with the OCC Orders. In support thereof, OCD provides the following:

I. Factual background pertinent to OCD's Implementation Letter.

On September 12, 2025, the OCC issued Order No. 24004 in the above-captioned cases with said Order addressing the issues posed by the Parties through the lengthy merits and re-hearing hearings. Order No. 24004 made several key findings of relevance to both Empire's Motion and OCD's Response:

- (a) On page 7, Paragraph III(A), the OCC found that "Empire DID adduce substantial evidence of the possibility of FUTURE impairment of correlative rights or waste in the EMSU."
Emphasis added.

- (b) The OCC held at three distinct points that it would not permanently revoke Goodnight's injection authority for three reasons:
- a. First, because "Empire DID NOT adduce substantial evidence that their correlative rights in the Grayburg are CURRENTLY impaired by Goodnight's injection into the San Andres." Order No. 24004 at III(C).
 - b. Second, because Empire failed to present sufficient evidence "at hearing to prove whether the ROZ is recoverable." Order No. 24004 at III(D).
 - c. Third, the OCC elected to suspend (subject to subsequent OCC Order No. 24004-A, addressed below) Goodnight's injection authority "to provide Empire with the opportunity to establish a pilot project." Order No. 24004 at III(E). OCD notes here, and will reiterate this fact several more times, that Empire *has yet to submit ANY documents to the OCD concerning the CO2 Pilot Project* and thus has not availed itself of the opportunity granted it by the OCC.
- (c) At page 10, ¶ 62, the OCC held that "Goodnight's SWD wells cannot dispose of water when an *active* CO2 flood is being performed." For factual clarification, Empire received permission for a CO2 Pilot Project, not a full CO2 flood. *Emphasis added.* Again, Empire has failed to take any action to "perform" anything under Order No. 24004.
- (d) At page 10, ¶ 63, the OCC ordered Empire to return "to the Commission and present the further data/analysis."
- (e) At page 10, ¶ 61, the OCC provided Empire three years to "ascertain the recoverability of the ROZ." *See also* page 12, 2nd paragraph under "Order." It's been 209 days since entry

of Order No. 24004 and Empire has yet to take any overt action *vis-à-vis* the OCD to meet this deadline.

- (f) At page 13, ¶ 3, the OCC ordered that Goodnight’s injection authority for the subject wells was “suspended,” with no additional context of the exact date of effect of such suspension. OCC further added this suspension was done “to provide Empire with the *opportunity* to establish the CO2 EOR pilot project.” *Id. emphasis added.*

After a flurry of post-hearing motion practice amongst the Parties, the OCC issued Order No. 24004-A on December 17, 2025. Order No. 24004-A provided clarity as to the underlying Order No. 24004, providing the following for implementation of that underlying Order:

- (a) The OCC found that it has authority “Can Order the Suspension of Water Injection into a ROZ to Facilitate an EOR Pilot Project to Determine Recoverability.” Order No. 24004-A at page 2.
- (b) At Paragraphs 11 and 13, pages 4-5 respectively, the OCC outlined its basis for allowing Empire to proceed with a CO2 Pilot Project, namely there is no evidence one way or another of recoverability from the ROZ and that there may, in fact, be recoverable oil as maintained by Empire.
- a. The OCC further addressed this in Paragraph 18, p.6, by stating “the only practical way to prove for certain, whether there might be recoverable hydrocarbons in this ROZ, is to conduct a CO2 enhanced oil recovery pilot project, because recovery "is site-specific and is based on the conditions at the EMSU. . .And the Commission has also already found, as a technical matter, that a CO2 EOR pilot cannot be

successfully performed *while* wastewater is being disposed into the same region.”
Emphasis added.

(c) Finally, as to the issue of the role of the OCD in enforcing Order Nos. 24004 and 24004-A, the OCC stated:

- a. “Goodnight's SWD [Salt-Water Disposal] wells cannot dispose of water when an active CO2 flood is being performed. September Order, 'II 40, 62.” Order 24004-A at ¶ 22, p. 7.
- b. “The Commission further reiterates and emphasizes its September Order suspending "existing Goodnight's injection wells Case No. 24018 (Dawson), Case No. 24019 (Banks), Case No. 24020 (Sosa), Case No. 24025 (Ryno) in order to provide Empire with the opportunity to establish the CO2 EOR pilot project." September Order, #3 at page 13, (emphasis added).” Order 24004-A at ¶ 23, p. 7.
- c. “The Commission hereby concludes that OCD has the authority, and may at its discretion, implement the "suspension" ordered on page 13 of the Commission's September Order "in order to provide Empire with the opportunity to establish the CO2 EOR pilot project." September Order, #3 at page 13. The commission also concludes that the OCD has the authority to impose the suspension ordered by September Order, #3 at page 13, *on any schedule OCD deems necessary "in order to provide Empire with the opportunity to establish the CO2 EOR pilot project."* Id.” Order 24004-A at ¶ 23, p. 7. *Emphasis added.*

