

October 18, 2018

State of New Mexico Oil Conservation Division
Attn: Phillip Goetze
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Grizzly SWD #1
Updated Location

Mr. Goetze:

Delaware Energy, LLC has amended the location for the Grizzly SWD #1. The enclosed packet has been re-sent to all affected persons. We have found that there are no new wells within the AOR and there has been no change to the affected person.

<u>Well:</u>	Grizzly SWD #1
<u>API:</u>	Pending
<u>Disposal Zone:</u>	Devonian Formations (from 13,420' - 14,420')
<u>Location:</u>	205' FSL & 765' FEL, UL P, Sec. 11-T24S-R27E, Eddy Co., NM
<u>Applicants Name:</u>	Delaware Energy, L.L.C.
<u>Applicants Address:</u>	405 N. Marienfeld, Suite 200, Midland, TX 79701

Please contact me if you have any questions at 432-685-7005 or 432-269-3789.

Sincerely,



Sarah Presley
Operations Manager

s.presley@delawareenergy.com

Delaware Energy, LLC
Application for Injection/SWD
Grizzly SWD #1

UL P, Sec. 11, T-24-S, R-27-E, 205' FSL & 765' FEL, Eddy Co., NM

October 18, 2018

Contents:

1. Administrative Application Checklist
2. Form C-108: Application for Authority to Inject
3. Form C-108 Additional Questions Answered
4. Form C-102
5. Chemical Analysis of Bone Spring Formation Water Sample
6. Chemical Analysis of Wolfcamp Formation Water Sample
7. Chemical Analysis of Delaware Formation Water Sample
8. Fresh water sample
9. Planned wellbore diagram for the Grizzly SWD #1
10. ~~Tabular Data on All Wells of Public Record within the Area of Review which Penetrate the Proposed Injection Zone~~ (No applicable wells)
11. Map Identifying all Wells and Leases within Two Miles of Any Proposed Injection Well with a One Mile Radius Circle Drawn Around the Proposed Injection Well
12. Sample of Letter Sent with This Application Packet to Owner of Surface of the Land on Which the Well is to be Located and to each Leasehold Operator within One Mile of the Well Location
13. Legal Notice that was run as required in the Carlsbad Current-ARGUS
14. Formation Tops
15. Certified Mailers
16. Seismicity Assessment

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: Delaware Energy, LLC **OGRID Number:** 371195
Well Name: Grizzly SWD#1 **API:** Pending
Pool: SWD; Devonian **Pool Code:** 96101

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

OCT 22 2018 PM 02:12

1) TYPE OF APPLICATION: Check those which apply for [A]

A. Location - Spacing Unit - Simultaneous Dedication

☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

2) NOTIFICATION REQUIRED TO: Check those which apply.

- A. ☒ Offset operators or lease holders
 B. ☐ Royalty, overriding royalty owners, revenue owners
 C. ☒ Application requires published notice
 D. ☒ Notification and/or concurrent approval by SLO
 E. ☐ Notification and/or concurrent approval by BLM
 F. ☒ Surface owner
 G. ☒ For all of the above, proof of notification or publication is attached, and/or,
 H. ☐ No notice required

FOR OCD ONLY

- ☐ Notice Complete
☐ Application Content Complete

3) CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Mike McCurdy

Print or Type Name

Signature

10/18/2018

Date

432-685-7005

Phone Number

m.mccurdy@delawareenergy.com

e-mail Address

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance _____ XXX _____ Disposal _____ Storage
Application qualifies for administrative approval? _____ XX _____ Yes _____ No
- II. OPERATOR: _____ Delaware Energy, LLC _____
ADDRESS: _____ 405 North Marienfeld, Suite 250, Midland TX 79701 _____
CONTACT PARTY: _____ Mike McCurdy _____ PHONE: _____ 432-312-5251 _____
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? _____ Yes _____ XXXX _____ No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: _____ Mike McCurdy _____ TITLE: _____ Vice-President _____
- SIGNATURE: _____ DATE: _____ 10/17/2018 _____
- E-MAIL ADDRESS: _____ m.mccurdy@delawareenergy.com _____
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

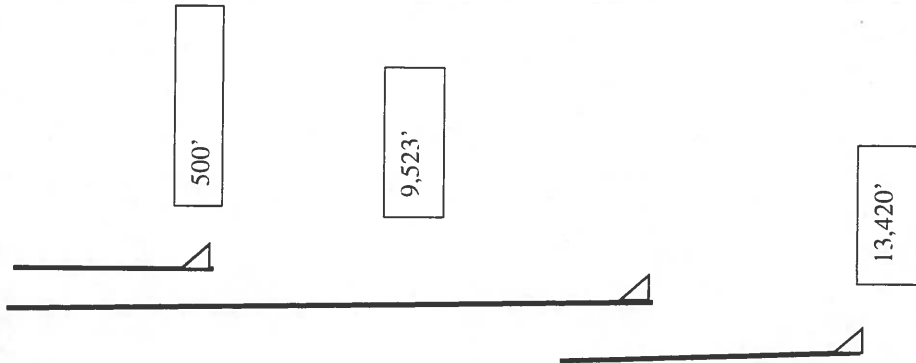
Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

INJECTION WELL DATA SHEET

OPERATOR: Delaware Energy, LLCWELL NAME & NUMBER: Grizzly SWD # 1WELL LOCATION: 205' FSL & 765' FEL P 11 24S 27E
FOOTAGE LOCATION SECTION TOWNSHIP RANGEWELLBORE SCHEMATIC see attached wellbore sketchWELL CONSTRUCTION DATASurface CasingHole Size: 17.5" Casing Size: 13-3/8", 54.5#
Cemented with: 500 sx. or ft³Top of Cement: surface Method Determined: Plan to CirculateIntermediate CasingHole Size: 12-1/4" Casing Size: 9-5/8", 47#, L-80
Cemented with: 2,500' sx. or ft³Top of Cement: surface Method Determined: Plan to CirculateProduction CasingHole Size: 8-1/2" Casing Size: 7-5/8", 39#, P-110
Cemented with: 650 sx. or ft³Top of Cement: Top of Liner Method Determined: Plan to Circulate to liner topTotal Depth: 14,420'Injection Interval13,420' feet to 14,420'
(OPEN HOLE)

INJECTION WELL DATA SHEETTubing Size: 5.5" BTC x 5.5" Flush Joint Lining Material: Fiber GlassType of Packer: Weatherford Arrow Set 1XPacker Setting Depth: 13,370'Other Type of Tubing/Casing Seal (if applicable): noneAdditional Data

1. Is this a new well drilled for injection? XXXXXX Yes No
 If no, for what purpose was the well originally drilled? N/A

2. Name of the Injection Formation: Devonian3. Name of Field or Pool (if applicable): SWD; Devonian4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. N/A

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: _____

Below: none

Next Higher: Delaware 4,200' - 5,770'; Bone Springs 6,272' - 8,720'; Wolfcamp 8,720' - 10,900'; Strawn 10,930-11,070', Atoka 11,070' - 11,770'; Morrow 11,770' - 12,600'.

VII.

1. Proposed average and maximum daily rate and volume of fluids to be injected;

Average 15,000-20,000 BWPD, Max 25,000 BWPD

2. Whether the system is open or closed;

Open System, Commercial SWD

3. Proposed average and maximum injection pressure;

Average 1,500-2,400 PSI, Max 2,684 PSI

4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,

Bone Spring, Delaware, and Wolfcamp produced water. No known incompatibility exists with these produced water types and the Devonian. Devonian formation is used as a disposal interval throughout the Delaware Basin for Wolfcamp, Bone Springs, and Delaware produced water. See attached water analysis from Bone Spring, Wolfcamp, and Delaware produced water.

5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

Disposal zone produces water and no hydrocarbons, nearby Devonian test wells have only tested water in DST's. Nearby Top Gun SWD tested Sulphur water.

***VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.**

The proposed disposal interval is in the Devonian formation 13,420'-14,420'. Devonian is an impermeable organic Shale at the very top (13,320 ft, Woodford Shale) 100ft thick followed by permeable lime, dolomite, and small amount of shale 1000ft thick. There are no fresh water zones underlying the proposed injection zone. Usable water depth is from surface to +/- 150', the water source is older alluvium (Quaternary). All the fresh water wells in the area have an average depth to water of 150ft.

