



**MCELROY,
SULLIVAN,
MILLER &
WEBER, L.L.P**

LEGAL UPDATE ON WATER DISPOSAL AND PRODUCTION

**PERMIAN BASIN WATER
IN ENERGY CONFERENCE
2026**

Paul Tough & Adam Friedman

AGENDA

Disposal Update - Permitting

Leaking / Orphan Wells

Waste / Damages

Groundwater District Permitting

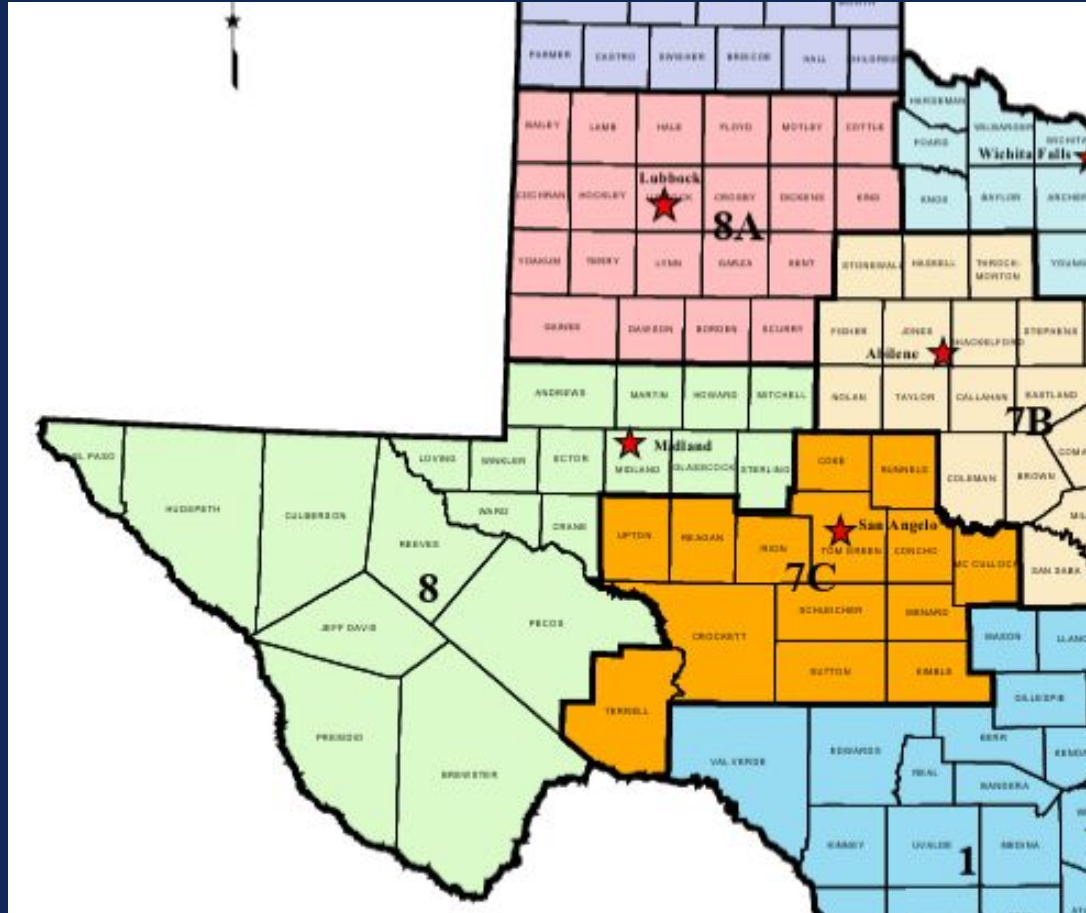
Notice to Operators

New Guidelines for Permitting Saltwater Disposal Wells in the Permian Basin

May 15, 2025

Beginning June 1, 2025, applications for new and amended saltwater disposal well permits in the Permian Basin¹ will be evaluated based on new guidelines for permitting disposal wells. These guidelines are established to address the continued demand for underground saltwater disposal capacity in the Permian Basin and the physical limitations of the disposal reservoirs.

PERMIAN BASIN



- Districts 7C, 8A, and 08
- Applicable to Disposal

BASIS – CONCERNS ABOUT CONFINEMENT

- Large Historical and Current Rates of Saltwater Disposal
- Increased Reservoir Pressure in Disposal Formations
- Dense Historical Oil and Gas Development with Numerous Wellbore Penetrations of Active Disposal Formations
- To demonstrate that fluids will be confined to the injection interval



CONFINEMENT

- Geologic
- Mechanical



AREA OF REVIEW (AOR) - PERMIAN BASIN

1/2 Mile

- ❑ Looking at all wellbores penetrating the injection interval
 - ❑ Must have cement across the injection interval
 - ❑ Competent Cement
 - ❑ Plugging records to demonstrate protection of BUQW
 - ❑ No orphan wells, improperly plugged or abandoned wells

2 Mile

- ❑ Focuses on unknown or orphaned wells
- ❑ Results in a reduction of MSIP
- ❑ Also looking at faults

PERMIT SPECIAL CONDITIONS

Permian Basin Disposal Well Review

- Bottomhole pressure measurements
- Daily injection volumes / surface injection pressures
- Fracture gradients (i.e. step rate test)
- Cement Bond Log
- Well Log
- Maximum Instantaneous Rate (MIR)

HOUSTON★CHRONICLE

Texas spent \$7M to plug a toxic well. Now it's demanding a Houston company foot the bill.