Pursuant to OCC Order No. 24004-A, the OCD issued on January 5, 2026, OCD’s “Implementation of OCC Orders 24004 and 24004-A Letter to the Parties in the above-captioned

cases (“Implementation Letter”). In that letter, as provided by Empire with its Motion, OCD set forth six specific tasks for Empire to accomplish in setting up its OCC-approved CO2 Pilot Project. The Implementation Letter also laid out how and when Goodnight’s injection would cease, again pursuant to OCC Order Nos. 24004 and 24004-A:

As can be seen in the Implementation Letter OCD never dictated to Empire what wells, techniques, or infrastructure would be used in implementing their CO2 Pilot project, it simply laid out what would be required to properly implement the project in a way the OCD could review the project to ensure it met OCD’s rules and regulations. Empire is premature in its filing when discussing the merits of items such as “Huff and Puff” as that would be the type of information that should be included in their plan to the OCD should they consider proceeding in that manner.

OCD did not immediately shut in Goodnight’s injection due to its interpretation of the OCC Order No. 24004 stating that **“Commission found Empire DID NOT adduce substantial evidence that their correlative rights in the Grayburg are CURRENTLY impaired by Goodnight’s injection into the San Andres.”** (emphasis added). Once a pilot project is ready for initiation, OCD’s Implementation Letter complied with the portion of OCC Order No. 24004-A which states **“Goodnight’s SWD [Salt-Water Disposal] wells cannot dispose of water when an active CO2 flood is being performed”** (emphasis added).

Because of the complex information that likely needs to be compiled for the pilot project in the three-year allotment, OCD understands certain milestones must be met to ensure the project as a whole is not a failure, which is why the OCD identified performance deadlines in its Implementation Letter. If these deadlines are not met, OCD may need to inform the OCC of its concerns that Empire appears unable to successfully implement its pilot project. OCD notes that it

has been almost three months since the Implementation Letter was issued, which is approximately 25% of the initial identified timeline and yet Empire has made no substantial progress on pursuing a pilot project in accordance to OCD's rules and regulations.

OCD reiterates that, prior to Empire issuing its Response to OCD's Implementation Letter, Empire failed to communicate any specifics about its intended Pilot Project to OCD. Empire, as of the date of this filing, has provided nothing to OCD outside Exhibits D through G, with Exhibit D being a copy of OCD records he OCD already possessed and Exhibits E through G being various whitepapers on "huff'n'puff" recovery methods that were conducted on another continent (that provide absolutely no insight into Empire's exact plans, which is what OCD's Implementation Letter was designed to solicit).

Generally regarding Empires remaining grievances, OCD has previously addressed them when Empire sent a request to modify the Implementation Letter on February 18, 2026, to which OCD responded with a follow-up letter ("Follow-up Letter") to Empire and Goodnight on February 27, 2026. In the prior response letter to Empire OCD provided clear explanations as to their decisions which OCD believes still stands and the continued insistence of them are baseless. If OCD were to utilize some of the requests, it would lead OCD to conflict with prior orders and disregard the current rules and regulations. OCD currently believes most of Empires grievances are outside of the scope of the OCC Order Nos. 24004 and 24004-A simply directing the OCD to "provide Empire the opportunity to establish the CO2 EOR pilot project" as directed by order. In sum, Empire is wearing no clothes insofar as its complaints against OCD's Implementation Letter are concerned. Each of Empire's lamentations are resolved *via* OCD regulations, as noted.

II. The OCC lacks the power to sanction parties before it, but OCD encourages the OCC to take notice of the failure of Empire to serve its Motion upon OCD and make any appropriate inferences therefrom.

Regarding Empire's failure to serve its Motion upon the OCD, on May 15, 2025, OCD submitted its Notice of Dismissal in the above-captioned cases, intending to depart from the case. **Exhibit A.** The OCC accepted OCD's Notice of Dismissal at the resumed hearing in the above-captioned cases on May 19, 2025. *See* 5/19/25 Transcript at 13:12-14:4. Due to OCD's anticipation that the OCC might ultimately order the OCD to manage implementation of any final orders in the above-captioned cases, OCD re-entered the above-captioned cases on or about October 8, 2025. **Exhibit B.** OCD then subsequently appeared in the remainder of the case through the issuance of Order 24004-A on or about December 17, 2025.

OCD counsel kept tabs on the OCC-level cases despite the pending district court appeal of OCC Order Nos. 24004 and 24004-A. On March 24, 2026, Empire filed its Motion for modification of the OCD's Implementation Letter, something OCD counsel discovered shortly after filing. Empire's counsel, submitted under Ms. Hardy's signature but encompassing Ms. Shaheen and Mr. Wehmeyer, at no point served the Motion upon OCD. Furthermore, the Certificate of Service found on p. 13 of the Motion failed to list OCD as a party to be served. *See* Empire Motion at p. 13. Thus, Empire failed to serve OCD with a Motion solely and exclusively targeted at OCD and its Implementation Letter.