IX. Describe the proposed stimulation program, if any.

60,000 gallons 20% HCL acid job with packer

X. Attach appropriate logging and test data on the well

Mud log will be filed after the well has been drilled. All cased hole and open hole Logs will be filed following drilling operations.

XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

No active water wells are in section 11, two water wells are location in section 12 within 1 mile. These wells are located on private property and no sample was obtained from these wells.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

Delaware Energy, L.L.C. has reviewed and examined available geologic and engineering data in the area of interest for the Grizzly SWD #1 and have found no evidence of faults or other hydrologic connections between Devonian disposal zone and the underground sources of drinking water. Furthermore, there exist many impermeable intervals between the injection interval and the fresh ground water from the top of the Devonian Carbonate and the base of the ground water.

Mike McCurdy

Vice President

10/17/2018

Title

Date

III. WELL DATA

(1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.

Grizzly SWD #1, Sec. 11-T24S-R27E, 205' FSL & 765' FEL, UL P, Eddy County, New Mexico

(2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.

Casing Size	Setting Depth	Sacks of Cement	Hole Size	Top of Cement	Determined
13-3/8"	500'	500	17-1/2"	Surface	CIRC
9-5/8"	9,523'	2500	12-1/4"	Surface	CIRC
7-5/8"	9,323'-13,420'	650	8-1/2"	Surface	CIRC

(3) A description of the tubing to be used including its size, lining material, and setting depth.

5-1/2" BTC X 5-1/2" Flush Joint, Internally Fiber Glass Coated Tubing set 50 to 100ft above open hole

(4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Weatherford Arrow Set 1X injection packer, nickel plated with on/off tool

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

(1) The name of the injection formation and, if applicable, the field or pool name.

Devonian Formation

Pool Name: SWD (Devonian)

(2) The injection interval and whether it is perforated or open-hole.

13,420' to 14,420' (Open hole)

(3) State if the well was drilled for injection or, if not, the original purpose of the well.

Well is a planned new drill for SWD

(4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.

None, well is a planned new drill

(5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

Next Higher: Delaware 4,200' – 5,770'; Bone Springs 6,272'-8,720'; Wolfcamp 8,720'- 10,900'; Strawn 10,930-11,070', Atoka 11,070'-11,770'; Morrow 11,770' – 12,600'

Next Lower: None

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone (575) 748-1253 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 96101	Pool Name SWD; DEVONIAN
Property Code	Property Name GRIZZLY SWD	Well Number 1
OGRID No. 371195	Operator Name DELAWARE ENERGY	Elevation 3119'

Surface Location

UL or lot No. P	Section 11	Township 24 S	Range 27 E	Lot Idn	Feet from the 205	North/South line SOUTH	Feet from the 765	East/West line EAST	County EDDY
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

N:450881.8 E:591935.4 (NAD 83)				N:450930.6 E:597132.7 (NAD 83)
SURFACE LOCATION Lat - N 32.22548278° Long - W 104.15533593° NMSPC- N 445810.0 E 596379.1 (NAD-83)				
N:445538.9 E:591872.5 (NAD 83)				


OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

 10/17/18
Signature Date
SARAH PRESLEY
Printed Name
s.presley@delawareenergy.com
Email Address

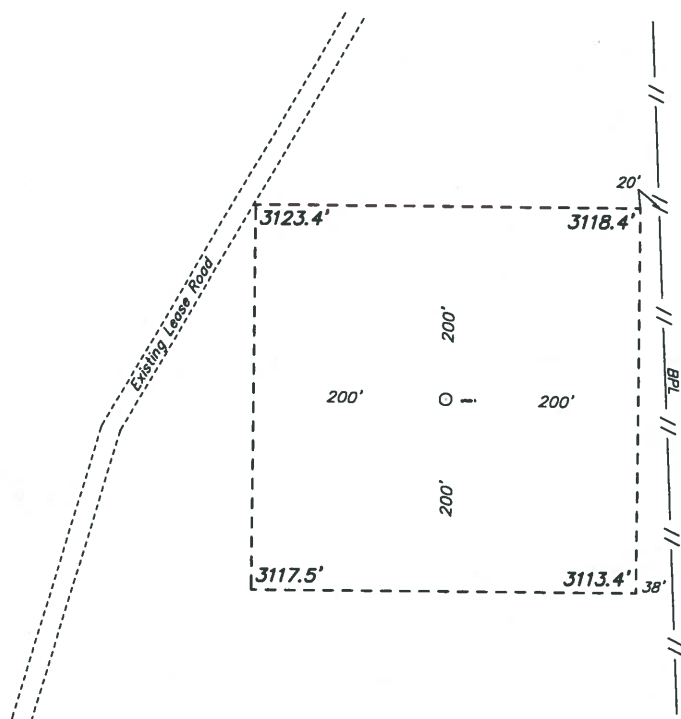
SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

AUGUST 16, 2018
Date Surveyed
Signature & Seal of Professional Surveyor

Certificate No. Gary L. Jones 7977
BASED SURVEY

0' 500' 1000' 1500' 2000'
N:445616.2 SCALE: 1" = 1000'
E:597144.7 WO Num.: 33988
(NAD 83)

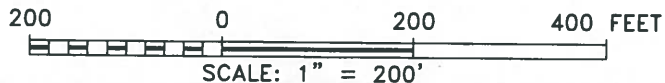
**SECTION 11, TOWNSHIP 24 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**



**GRIZZLY SWD #1
ELEV. - 3119'**

Lat - N 32.22548278°
Long - W 104.15533593°
NMSPCE- N 445810.0
E 596379.1
(NAD-83)

CARLSBAD, NM IS ±10 MILES TO THE NORTH OF LOCATION.



DELAWARE ENERGY

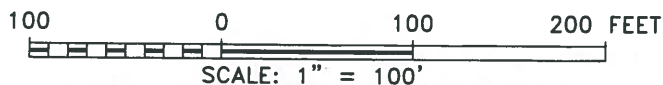
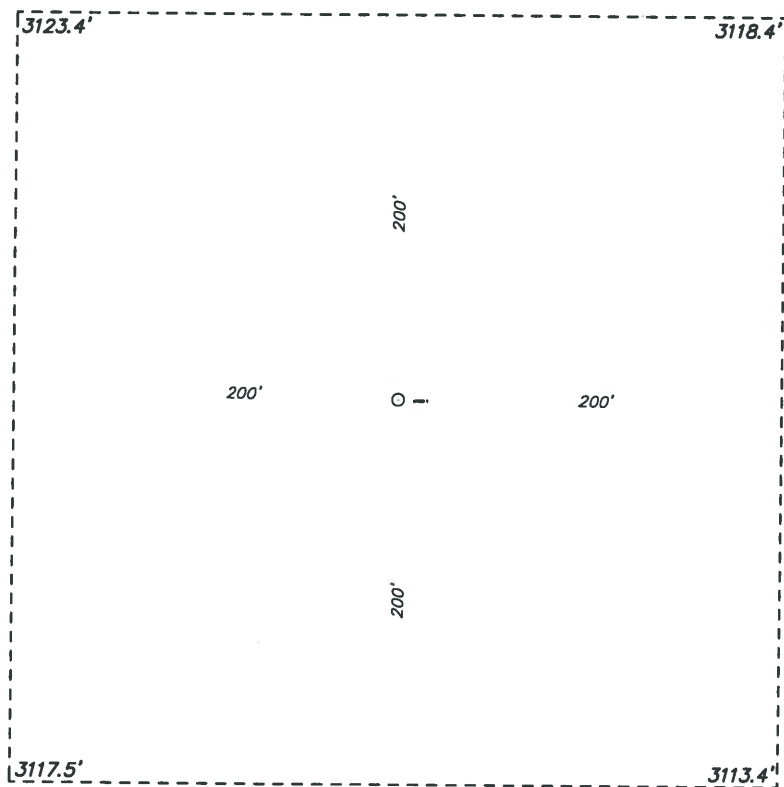
REF: GRIZZLY SWD #1 / WELL PAD TOPO

THE GRIZZLY SWD #1 LOCATED 205' FROM
THE SOUTH LINE AND 205' FROM THE EAST LINE OF
SECTION 11, TOWNSHIP 24 SOUTH, RANGE 27 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.