RRC ENFORCEMENT ACTION - ALLEGATIONS

RAILROAD COMMISSION OF TEXAS
OIL & GAS DOCKET NO. 00020492

RECEIVED
FEB ' 6 2026
RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL

ENFORCEMENT ACTION AGAINST [REDACTED]
(OPERATOR NO. [REDACTED] FOR VIOLATION OF STATEWIDE RULES ON THE
[REDACTED] LEASE, WELL NO(S). 1 [REDACTED] (DELAWARE) FIELD,
WARD COUNTY, TEXAS, DISTRICT 08-MIDLAND

- Statewide Rule 46 Violations
- Reimbursement Under Tex. Nat. Res. Code 91.113(f)



NEW MEXICO - WASTE

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

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

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APPLICATION OF GOODNIGHT
MIDSTREAM PERMIAN, LLC TO
AMEND ORDER NO. R-2206/SWD-2403
TO INCREASE THE APPROVED INJECTION
RATE IN ITS ANDRE DAWSON SWD #1
LEA COUNTY, NEW MEXICO

APPLICATIONS OF EMPIRE NEW MEXICO,
LLC, TO REVOKE INJECTION AUTHORITY,
LEA COUNTY, NEW MEXICO

DE NOVO APPEAL OF DENIAL
OF PROPOSED NEW WELL
CASE NO. 24123 (PIAZZA)

PROPOSED NEW WELLS
CASE NO. 23614 (GOODEN)
CASE NO. 23615 (HERNANDEZ)
CASE NO. 23616 (HODGES)
CASE NO. 23617 (SEAVER)

INCREASE EXISTING WELL
CASE NO. 23775 (DAWSON)

REVOKE EXISTING WELLS
CASE NO. 24018 (DAWSON)
CASE NO. 24019 (BANKS)
CASE NO. 24020 (SOSA)
CASE NO. 24025 (RYNO)

OCC Order R-24004-A

OCC Order R-24004-A

REVOKE EXISTING WELLS
CASE NO. 24018 (DAWSON)
CASE NO. 24019 (BANKS)
CASE NO. 24020 (SOSA)
CASE NO. 24025 (RYNO)

- Dispute focused on a CO2 Flood of the San Andres and existing/future disposal
- Appealed

APPLICATIONS OF EMPIRE NEW MEXICO,
LLC, TO REVOKE INJECTION AUTHORITY,
LEA COUNTY, NEW MEXICO

CAUSES OF ACTION – TEXAS DISPOSAL

- Negligence
- Negligence Per Se
- Gross Negligence
- Common Law Waste
- Statutory Waste
- Trespass
- Private Nuisance

SEE TX R RAP RULE 47.2 FOR DESIGNATION
AND SIGNING OF OPINIONS.

Court of Appeals of Texas, El Paso.

ARIS WATER SOLUTIONS, INC., Solaris
Water Midstream, LLC, Solaris
Midstream DB-TX, LLC, Devon Energy
Corporation, **Devon Energy Production
Company, L.P.**, and **Stateline Water, LLC**,
Appellants,

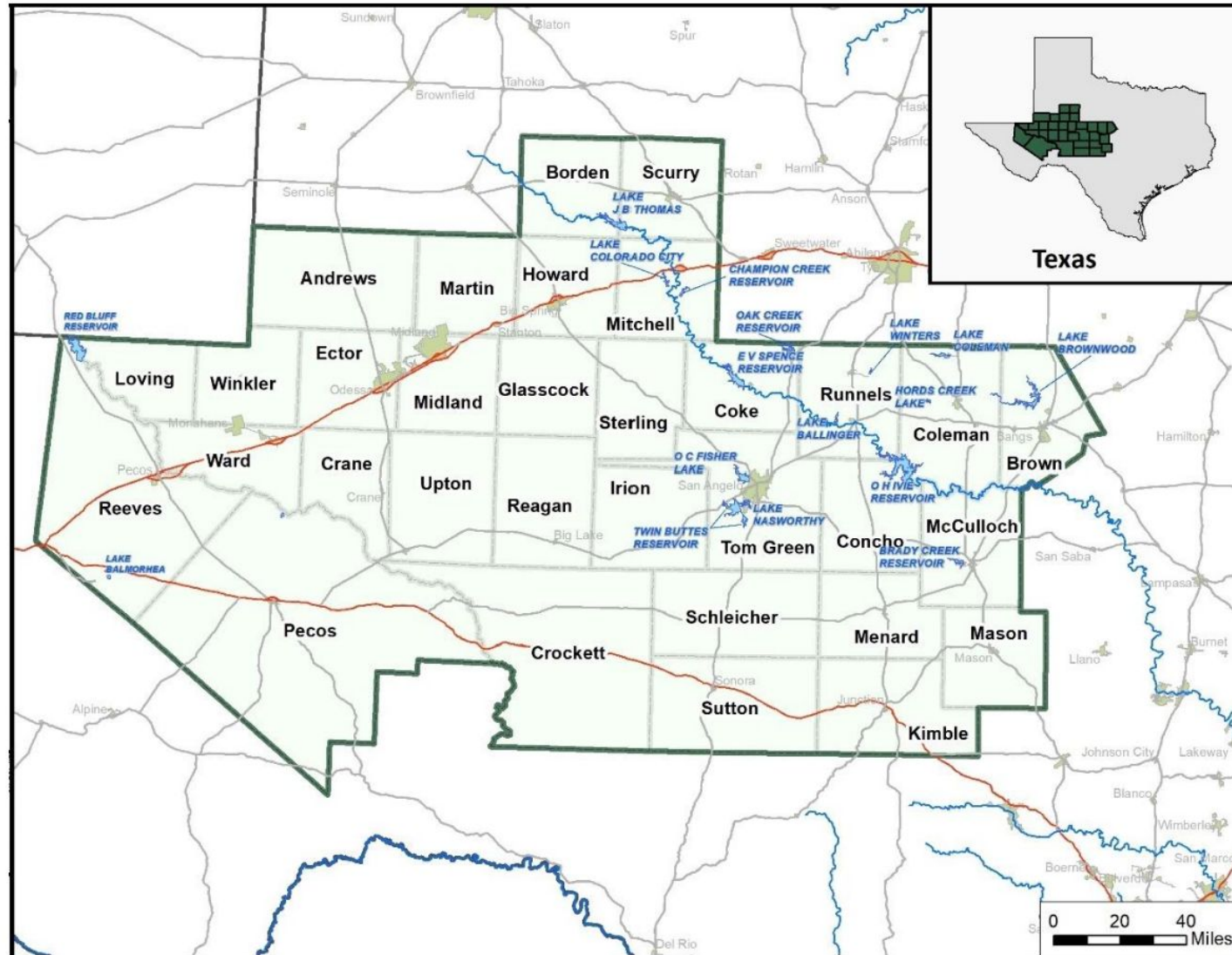
v.

