

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 08-0320870

APPLICATION OF NGL WATER SOLUTIONS PERMIAN, LLC (609265) PURSUANT TO STATEWIDE RULE 9 FOR A COMMERCIAL PERMIT TO DISPOSE OF OIL AND GAS WASTE BY INJECTION INTO A POROUS FORMATION NOT PRODUCTIVE OF OIL OR GAS FOR THE CENTRAL REEVES (46177) LEASE, WELL NO. 3SW, QUITO, WEST (CHERRY CANYON) FIELD, REEVES COUNTY, TEXAS

OIL & GAS DOCKET NO. 08-0320871

APPLICATION OF NGL WATER SOLUTIONS PERMIAN, LLC (609265) PURSUANT TO STATEWIDE RULE 9 FOR A COMMERCIAL PERMIT TO DISPOSE OF OIL AND GAS WASTE BY INJECTION INTO A POROUS FORMATION NOT PRODUCTIVE OF OIL OR GAS FOR THE CENTRAL REEVES (46177) LEASE, WELL NO. 4SW, QUITO, WEST (CHERRY CANYON) FIELD, REEVES COUNTY, TEXAS

OIL & GAS DOCKET NO. 08-0320872

APPLICATION OF NGL WATER SOLUTIONS PERMIAN, LLC (609265) PURSUANT TO STATEWIDE RULE 9 FOR A COMMERCIAL PERMIT TO DISPOSE OF OIL AND GAS WASTE BY INJECTION INTO A POROUS FORMATION NOT PRODUCTIVE OF OIL OR GAS FOR THE CENTRAL REEVES (46177) LEASE, WELL NO. 5SW, QUITO, WEST (CHERRY CANYON) FIELD, REEVES COUNTY, TEXAS

FINAL ORDER

The Railroad Commission ("RRC" or "Commission") finds that after statutory notice in the above-docketed case, heard on September 19 and 20, 2019, the presiding Technical Examiner and Administrative Law Judge ("Examiners") have made and filed a Proposal for Decision containing findings of fact and conclusions of law, which was served on all parties of record, and that this proceeding was duly submitted to the Railroad Commission of Texas at a conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the Proposal for Decision and the findings of fact and conclusions of law contained therein, and any exceptions and replies thereto, hereby adopts as its own Findings of Fact Nos. 1-15 and Conclusions of Law Nos. 1-5 as if fully set out and separately stated herein. The Commission Declines to adopt all other proposed findings of fact and conclusions of law.

The Commission hereby adopts the following substitute Findings of Fact and Conclusions of Law:

Substitute Findings of Fact:

16. As to the proposed Central Reeves Lease, Well No. 4SW, NGL provided evidence sufficient to show industry need for an additional well at the Central

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FINAL ORDER

Reeves Lease; operational redundancy at this location will prevent waste of hydrocarbons caused by routine disposal system upsets. NGL did *not* provide evidence sufficient to show that there is industry need for Central Reeves Lease, Well Nos. 3SW and 5SW.

Substitute Conclusions of Law:

6. The proposed Central Reeves Lease, Well No. 4SW, is in the public interest. The proposed Central Reeves Lease, Well Nos. 3SW and 5SW, are *not* in the public interest. Texas Water Code § 27.051(b)(1); 16 Tex. Admin. Code § 3.9.
7. As to the proposed Central Reeves Lease, Well No. 4SW, NGL met its burden of proof and that application satisfies the requirements of Chapter 27 of the Texas Water Code and the Railroad Commission's Statewide Rule 9. As to the proposed Central Reeves Lease, Well Nos. 3SW and 5SW, NGL has *not* met its burden of proof and those applications do *not* satisfy the requirements of Chapter 27 of the Texas Water Code and the Railroad Commission's Statewide Rule 9.