P.O. Box 11788 (575) 392-7318 - Office
1120 N. West County Rd. (575) 392-2206 - Fax
Hobbs, New Mexico 88241 basin-surveys.com

**SECTION 11, TOWNSHIP 24 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**



DELAWARE ENERGY

REF: GRIZZLY SWD #1 / WELL PAD • TOPO

*THE GRIZZLY SWD #1 LOCATED 205' FROM
THE SOUTH LINE AND 765' FROM THE EAST LINE OF
SECTION 11, TOWNSHIP 24 SOUTH, RANGE 27 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.*

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surveys**

focused on excellence in the oilfield
P.O. Box 1785
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

W.O. Number: 33988

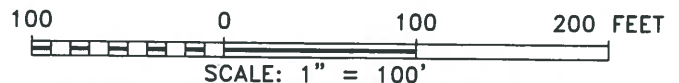
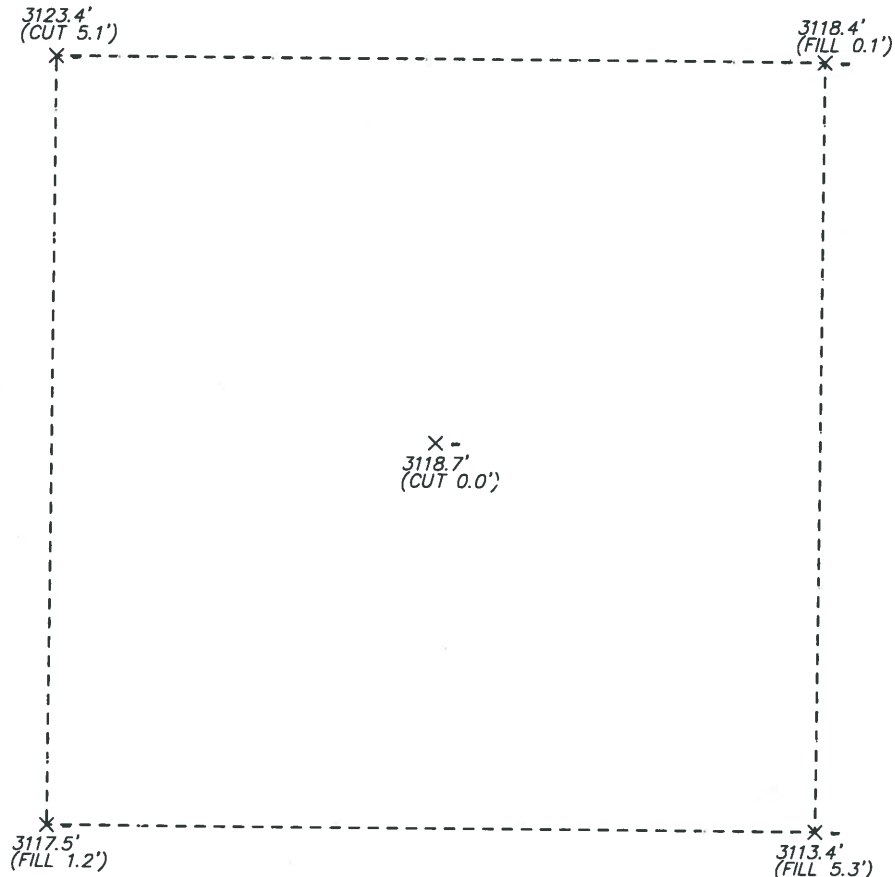
Drawn By: K. GOAD

Date: 08-31-2018

Survey Date: 08-16-2018

Sheet 1 of 1 Sheets

**SECTION 11, TOWNSHIP 24 SOUTH, RANGE 27 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**



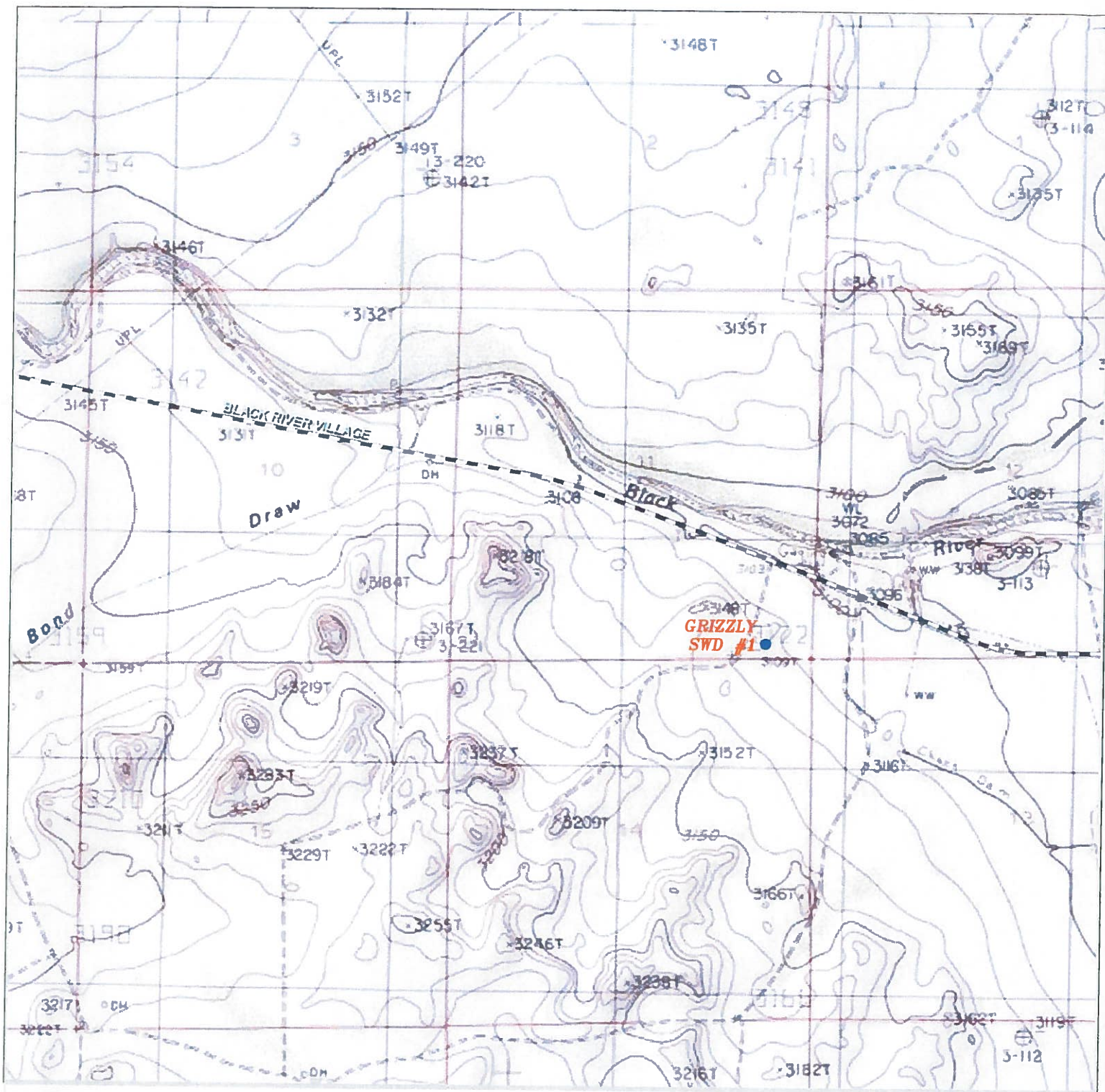
DELAWARE ENERGY

REF: GRIZZLY SWD #1 / CUT & FILL

THE GRIZZLY SWD #1 LOCATED 205' FROM
THE SOUTH LINE AND 765' FROM THE EAST LINE OF
SECTION 11, TOWNSHIP 24 SOUTH, RANGE 27 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

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P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com



GRIZZLY SWD #1

Located 205' FSL & 765' FEL
 Section 11, Township 24 South, Range 27 East,
 N.M.P.M., Eddy County, New Mexico.

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P.O. Box 1788
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2208 - Fax
 basin-surveys.com

0' 1000' 2000' 3000' 4000'
 SCALE: 1" = 2000'

W.D. Number A.G. - 33956

Survey Date 08-16-2018

YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND



DELAWARE
ENERGY



GRIZZLY SWD #1

Located 205' FSL & 765' FEL
 Section 11, Township 24 South, Range 27 East,
 N.M.P.M., Eddy County, New Mexico.