STATELINE OPERATING, LLC, and
Stateline Royalties, LP, Appellees.

No. 08-25-00031-CV

April 25, 2025

Region F Area Map



“The increased mining activities in the region have had multiple impacts on water demands, including spurring population growth and economic activities in both rural and urban communities, which increase associated water demands.”

Region F Population Projections

Population Projections	2030	2040	2050	2060	2070	2080
Region F Total	762,985	834,344	901,689	955,743	1,013,398	1,074,918

Water Demands by Use Type (acre-feet per year)

Use Category	2030	2040	2050	2060	2070	2080
Municipal	141,387	153,631	166,113	175,942	186,455	197,714
Manufacturing	14,276	14,802	15,347	15,913	16,500	17,109
Irrigation	460,341	460,341	460,341	460,341	460,341	460,341
Steam Electric	15,798	15,798	15,798	15,798	15,798	15,798
Mining	216,716	217,652	207,969	187,463	159,337	134,865
Livestock	11,228	11,228	11,228	11,228	11,228	11,228
Region F Total	859,746	873,452	876,796	866,685	849,659	837,055

Unmet Needs Summary (acre-feet per year)

Water User	2030	2040	2050	2060	2070	2080
Irrigation	(8,546)	(12,772)	(13,381)	(14,717)	(14,801)	(14,674)
Manufacturing	(70)	(140)	(184)	(218)	(249)	(279)
Steam Electric Power	(3,940)	(3,989)	(3,969)	(4,035)	(4,099)	(4,165)
Municipal	(2,646)	(1,664)	(2,782)	(4,054)	(5,381)	(6,790)
Mining	(24,673)	(26,006)	(24,153)	(20,492)	(15,069)	(11,114)
Total	(39,875)	(44,571)	(44,469)	(43,516)	(39,599)	(37,022)

WATER SUPPLIES

Table 1-9
Historical Groundwater, Surface Water, and Reuse Water Use in Region F

Year	Groundwater (Acre-Feet)	Surface Water (Acre-Feet)	Reuse ^a Water (Acre-Feet)	Total (Acre-Feet)
2011	495,423	169,553	27,508	692,484
2012	493,939	96,576	12,969	603,484
2013	493,619	130,279	14,082	637,980
2014	544,024	101,677	14,544	660,245
2015	484,155	104,609	53,239	642,003
2016	513,966	102,629	59,054	675,649
2017	584,176	104,743	105,670	794,589
2018	559,400	101,814	141,664	802,878
2019	558,277	106,692	145,730	810,699
2020	543,760	113,223	98,710	755,693
2021	520,162	111,488	179,193	810,843

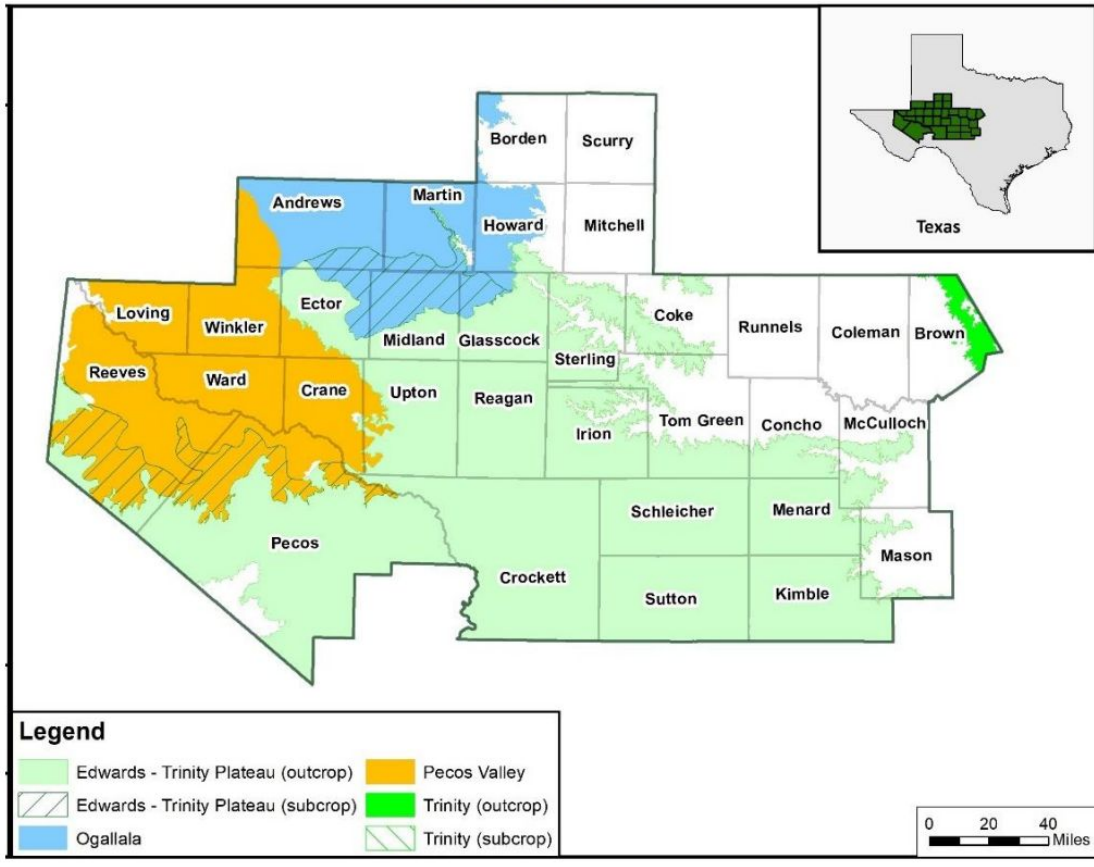
Note: Data are from Texas Water Development Board.⁹

a. Values from 2000-2014 only reflect entities that reported water reuse during that year.