As a practical matter, OCD does not seek the striking of Empire's Motion on procedural grounds, which would otherwise be proper, because doing so would continue to delay compliance with OCD's Implementation Letter. Rather, the OCD suggests Empire's Motion be denied on the merits. OCD must point out what appears to be a severe procedural lapse, intentional or

otherwise, on the part of Empire could have resulted in default order against OCD for failure to respond. In other words, Empire's actions could have undermined the OCC's Orders requiring specific actions of the OCD pursuant to OCC Order Nos. 24004 and 24004-A, which also indicates Empire intentionally or unintentionally sought to undermine the authority of the OCC. OCD will not speculate as to why Empire chose this tactic and thus leaves it to the OCC to decide how to address Empire's behavior.

Summary

Based on the above arguments, OCD respectfully requests that the OCC deny Empire's Motion without reservation. OCD also suggests that the OCC take a closer look at the pattern and practices of Empire in this case to determine whether Empire is acting in good faith before it. The OCD also requests its own relief, namely that Empire be ordered to comply with OCD's Implementation Letter immediately and without further delay of any kind or flavor, as well as any other relief the OCC thinks is just and proper.

If the OCC elects to allow oral argument on Empire's Motion, the OCD reserves its rights to contest the individual merits of Empire's allegations as the OCD limited this Response to those allegations that fall within the scope of OCC Order Nos. 24004 and 24004-A, which simply direct the OCD to "provide Empire the opportunity to establish the CO2 EOR pilot project" as directed by the OCC's Orders.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that on April 8, 2026, this pleading was served by electronic mail on:

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Christopher L. Moander

EXHIBIT A

**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,

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CERTIFICATE OF SERVICE

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

<p>Ernest L. Padilla Padilla Law Firm, P.A. Post Office Box 2523 Santa Fe, New Mexico 87504 (505) 988-7577 padillalawnm@outlook.com</p> <p>Dana S. Hardy Hardy McLean 125 Lincoln Avenue Suite 223 Santa Fe, NM 87501 (505) 230-4410 dhardy@hardymclean.com</p> <p>Sharon T. Shaheen Samantha H. Catalano Spencer Fane Post Office Box 2307 Santa Fe, NM 87504-2307 (505) 986-2678 sshaheen@spencerfane.com cc: dortiz@spencerfane.com</p> <p>Cory Wehmeyer Santoyo Wehmeyer, PC IBC Highway 281 North Centre Building 12400 San Pedro Avenue Suite 300 San Antonio, TX 78216 (210) 918-4200 cwehmeyer@swenergylaw.com <i>Attorneys for Empire New Mexico, LLC</i></p>	<p>Michael H. Feldewert Adam G. Rankin Paula M. Vance Holland & Hart LLP 110 N. Guadalupe Street #1 Santa Fe, NM 87501 (505) 988-4421 mfeldewert@hollandhart.com agrarkin@hollandhart.com pmvance@hollandhart.com NRJurgensen@hollandhart.com <i>Attorneys for Goodnight Midstream Permian, LLC</i></p> <p>Miguel A. Suazo Sophia A. Graham Kaitlyn A. Luck 500 Don Gaspar Ave. Santa Fe, NM 87505 (505) 946-2090 msuazo@bwenergylaw.com sgraham@bwenergylaw.com kluck@bwenergylaw.com <i>Attorneys for Pilot Water Solutions SWD, LLC</i></p> <p>Matthew Beck Peifer Hanson Mullins & Baker, P.A. P.O. Box 25245 Albuquerque, NM 87125-5245 (505) 247-4800 mbeck@peiferlaw.com <i>Attorneys for Rice Operating Company and Permian Line Service, LLC</i></p>
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**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION**

APPLICATION OF GOODNIGHT MIDSTREAM PERMIAN, 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

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. ^2H - ^{18}O
 - ii. ^{34}S - ^{18}O - 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:

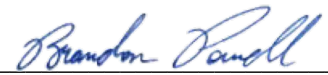


GRANT ADAMS
CHIEF EXECUTIVE OFFICER
GOODNIGHT MIDSTREAM PERMIAN

5 / 14 /2025

DATE

FOR THE NEW MEXICO OIL CONSERVATION DIVISION:



BRANDON POWELL
DEPUTY DIRECTOR
NEW MEXICO OIL CONSERVATION DIVISION

5/14/2025

DATE

34827910_v5

EXHIBIT B

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

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

CASE NO. 24123

APPLICATIONS OF GOODNIGHT MIDSTREAM
PERMIAN LLC FOR APPROVAL OF SALTWATER
DISPOSAL WELLS, LEA COUNTY, NEW MEXICO.

CASE NOS. 23614-23617

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 EMPIRE NEW MEXICO LLC
TO REVOKE INJECTION AUTHORITY,
LEA COUNTY, NEW MEXICO.

CASE NOS. 24018-24020 & 24025

ENTRY OF APPEARANCE

Christopher Moander, Attorney of the New Mexico Energy, Minerals and Natural Resources
Department, enters his appearance on behalf of the Oil Conservation Division in these matters.

Respectfully submitted,

/s/ Christopher Moander

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served upon the following counsel of record by electronic mail on October 8, 2025.

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