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P.O. Box 1788
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basin-surveys.com

0' 1000' 2000' 3000' 4000'

SCALE: 1" = 2000'

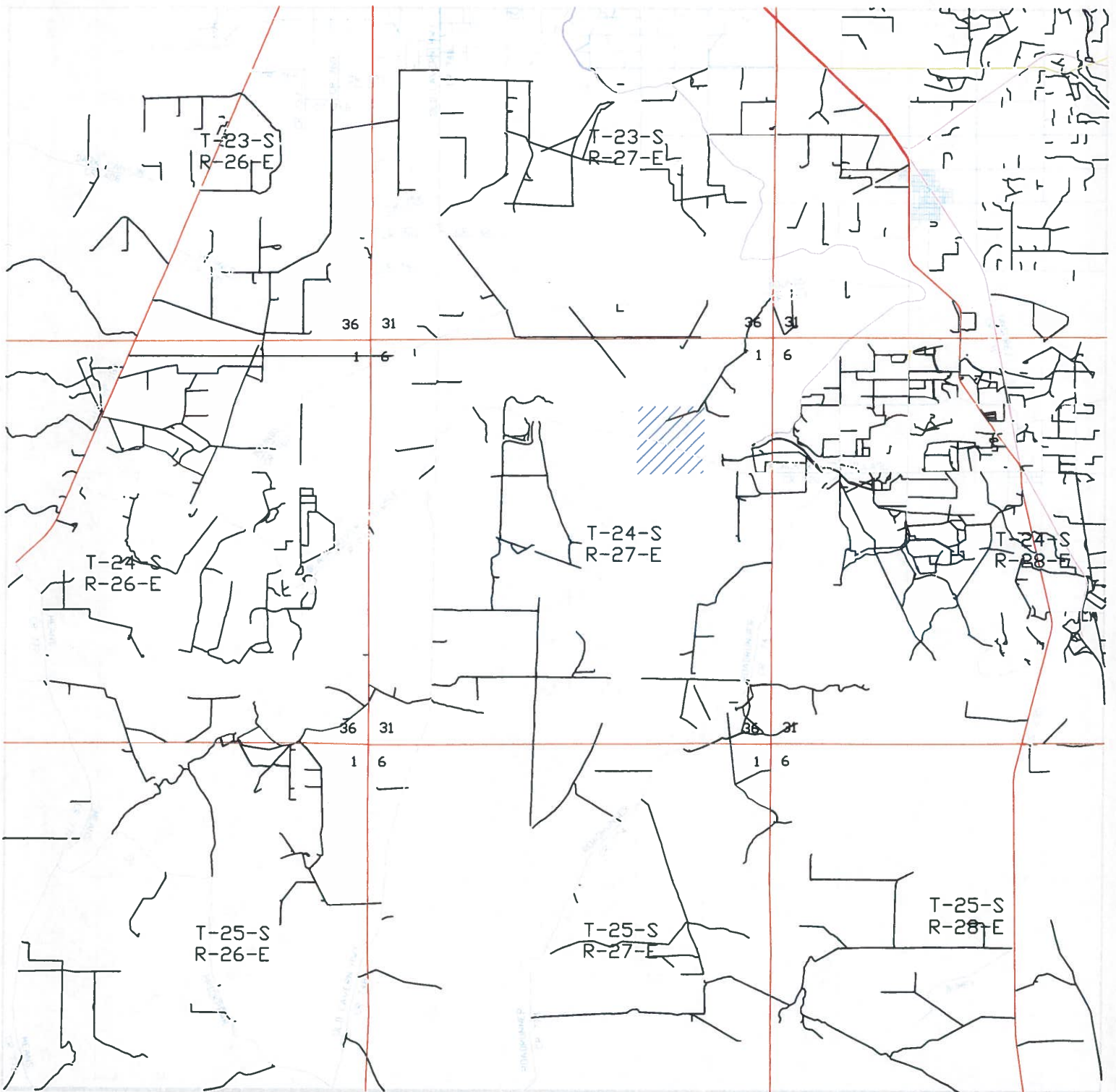
W.O. Number: MUD - 33988

Survey Date: 08-15-2015

YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND



DELAWARE
ENERGY



GRIZZLY SWD #1

Located 205' FSI & 765' FFL
 Section 11, Township 24 South, Range 27 East,
 N.M.P.M., Eddy County, New Mexico.

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 in the oilfield

P.O. Box 1788
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2208 - Fax
 basin-surveys.com

0 1 MI 2 MI 3 MI 4 MI
 SCALE: 1" = 1 MILE
 W.O. Number: KUG 53888
 Survey Date: 08-16-2013
 YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND



DELAWARE
ENERGY

Sec 22, T25S, R28E

North Permian Basin Region

P.O. Box 740

Sundown, TX 79372-0740

(806) 229-8121

Lab Team Leader - Shella Hernandez

(432) 495-7240

Bone Spring

Water Analysis Report by Baker Petrolite

Company:

Region:

PERMIAN BASIN

Area:

ARTESIA, NM

Lease/Platform:

PINOCHLE 'BPN' STATE COM

Entlty (or well #):

2 H

Formation:

UNKNOWN

Sample Point:

WELLHEAD

Sales RDT:

33514.1

Account Manager:

TONY HERNANDEZ (575) 910-7135

Sample #:

534665

Analysis ID #:

106795

Analysis Cost:

\$90.00

Summary		Analysis of Sample 534665 @ 75 F					
Sampling Date:	03/10/11	Anions		mg/l	meq/l	Cations	
Analysis Date:	03/18/11	Chloride:		109618.0	3091.92	Sodium:	
Analyst:	SANDRA GOMEZ	Bicarbonate:		2135.0	34.99	Magnesium:	
TDS (mg/l or g/m3):	184911.1	Carbonate:		0.0	0.	Calcium:	
Density (g/cm3, tonne/m3):	1.113	Sulfate:		747.0	15.55	Strontium:	
Anion/Cation Ratio:	1	Phosphate:				Barium:	
		Borate:				Iron:	
		Silicate:				Potassium:	
Carbon Dioxide:	0.50 PPM	Hydrogen Sulfide:			0 PPM	Aluminum:	
Oxygen:		pH at time of sampling:			7	Chromium:	
Comments:		pH at time of analysis:				Copper:	
		pH used in Calculation:			7	Lead:	
						Manganese:	
						Nickel:	

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ ·2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	1.08	188.52	-1.20	0.00	-1.18	0.00	-0.11	0.00	0.56	0.29	1.72
100	0	1.10	208.05	-1.29	0.00	-1.20	0.00	-0.15	0.00	0.35	0.29	2.35
120	0	1.12	224.17	-1.36	0.00	-1.19	0.00	-0.17	0.00	0.16	0.00	3.17
140	0	1.13	243.17	-1.42	0.00	-1.18	0.00	-0.18	0.00	0.00	0.00	4.21

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

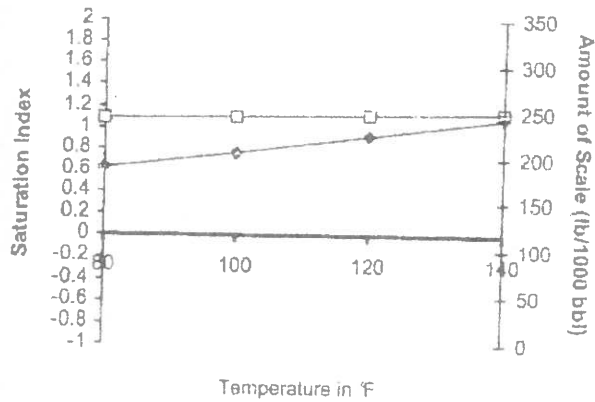
Note 3: The reported CO₂ pressure is actually the calculated CO₂ fugacity. It is usually nearly the same as the CO₂ partial pressure.