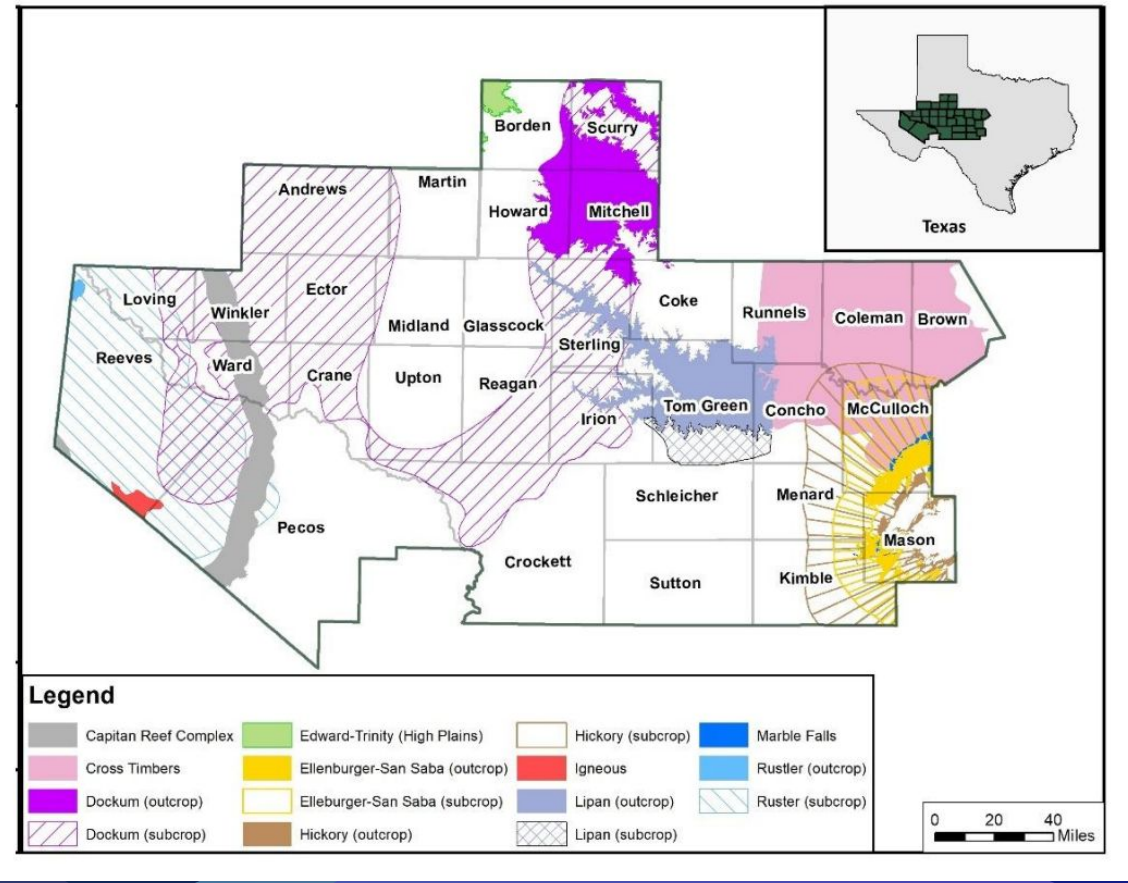
Annual reuse and brackish water (for mining) use was not reported through all of Region F until 2015.