Therefore, it is **ORDERED** by the Commission that the application of NGL Water Solutions Permian, LLC pursuant to 16 Tex. Admin. Code § 3.9 to dispose of oil and gas waste by injection into a porous formation not productive of oil or gas on the Central Reeves Lease, Well No. 4SW, in the Quito, West (Cherry Canyon) Field, Reeves County, Texas, at a rate of 20,000 barrels per day is hereby **GRANTED**. Attached to this Final Order is the Permit to dispose of non-hazardous oil and gas waste by injection into a porous formation not productive of oil and gas.

It is further **ORDERED** that the applications of NGL Water Solutions Permian, LLC pursuant to 16 Tex. Admin. Code § 3.9 to dispose of oil and gas waste by injection into a porous formation not productive of oil or gas on the Central Reeves Lease, Well Nos. 3SW and 5SW are hereby **DENIED**.

Each exception to the Proposal for Decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 25 days after the Commission's order is signed, unless the time for filing a motion for rehearing has been extended under Tex. Gov't Code § 2001.142, by agreement under Tex. Gov't Code § 2001.147, or by written Commission Order issued pursuant to Tex. Gov't Code § 2001.146(e). If a timely motion for rehearing of an application is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the

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Commission. Pursuant to Tex. Gov't Code § 2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law is hereby extended until 100 days from the date Commission Order is signed.

Signed on May 5, 2020.

RAILROAD COMMISSION OF TEXAS

DocuSigned by:

Wayne Christian

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CHAIRMAN WAYNE CHRISTIAN

DocuSigned by:

Ryan Sitton

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COMMISSIONER RYAN SITTON

DocuSigned by:

Christi Craddick

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COMMISSIONER CHRISTI CRADDICK

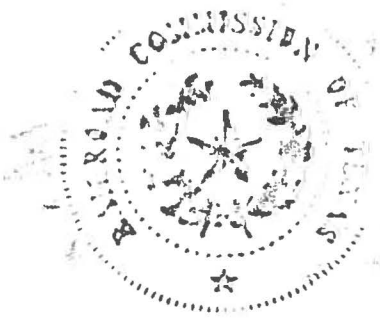
ATTEST:

DocuSigned by:

Callie Farrar

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SECRETARY



**PERMIT TO DISPOSE OF NON-HAZARDOUS OIL AND GAS WASTE BY INJECTION INTO A
POROUS FORMATION NOT PRODUCTIVE OF OIL AND GAS**

PERMIT NO. 16671 COMMERCIAL

NGL WATER SOLUTIONS PERMIAN, LLC
1509 W WALL ST STE 306
MIDLAND TX 79701

Authority is granted to inject Non-Hazardous Oil and Gas waste into the well identified herein in accordance with Statewide Rule 9 of the Railroad Commission of Texas and based on information contained in the application (Form W-14) dated December 18, 2018 for the permitted interval of the BELL CANYON, CHERRY CANYON, and BRUSHY CANYON formations and subject to the following terms and special conditions:

CENTRAL REEVES (46177) LEASE
QUITO, WEST (CHERRY CANYON) FIELD
REEVES COUNTY
DISTRICT 08

WELL IDENTIFICATION AND PERMIT PARAMETERS:

Well No.	API No.	UIC Number	Permitted Fluids	Top Interval (feet)	Bottom Interval (feet)	Maximum Liquid Daily Injection Volume (BBL/day)	Maximum Gas Daily Injection Volume (MCF/day)	Maximum Surface Injection Pressure for Liquid (PSIG)	Maximum Surface Injection Pressure for Gas (PSIG)
4SW	38937596		Salt Water, and Other Non-Hazardous O/G Waste	4,500	6,800	20,000		1,125	

SPECIAL CONDITIONS:

Well No.	API No.	Special Conditions
4SW	38937596	<p>1. For wells with long string casing set more than 100 feet below the permitted injection interval, the plug back depth shall be within 100 feet of the bottom of the permitted injection interval. For wells with open hole completions, the plug back depth shall be no deeper than the bottom of the permitted injection interval.</p> <p>2. One or more seismic events have been recorded within 9.08 km of this well. In addition to the standard H-10 Annual Disposal/Injection Well Monitoring Report, the operator shall collect and maintain daily records of injected volumes and maximum injection pressure. The operator shall make this data available to the Commission upon request.</p> <p>3. Step-Rate Test (SRT):</p> <p>(A) The operator shall conduct a SRT to determine the reservoir fracture initiation pressure prior to initial injection into the permitted formations, using the RRC SRT guidelines. https://www.rrc.state.tx.us/oil-gas/publications-and-notice/manuals/injectiondisposal-well-manual/summary-of-standards-and-procedures/technical-review/step-rate-test-guidelines/</p> <p>(B) The operator shall notify the appropriate District Office at least 48 hours in advance of the test to provide opportunity for the Commission to witness the SRT.</p> <p>(C) The operator shall provide raw data from the test to the Injection-Storage Permits Unit in Austin within 48 hours of completing the SRT.</p> <p>(D) An analysis of the step-rate test shall be filed with the Injection-Storage Permits Unit in Austin within 30 days of completion of the SRT. The SRT analysis shall be prepared, signed and sealed by a professional engineer registered in Texas and filed with the initial mechanical integrity test, Form H-5.</p> <p>4. Initial Static Bottomhole Pressure (BHP) Test:</p> <p>(A) The operator shall perform an initial static BHP test to quantify reservoir pressure prior to initial injection into the permitted formations.</p> <p>(B) The operator shall notify the appropriate District Office at least 48 hours in advance of the test to provide opportunity for the Commission to witness the BHP test.</p> <p>(C) The operator shall provide raw data from the test to the Injection-Storage Permits Unit in Austin within 48 hours of completing the BHP test.</p> <p>(D) An analysis of the BHP test shall be filed with the Injection-Storage Permits Unit in Austin within 30 days of completion of the BHP test. The BHP analysis shall be prepared, signed and sealed by a professional engineer registered in Texas and filed with the Mechanical Integrity Test, Form H-5.</p> <p>(E) Measurement for the BHP test shall be performed via wireline tool, or other Commission-approved bottomhole pressure measurement technique.</p> <p>(F) If multiple formations are open to injection, steps must be taken to isolate the formations for discrete shut-in BHP measurements for each separate formation. The Delaware Mountain Group shall be treated as a single formation and it shall not be necessary to measure the pressure in the discrete members of the Delaware Mountain Group.</p>

PERMIT NO. 16671

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Note: This document will only be distributed electronically.

STANDARD CONDITIONS:

approved by the Director or Director's delegate. These facilities must be maintained so as to prevent discharges of oil and gas waste.

- d. Prior to beginning operation, dikes shall be placed around all waste storage, pretreatment, or disposal facilities. The dikes shall be designed so as to be able to contain a volume equal to the maximum holding capacity of all such facilities. Any liquids or wastes that do accumulate in the containment area shall be removed within 24 hours and disposed of in an authorized disposal facility.
 - e. Prior to beginning operation, the facility shall have security to prevent unauthorized access. Access shall be secured by a 24-hour attendant, a fence and locked gate when unattended, or a key-controlled access system. For a facility without a 24-hour attendant, fencing shall be required unless terrain or vegetation prevents truck access except through entrances with lockable gates.
 - f. Prior to beginning operation, each storage tank shall be equipped with a device (visual gauge or alarm) to alert drivers when each tank is within 130 barrels from being full.
10. Form P-18, Skim Oil Report, must be filed with the Commission in Austin by the 15th day of the month following the month covered by the report.
 11. If the facility will have staff on-site for periods of time necessitating bathroom accommodations, these accommodations must be designed, installed, and maintained by a person licensed to do so and the accommodations must comply with all applicable local, county, and State health regulations.

Provided further that, should it be determined that such injection fluid is not confined to the approved interval, then the permission given herein is suspended and the disposal operation must be stopped until the fluid migration from such interval is eliminated. Failure to comply with all of the conditions of this permit may result in the operator being referred to enforcement to consider assessment of administrative penalties and/or the cancellation of the permit.

May 5, 2020.