Scale Predictions from Baker Petrolite

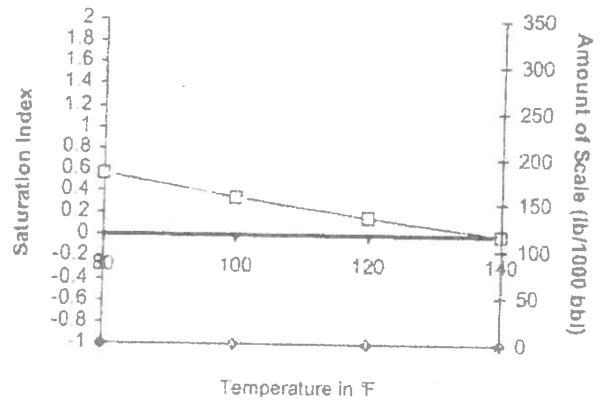
Analysis of Sample 534665 @ 75 °F for

03/18/11

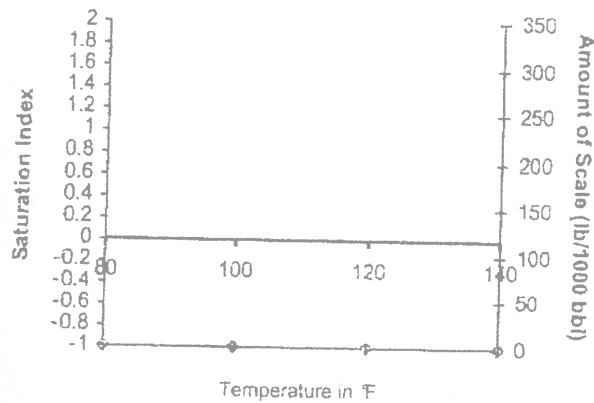
Calcite - CaCO_3



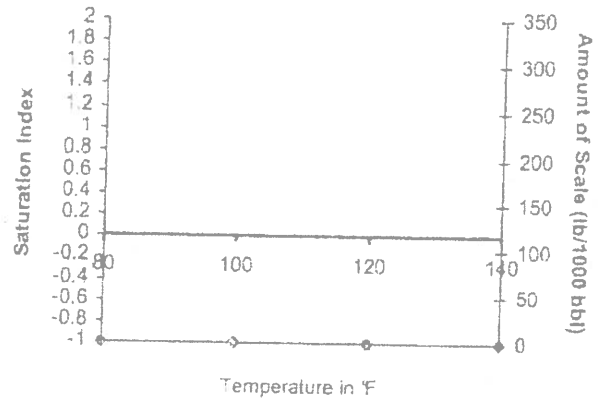
Barite - BaSO_4



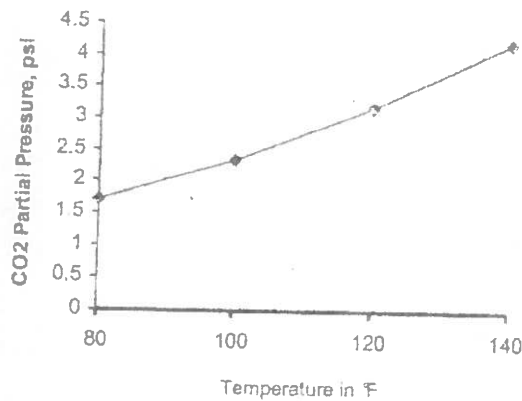
Gypsum - $\text{CaSO}_4 \cdot 2\text{H}_2\text{O}$



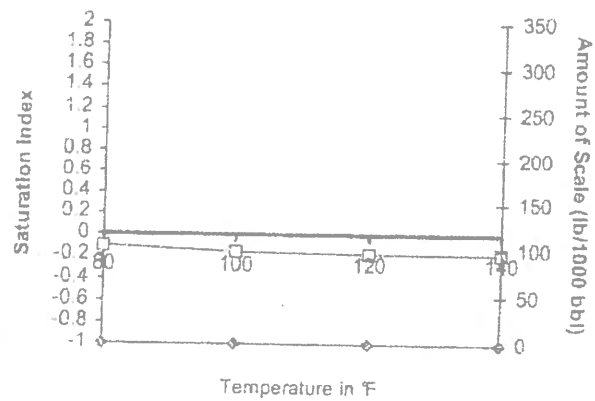
Anhydrite - CaSO_4



Carbon Dioxide Partial Pressure



Celestite - SrSO_4



Wolftcamp



Water Analysis

Date: 23-Aug-11

2708 West County Road, Hobbs NM 88240

Phone (575) 392-5556 Fax (575) 392-7307

Analyzed For

Brushy Draw 1#1

Company	Well Name	County	State
	BD	Lea	New Mexico

Sample Source Swab Sample Sample # 1-265-25C

Formation Depth

Specific Gravity	1.170	SG @ 60 °F	1.172
pH	6.30	Sulfides	Absent
Temperature (°F)	70	Reducing Agents	

Cations

Sodium (Calc)	in Mg/L	77,962	in PPM	66,520
Calcium	in Mg/L	4,000	in PPM	3,413
Magnesium	in Mg/L	1,200	in PPM	1,024
Soluble Iron (FE2)	in Mg/L	10.0	in PPM	9

Anions

Chlorides	in Mg/L	130,000	in PPM	110,922
Sulfates	in Mg/L	250	in PPM	213
Bicarbonates	in Mg/L	127	in PPM	108
Total Hardness (as CaCO3)	in Mg/L	15,000	in PPM	12,799
Total Dissolved Solids (Calc)	in Mg/L	213,549	in PPM	182,209
Equivalent NaCl Concentration	in Mg/L	182,868	in PPM	156,031

Scaling Tendencies

*Calcium Carbonate Index 507,520

Below 500,000 Remote / 500,000 - 1,000,000 Possible / Above 1,000,000 Probable

*Calcium Sulfate (Gyp) Index 1,000,000

Below 500,000 Remote / 500,000 - 10,000,000 Possible / Above 10,000,000 Probable

*This Calculation is only an approximation and is only valid before treatment of a well or several weeks after treatment.

Remarks RW=.048@70F

Report # 3188



PRODUCTION DEPARTMENT

MILLER CHEMICALS, INC.

Post Office Box 298
 Artesia, N.M. 88211-0298
 (505) 746-1919 Artesia Office
 (505) 392-2893 Hobbs Office
 (505) 746-1918 Fax
 mci@plateautel.net

Delaware Brushy Canyon
 WATER ANALYSIS REPORT

Company :
 Address :
 Lease : LOVING "AIB"
 Well : #15
 Sample Pt. : WELLHEAD

Date : MARCH 17, 2008
 Date Sampled : MARCH 17, 2008
 Analysis No. :

ANALYSIS		mg/L	* meq/L
1. pH	6.0		
2. H2S	0		
3. Specific Gravity	1.070		
4. Total Dissolved Solids		304684.9	
5. Suspended Solids		NR	
6. Dissolved Oxygen		NR	
7. Dissolved CO2		NR	
8. Oil In Water		NR	
9. Phenolphthalein Alkalinity (CaCO3)			
10. Methyl Orange Alkalinity (CaCO3)			
11. Bicarbonate	HCO3	927.0	HCO3 15.2
12. Chloride	Cl	187440.0	Cl 5287.4
13. Sulfate	SO4	500.0	SO4 10.4
14. Calcium	Ca	37200.0	Ca 1856.3
15. Magnesium	Mg	996.3	Mg 82.0
16. Sodium (calculated)	Na	77586.6	Na 3374.8
17. Iron	Fe	35.0	
18. Barium	Ba	NR	
19. Strontium	Sr	NR	
20. Total Hardness (CaCO3)		97000.0	

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter	Compound	Equiv wt X meq/L	= mg/L
1856 *Ca <----- *HCO3 15	Ca(HCO3)2	81.0	15.2 1231
/----->	CaSO4	68.1	10.4 709
82 *Mg -----> *SO4 10	CaCl2	55.5	1830.7 101584
<-----/	Mg(HCO3)2	73.2	
3375 *Na -----> *Cl 5287	MgSO4	60.2	
+-----+	MgCl2	47.6	82.0 3902
Saturation Values Dist. Water 20 C	NaHCO3	84.0	
CaCO3 13 mg/L	Na2SO4	71.0	
CaSO4 * 2H2O 2090 mg/L	NaCl	58.4	3374.8 197223
BaSO4 2.4 mg/L			

REMARKS:



P.O. Box 3394, Midland, Texas 79702
Phone (432) 684-4233 Fax (432) 684-4277

Water Analysis

Code 209055

Client Information

Sample Information

Delaware Energy		Lease/Well:	Grizzly/SWD #1
County:	Eddy	Sample Point:	
Rep:	Lanston Cottrell	Date Sampled:	08/22/2018
		Date Reported:	08/24/2018

Results

Cations

Ion	Concentration(mg/L)
Barium (as Ba)	0
Calcium (as Ca)	277
Iron (as Fe)	0
Sodium (as Na)	22
Magnesium (as Mg)	30

Other Measurements

Measurement	Value
pH	7.74
SG	1.002
Turbidity	10
CO ₂	
Total Dissolved Solids	1192.000