MAJOR / MINOR AQUIFERS

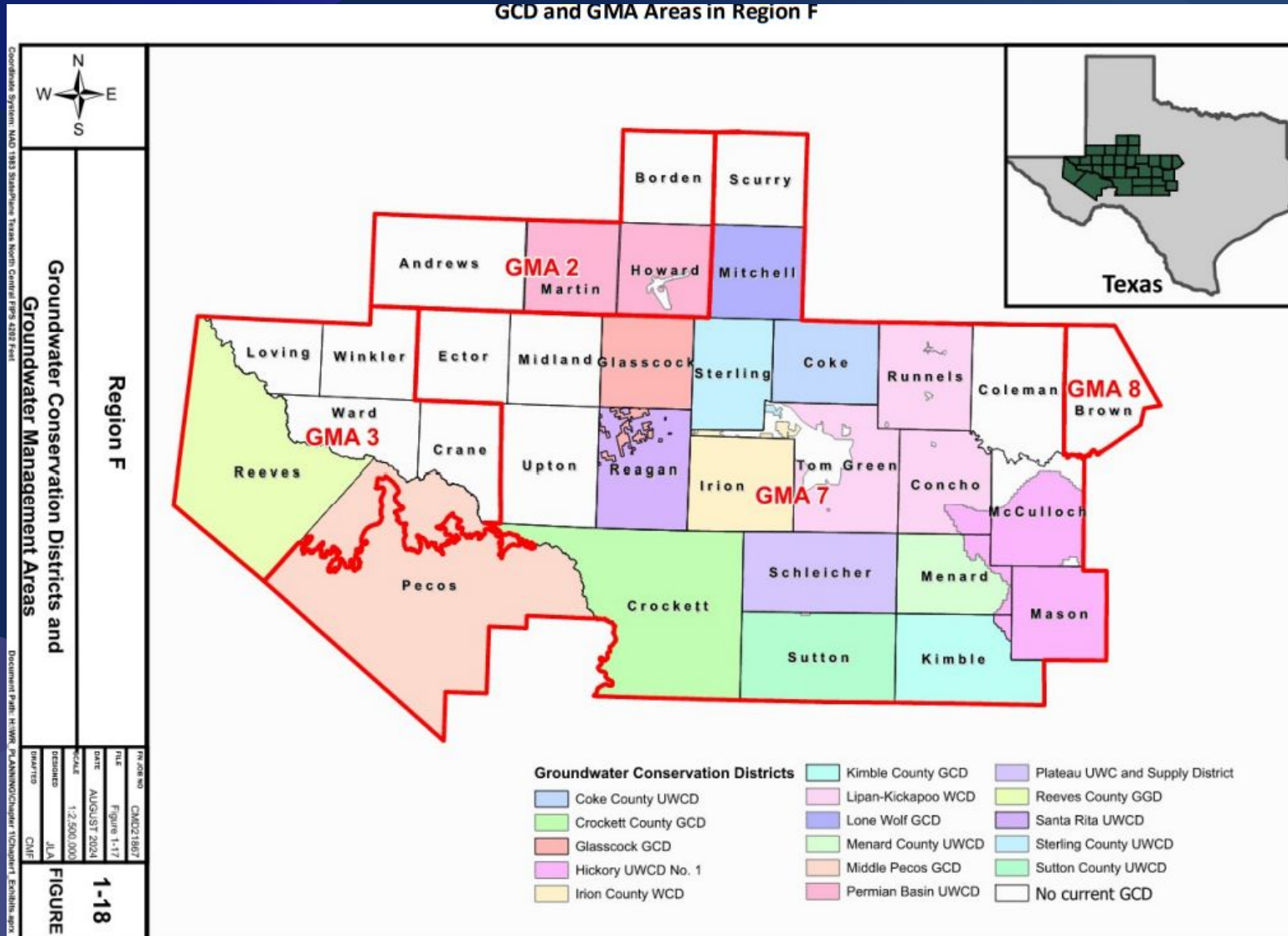
Major Aquifer Map



Minor Aquifer Map



REGION F DISTRICTS

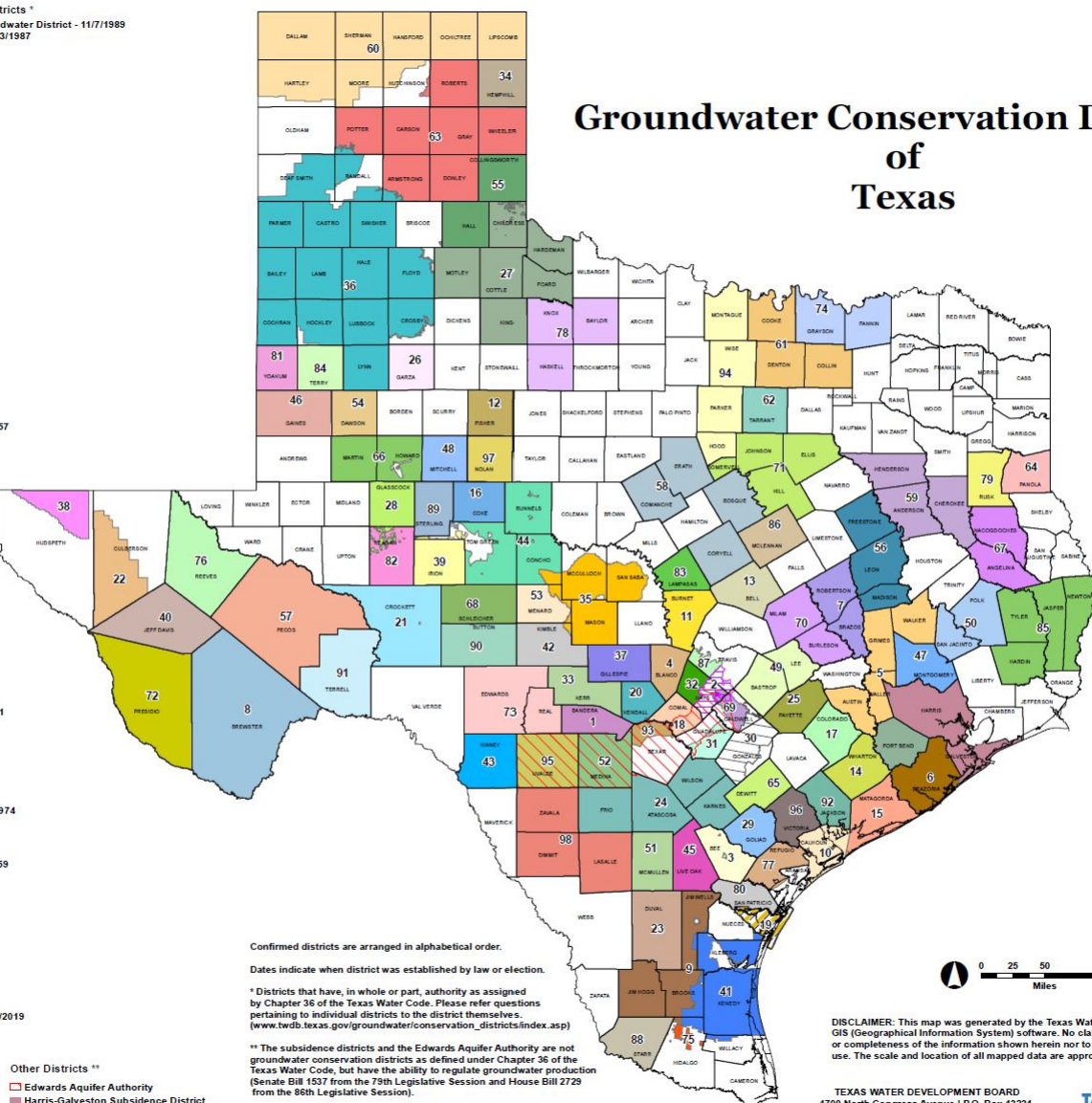


ALL DISTRICTS

Groundwater Conservation Districts of Texas

- Confirmed Groundwater Conservation Districts *
1. Bandera County River Authority & Groundwater District - 11/7/1989
 2. Barton Springs/Edwards Aquifer CD - 8/13/1987
 3. Bee GCD - 1/29/2001
 4. Blanco-Pedernales GCD - 1/23/2001
 5. Bluebonnet GCD - 11/5/2002
 6. Brazoria County GCD - 11/8/2005
 7. Brazos Valley GCD - 11/6/2002
 8. Brewster County GCD - 11/6/2001
 9. Brush Country GCD - 11/3/2009
 10. Calhoun County GCD - 11/4/2014
 11. Central Texas GCD - 9/24/2005
 12. Clear Fork GCD - 11/5/2002
 13. Clearwater UWCD - 8/21/1999
 14. Coastal Bend GCD - 11/6/2001
 15. Coastal Plains GCD - 11/6/2001
 16. Coke County UWCD - 11/4/1986
 17. Colorado County GCD - 11/6/2007
 18. Comal Trinity GCD - 6/17/2015
 19. Corpus Christi ASRCD - 6/17/2005
 20. Cow Creek GCD - 11/5/2002
 21. Crockett County GCD - 1/28/1991
 22. Culberson County GCD - 5/2/1998
 23. Duval County GCD - 7/25/2009
 24. Evergreen UWCD - 8/30/1965
 25. Fayette County GCD - 11/6/2001
 26. Garza County UWCD - 11/5/1996
 27. Gateway GCD - 5/3/2003
 28. Glasscock GCD - 8/22/1981
 29. Goliad County GCD - 11/6/2001
 30. Gonzales County UWCD - 11/2/1994
 31. Guadalupe County GCD - 11/4/1999
 32. Hays Trinity GCD - 5/3/2003
 33. Headwaters GCD - 11/5/1991
 34. Hemphill County UWCD - 11/4/1997
 35. Hickory UWCD No. 1 - 8/14/1982
 36. High Plains UWCD No. 1 - 9/29/1951
 37. Hill Country UWCD - 8/8/1987
 38. Hudspeth County UWCD No. 1 - 10/5/1957
 39. Irion County WCD - 8/2/1985
 40. Jeff Davis County UWCD - 11/2/1993
 41. Kenedy County GCD - 11/2/2004

- Confirmed Groundwater Conservation Districts (Cont.) *
42. Kimble County GCD - 5/3/2002
 43. Kinney County GCD - 11/2/2002
 44. Lipan-Kickapoo WCD - 11/1/1987
 45. Live Oak UWCD - 11/7/1989
 46. Llano Estacado UWCD - 11/3/1998
 47. Lone Star GCD - 11/6/2001
 48. Lone Wolf GCD - 2/2/2002
 49. Lost Pines GCD - 11/5/2002
 50. Lower Trinity GCD - 11/7/2006
 51. McMullen GCD - 11/6/2001
 52. Medina County GCD - 8/26/1991
 53. Menard County UWCD - 8/14/1999
 54. Mesa UWCD - 12/01/1990
 55. Mesquite GCD - 11/4/1986
 56. Mid-East Texas GCD - 11/5/2002
 57. Middle Pecos GCD - 11/5/2002