Anions

Ion	Concentration(mg/L)
Chlorides (as Cl)	44
Sulfate (as SO ₄)	624
Carbonate (as CO ₃)	0
Bicarbonates (as HCO ₃)	195
Sulfide (as S ²⁻)	0

Scaling Indices

Temp(F)	CaCO ₃	CaSO ₄ *2H ₂ O	CaSO ₄	BaSO ₄
80	1.0153	0.0000	0.0000	-27.8327
120	1.3339	0.0000	0.0000	-28.0411
160	1.6887	0.0000	0.0000	-28.1564
200	2.0104	0.0000	0.0000	-28.2016
250	2.3086	0.0000	0.0000	-28.1787

Low = < 0.200, Moderate = 0.200-0.999, High = > 1.00

Comments

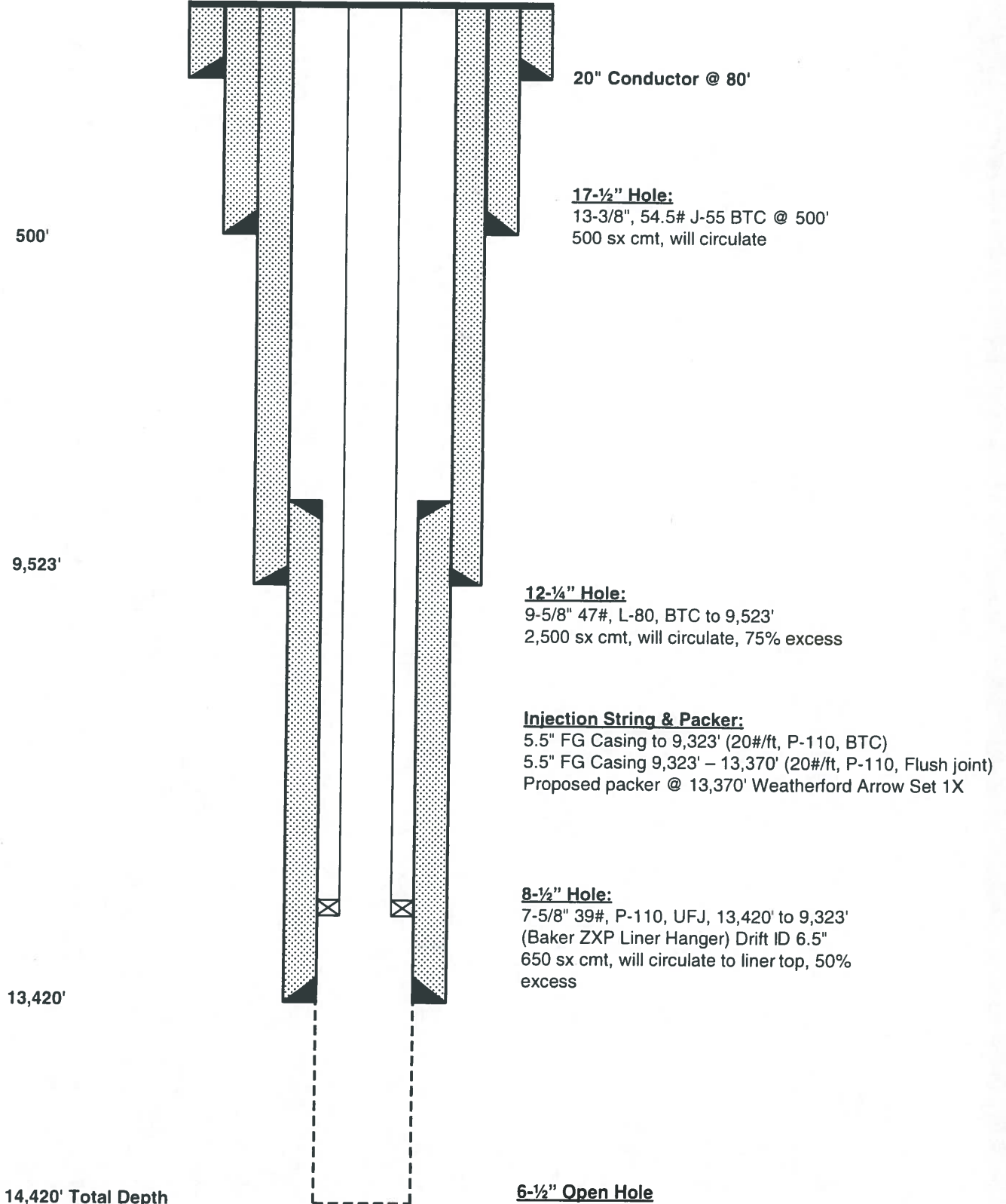
Grizzly SWD # 1

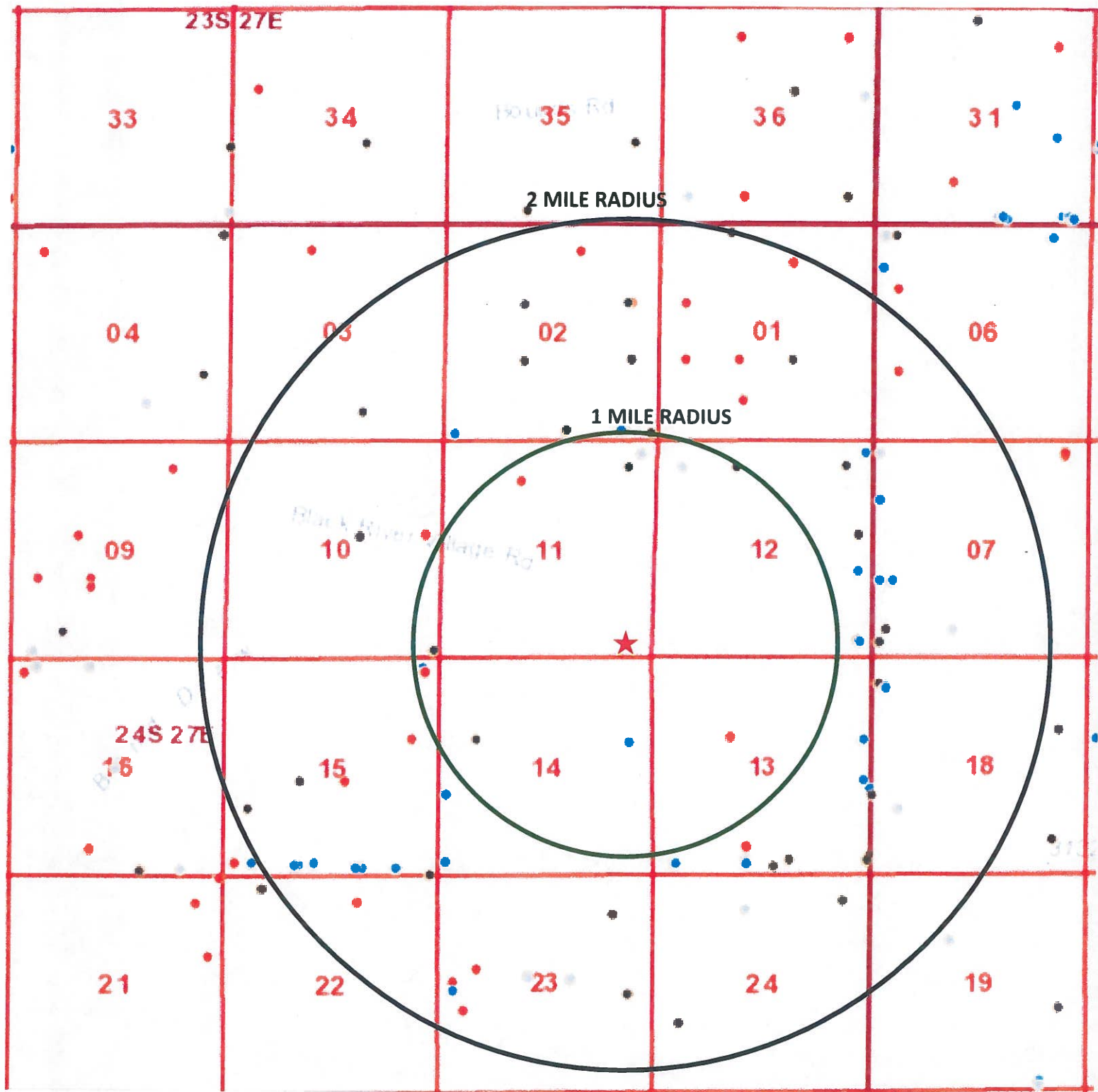
API # PENDING
205' FSL & 765' FEL, Sec. 11, T24S, R27E
EDDY COUNTY, NEW MEXICO