 58. Middle Trinity GCD - 5/4/2002
 59. Neches & Trinity Valleys GCD - 11/6/2001
 60. North Plains GCD - 1/2/1995
 61. North Texas GCD - 12/1/2009
 62. Northern Trinity GCD - 5/15/2007
 63. Panhandle GCD - 1/21/1986
 64. Panola County GCD - 11/6/2007
 65. Pecan Valley GCD - 11/6/2001
 66. Permian Basin UWCD - 9/21/1985
 67. Pineywoods GCD - 11/6/2001
 68. Plateau UWC and Supply District - 3/4/1974
 69. Plum Creek CD - 5/11/1993
 70. Post Oak Savannah GCD - 11/5/2002
 71. Prairielands GCD - 9/1/2009
 72. Presidio County UWCD - 8/31/1999
 73. Real-Edwards C and R District - 5/30/1959
 74. Red River GCD - 9/1/2009
 75. Red Sands GCD - 11/5/2002
 76. Reeves County GCD - 11/3/2015
 77. Refugio GCD - 11/6/2001
 78. Rolling Plains GCD - 1/26/1999
 79. Rusk County GCD - 6/5/2004
 80. San Patricio County GCD - 5/12/2007
 81. Sandy Land UWCD - 11/7/1989
 82. Santa Rita UWCD - 8/19/1989
 83. Saratoga UWCD - 11/7/1989
 84. South Plains UWCD - 2/8/1992
 85. Southeast Texas GCD - 11/22/004
 86. Southern Trinity GCD - 6/19/2009
 87. Southwestern Travis County GCD - 11/5/2019
 88. Starr County GCD - 11/6/2007
 89. Sterling County UWCD - 11/3/1987
 90. Sutton County UWCD - 4/5/1986
 91. Terrell County GCD - 11/6/2012
 92. Texas GCD - 11/6/2001
 93. Trinity Glen Rose GCD - 11/5/2002
 94. Upper Trinity GCD - 11/6/2007
 95. Uvalde County UWCD - 9/1/1993
 96. Victoria County GCD - 8/5/2005
 97. Wes-Tex GCD - 11/5/2002
 98. Wintergarden GCD - 11/7/1998



Confirmed districts are arranged in alphabetical order.

Dates indicate when district was established by law or election.

* Districts that have, in whole or part, authority as assigned by Chapter 36 of the Texas Water Code. Please refer questions pertaining to individual districts to the district themselves. (www.twdb.texas.gov/groundwater/conservation_districts/index.asp)

** The subsidence districts and the Edwards Aquifer Authority are not groundwater conservation districts as defined under Chapter 36 of the Texas Water Code, but have the ability to regulate groundwater production (Senate Bill 1537 from the 79th Legislative Session and House Bill 2729 from the 88th Legislative Session).

Groundwater Conservation District GIS Data created by the Texas Commission on Environmental Quality. For more information, please contact TCEQ at 512-239-1000 or wras@tceq.texas.gov.