ELEVATION:

GL: 3,119'

PROPOSED WELLBORE





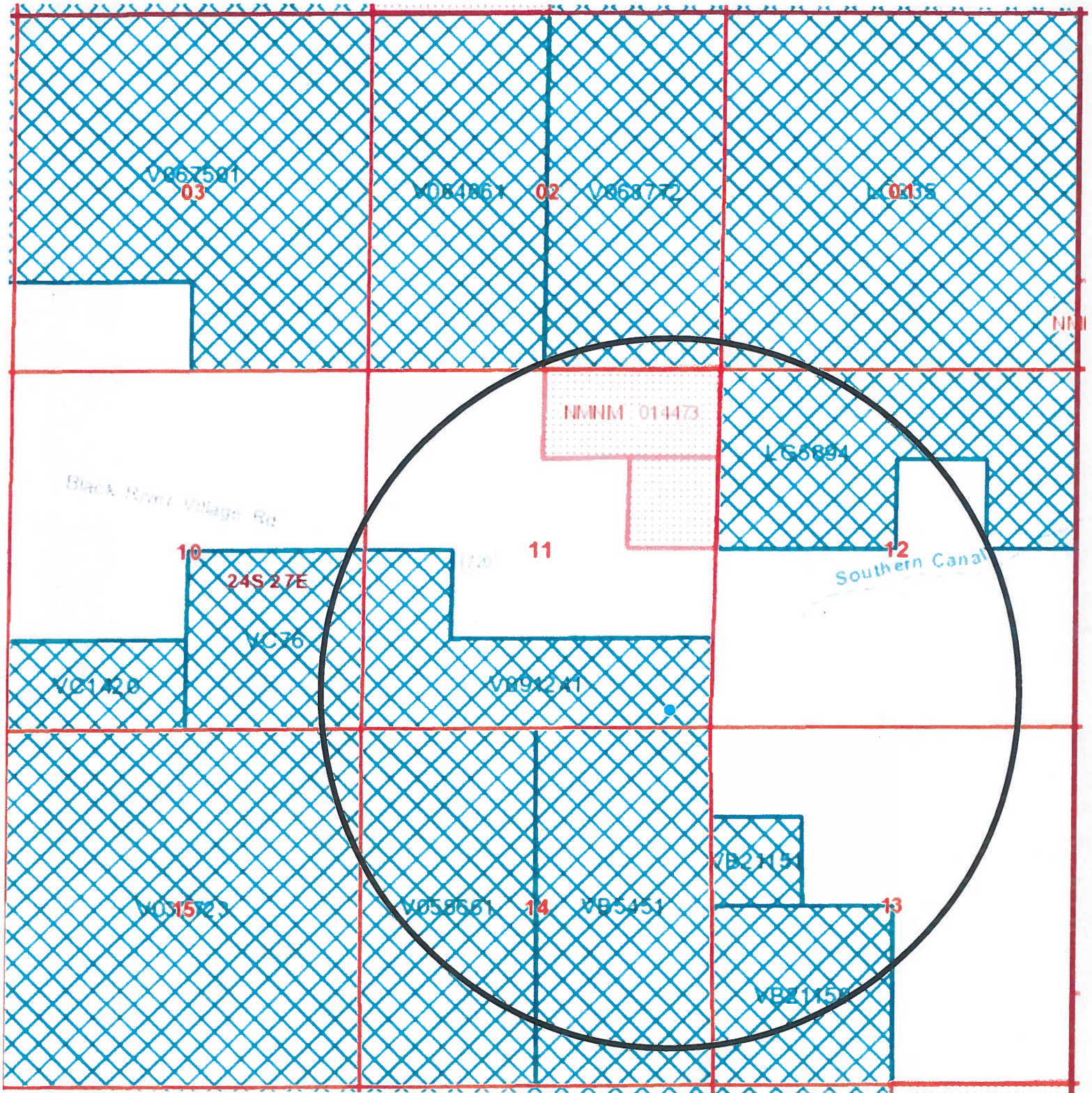
WELLS - ONE MILE RADIUS

NO WELLS PENETRATE THE DEVONIAN FORMATION IN THE AOR

SECTION 11-T24S-R27E



Grizzly SWD #1
(Proposed Location)
Delaware Energy, LLC



LEASES – ONE MILE RADIUS

SECTION 1-T24S-R27E

- STATE

SECTION 2-T24S-R27E

- STATE

SECTION 10-T24S-R27E

- FEE & STATE

SECTION 11-T24S-R27E

- FEE, STATE & FEDERAL

SECTION 12-T24S-R27E

- FEE & STATE

SECTION 12-T24S-R27E

- FEE & STATE

SECTION 13-T24S-R27E

- FEE & STATE

SECTION 14-T24S-R27E

- STATE

SECTION 15-T24S-R27E

- STATE

SECTION 1-T24S-R27E

- Chevron USA Inc.
6301 Deauville Blvd.
Midland, TX 79706

SECTION 2-T24S-R27E

- Marathon Oil Permian, LLC
5555 San Felipe Street
Houston, TX 77056-2723
- Mewbourne Oil Co.
P.O. Box 7698
Tyler, TX 75711

SECTION 3-T24S-R27E

- COG Operating, LLC
600 W. Illinois
Midland, TX 79701

SECTION 10-T24S-R27E

- EOG Resources, Inc.
5509 Champions Dr.
Midland, TX 79706
- Falconer Resources 1999
P.O. Box 7995
Tyler, TX 75701
- Ascent Energy, LLC
1621 18th St., Suite 200
Denver, CO 80202

SECTION 11-T24S-R27E

- COG Operating, LLC
600 W. Illinois
Midland, TX 79701
- Mewbourne Oil Co.
P.O. Box 7698
Tyler, TX 75711
- Read & Stevens Inc.
400 N. Pennsylvania Ave.
Roswell, NM 88201

SECTION 12-T24S-R27E

- Mewbourne Oil Co.
P.O. Box 7698
Tyler, TX 75711
- Matador Resources, Inc.
5400 LBJ Fwy, Suite 1500
Dallas, TX 75240

SECTION 13-T24S-R27E

- Featherstone Development Corp.
601 N. Marienfeld, Suite 202
Midland, TX 79701
- MRC Permian
One Lincoln Centre
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240
- COG Operating, LLC
600 W. Illinois
Midland, TX 79701

SECTION 14-T24S-R27E

- EOG Resources, Inc.
5509 Champions Dr.
Midland, TX 79706

SECTION 15-T24S-R27E

- Marathon Oil Permian, LLC
5555 San Felipe Street
Houston, TX 77056-2723

Delaware Energy, L.L.C.
405 N. Marienfeld, Suite 250
Midland, TX 79701
Office: (432) 685-7005

October 17, 2018

Surface Owner / Offset Operators

Re: Notification of **UPDATED LOCATION** Application for Authorization to Inject
Grizzly SWD #1 Well. Originally sent 5/9/18

Ladies and Gentlemen:

Delaware Energy, LLC is seeking administrative approval to utilize the proposed Grizzly SWD #1 as a commercial Salt Water Disposal well. As required by the New Mexico Oil Conservation Division Rules, we are notifying you of the following proposed salt water disposal well. This letter is a notice only. No action is required unless you have questions or objections.

<u>Well:</u>	Grizzly SWD #1
<u>Proposed Disposal Zone:</u>	Devonian Formation (from 13,420' - 14,420')
<u>Location:</u>	205' FSL & 765' FEL, UL P, Sec. 11, T24S, R27E, Eddy Co., NM
<u>Applicants Name:</u>	Delaware Energy, L.L.C.
<u>Applicants Address:</u>	405 N. Marienfeld, Suite 250, Midland, TX 79701

This application for water disposal well will be filed with the New Mexico Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Conservation Division address is 1220 South St. Francis Dr., Santa Fe, NM 87505. And their phone number is 505-476-3460.

Please call Mike McCurdy with Delaware Energy, LLC if you have any questions at 432-685-7005.