DISCLAIMER: This map was generated by the Texas Water Development Board using GIS (Geographical Information System) software. No claims are made to the accuracy or completeness of the information shown herein nor to its suitability for a particular use. The scale and location of all mapped data are approximate. Map date: NOV-2019

TEXAS WATER DEVELOPMENT BOARD
1700 North Congress Avenue | P.O. Box 13231
Austin, Texas 78711-3231
www.twdb.texas.gov
512-463-7847

Texas Water Development Board

- Other Districts **
- Edwards Aquifer Authority
 - Harris-Galveston Subsidence District
 - Fort Bend Subsidence District
 - County Boundaries

2030 REGION F MINING DEMAND = 25%

2030 Water Demand in Region F by Use

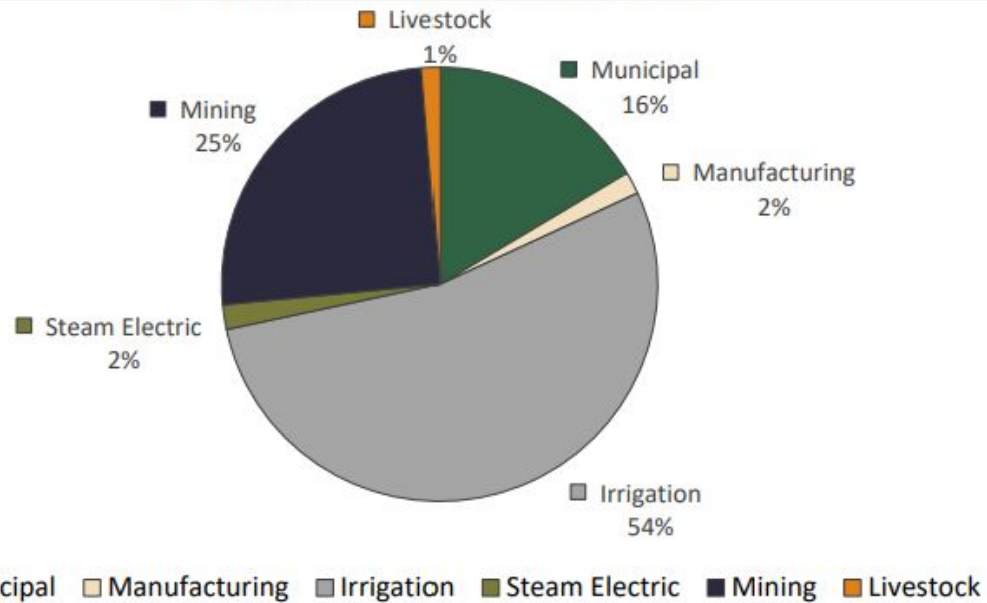


Table 1-5
Historical Water Use by Category in Region F (Values in acre-feet)

Year	Municipal	Manufacturing	Irrigation	Power ^a	Mining	Livestock	Total
2011	135,954	7,123	494,192	3,567	10,136	14,004	664,976
2012	107,716	6,152	447,476	3,747	13,831	11,596	590,518
2013	110,577	5,894	466,502	3,601	27,234	10,094	623,902
2014	117,119	5,507	470,242	3,573	39,072	10,187	645,700
2015	120,779	5,888	438,822	3,202	63,036	10,276	642,003
2016	116,637	5,685	459,192	8,404	75,314	10,417	675,649
2017	119,993	7,422	484,102	8,000	163,536	11,536	794,589
2018	126,001	12,830	422,753	9,232	220,116	11,946	802,878
2019	127,478	11,819	413,831	8,994	236,598	11,979	810,699
2020	141,004	7,061	437,400	7,813	150,408	12,007	755,693
2021	133,726	7,930	450,181	4,516	202,821	11,669	810,843
State Total in 2021	4,618,597	957,199	7,566,720	532,785	334,697	285,857	14,295,855
% of State Total in Reg F	2.90%	0.83%	5.95%	0.85%	60.60%	4.08%	5.67%

Note: Data are from the Texas Water Development Board.⁹

a. Steam Electric Power

PERMITTING FRESHWATER WELLS

Can GCDs require permitting and limit production from wells pumping water used for fracking?

“Depends on which lawyer you talk to.”

--GCD General Manager (2013)

DISCRETIONARY PERMIT EXEMPTIONS

TEX. WATER CODE 36.117

(a) A district by rule may provide an exemption from the district's requirement to obtain any permit required by this chapter or the district's rules.

“DOMESTIC AND LIVESTOCK” PERMIT EXEMPTION

TEX. WATER CODE 36.117(B)(1)

- b) Except as provided by this section, a district shall provide an exemption from the district requirement to obtain a permit for:
- (1) drilling or operating a well used solely for domestic use or for providing water for livestock or poultry if the well is:
 - (a) located or to be located on a tract of land larger than 10 acres; and
 - (b) drilled, completed, or equipped so that it is incapable of producing more than 25,000 gallons of groundwater a day;

“RIG SUPPLY”

PERMIT EXEMPTION AND REGISTRATION

TEX. WATER CODE 36.117(B)(2)

(b) Except as provided by this section, a district shall provide an exemption from the district requirement to obtain a permit for:

(2) drilling a water well used solely to supply water for a rig that is actively engaged in drilling or exploration operations for an oil or gas well permitted by the Railroad Commission of Texas provided that the person holding the permit is responsible for drilling and operating the water well and the water well is located on the same lease or field associated with the drilling rig;

(h) A district shall require the owner of a water well to:

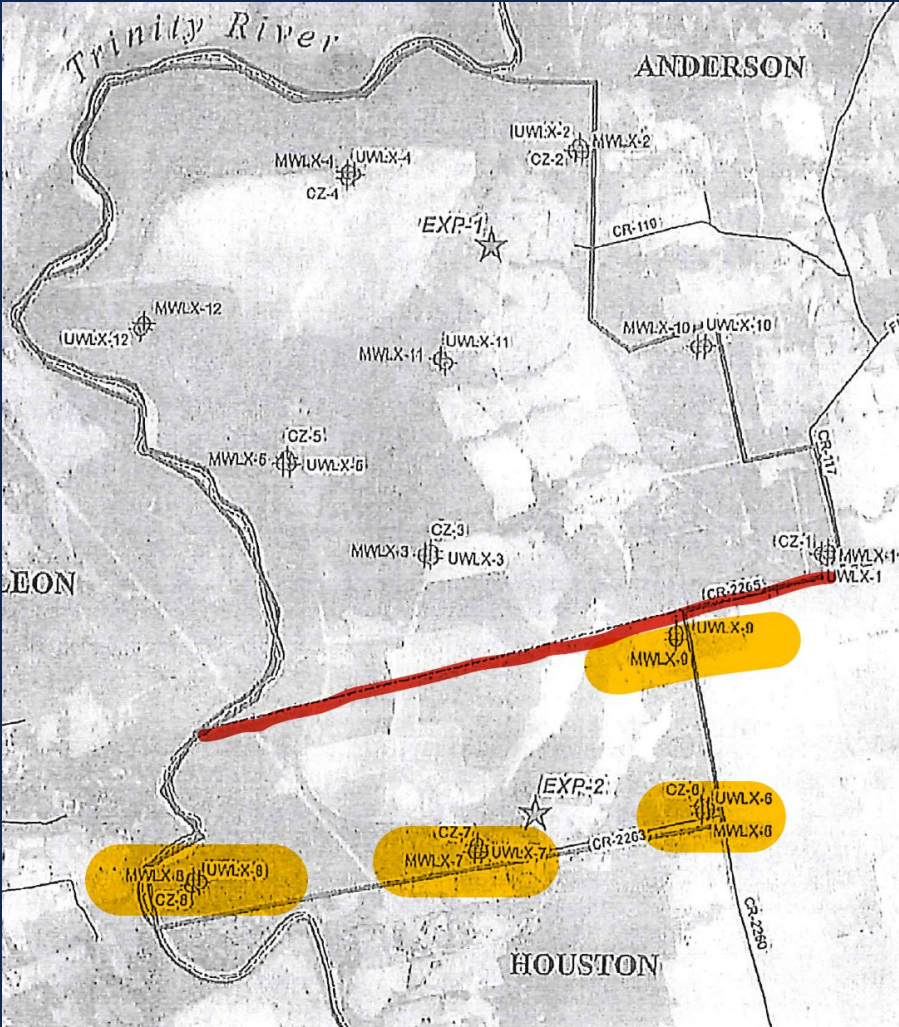
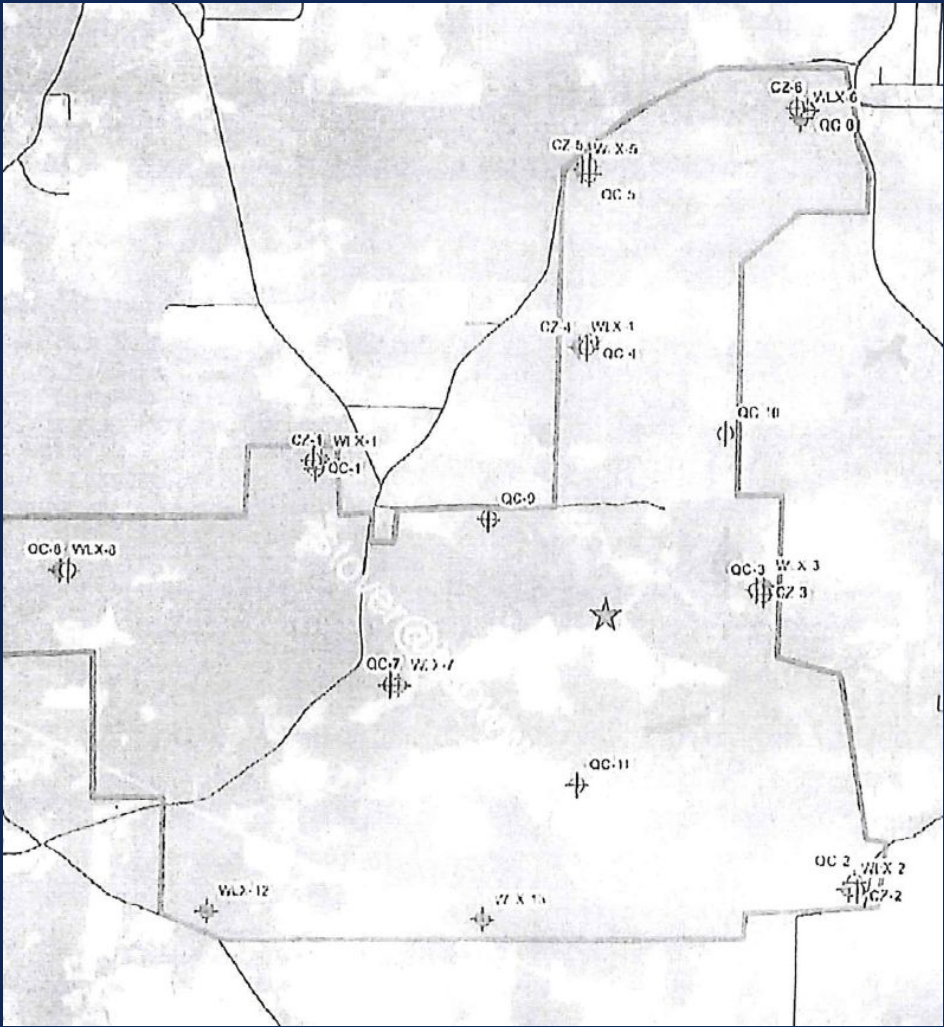
(1) register the well in accordance with rules promulgated by the district;

Sec. 36.111. RECORDS AND REPORTS.

(a) The district may require that records be kept and reports be made of the drilling, equipping, and completing of water wells and of the production and use of groundwater.

(b) In implementing Subsection (a), a district may adopt rules that require an owner or operator of a water well that is required to be registered with or permitted by the district, except for the owner or operator of a well that is exempt from permit requirements under Section 36.117(b)(1), to report groundwater withdrawals using reasonable and appropriate reporting methods and frequency.

REDTOWN RANCH LLC / PINE BLISS LLC APPLICATIONS



54 wells: 67,476 Acre-Feet/Year



TEXAS COMMISSION ON
ENVIRONMENTAL QUALITY

Groundwater Conservation Districts of Texas