Sincerely,



Sarah Presley

DISTRIBUTION LIST

Surface Owner:

State of New Mexico
310 Old Santa Fe Trail
Santa Fe, NM 87501

Offset Operators/Leasehold Owners:

Mewbourne Oil Co.
P.O. Box 7698
Tyler, TX 75711

Marathon Oil Permian, LLC
5555 San Felipe Street
Houston, TX 77056-2723

EOG Resources Inc.
5509 Champions Dr.
Midland, TX 79706

COG Operating, LLC
600 W. Illinois
Midland, TX 79701

Chevron USA Inc.
6301 Deauville Blvd.
Midland, TX 79706

Faulconer Resources 1999
P.O. Box 7995
Tyler, TX 75701

Ascent Energy, LLC
1621 18th St., Suite 200
Denver, CO 80202

Read & Stevens Inc.
400 N. Pennsylvania Ave.
Roswell, NM 88201

Matador Resources, Inc.
5400 LBJ Fwy, Suite 1500
Dallas, TX 75240

Featherstone Development Corp.
601 N. Marienfeld, Suite 202
Midland, TX 79701

State of New Mexico Oil Conservation Division
District II
811 S. First St.
Artesia, NM 88210

State of New Mexico Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

CURRENT-ARGUS

AFFIDAVIT OF PUBLICATION

Ad No.
0001261206


DELAWARE ENERGY
405 N. MARIENFELD, STE 200
MIDLAND TX 79701

I, a legal clerk of the **Carlsbad Current-Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

09/13/18


Legal Clerk

Subscribed and sworn before me this
13th of September 2018.


State of WI, County of Brown
NOTARY PUBLIC

TARA MONDLOCH
Notary Public
State of Wisconsin


My Commission Expires

LEGAL NOTICE

Delaware Energy, L.L.C., 405 N. Marienfeld St. Suite 250, Midland, TX 79701, has filed a form C-108 (Application for Authorization to Inject) with the Oil Conservation Division seeking administrative approval to drill the Grizzly SWD #1 as a Commercial Salt Water Disposal well. The Grizzly SWD #1's UPDATED LOCATION is at 205' FSL and 765' FEL, Unit Letter P, Section 11, Township 24 South, Range 27 East, Eddy County, New Mexico. The well will dispose of water produced from oil and gas wells into the Devonian Formation from 13,420' to 14,420' at a maximum rate of 25,000 barrels of water per day at a maximum pressure of 2,664 psi. Interested parties must file objections or requests for hearing with the Oil Conservations Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days. Additional information can be obtained by contacting Delaware Energy, L.L.C., at (432) 685-7005.

Grizzly SWD #1**Location: Sec. 11, T-24S, R-27E, UL P****Estimated Pre-Drill Formation Tops**

Top of Salt	570'
Base Salt	2,020'
Delaware – Bell Canyon	2,220'
Bone Spring	5,770'
Wolfcamp	8,720'
Strawn	10,930'
Atoka	11,070'
Morrow	11,770'
Mississippian	12,970'
Woodford	13,320'
Devonian	13,420'

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 10 Dista Drive 181-W
 City, State, ZIP+4®
 Midland, TX 79705

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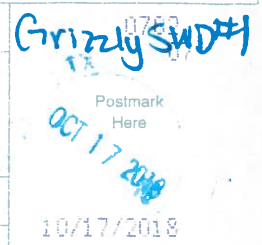
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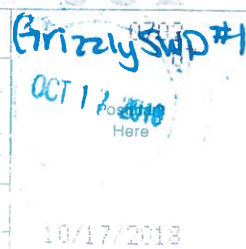
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 Street and Apt. No., or PO Box No.
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 City, State, ZIP+4®
 Denver, CO 80202

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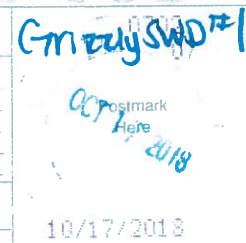
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Postage \$1.84
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Sent To
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 400 N. Pennsylvania Ave.
 City, State, ZIP+4®
 Roswell, NM 88201

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☐ Adult Signature Required \$0.00
☐ Adult Signature Restricted Delivery \$0.00

Postage \$1.84
 Total Postage and Fees \$8.04

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 Street and Apt. No., or PO Box No.
 5555 San Felipe Street
 City, State, ZIP+4®
 Houston, TX 77056-2723

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☐ Return Receipt (electronic) \$0.00

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☐ Adult Signature Required \$0.00

☐ Adult Signature Restricted Delivery \$0.00

Postage \$1.84

Total Postage and Fees \$8.04

\$

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Street and Apt. No., or PO Box No.

P.O. Box 7995

City, State, ZIP+4®

Tyler, TX 75701

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

Grizzly SWD#1

Postmark
Here
10/17/2018

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MIDLAND, TX 79706

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Extra Services & Fees (check box, add fee as appropriate)

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☐ Return Receipt (electronic) \$0.00

☐ Certified Mail Restricted Delivery \$0.00

☐ Adult Signature Required \$0.00

☐ Adult Signature Restricted Delivery \$0.00

Postage \$1.84

Total Postage and Fees \$8.04

\$

Sent To **EOG Resources Inc.**

Street and Apt. No., or PO Box No.

5509 Champions Dr.

City, State, ZIP+4®

Midland, TX 79706

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

Grizzly SWD#1

Postmark
Here
10/17/2018

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Grizzly SWD#1

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Statement Regarding Seismicity and Well Location (Grizzly SWD #1)

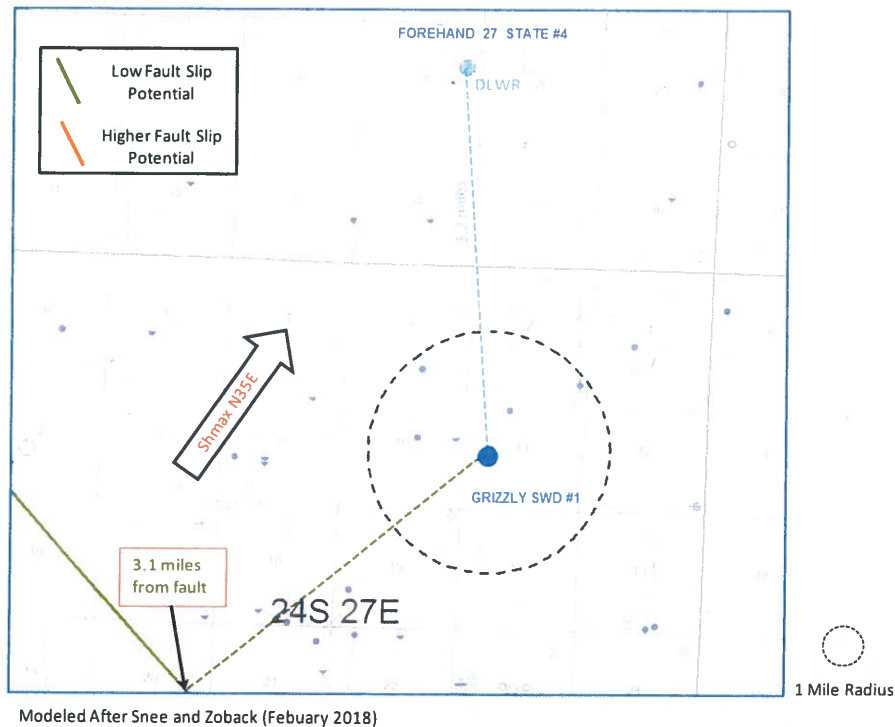
Historically, the area near the proposed Grizzly SWD #1 has seen some nearby seismic activity. There have been two seismic events (as per public data available on the USGS database) in the area. All events are over 5.0 miles from the proposed SWD location. The most recent event is 15.8 miles east, measuring 3.1, and the closest is 5.9 miles to the NNE which measured 3.9 on November 24, 1978

Delaware Energy does not own 2D or 3D seismic data near the proposed SWD location therefore the fault interpretations are based on data obtained from the USGS New Mexico Faults Database (2005) and other published data. Based on these sources the closest faults would be approximately 6.0 miles northwest of the location and 3.1 miles southwest of the location. A recent technical paper written by Snee and Zoback, "State of Stress in the Permian Basin, Texas and New Mexico: Implications for induced seismicity", was published in the February 2018 edition of The Leading Edge. The study evaluates the strike-slip probability of known faults using FSP analysis. The study predicts that the NW-SE trending fault NE of the location (green) should have a very low probability of being critically stressed resulting in an induced seismicity event. The SW-NE trending fault NW and closest to the location (orange) would have a higher probability of being critically stressed, resulting in potential slip, due to the relationship of the strike of the fault and the regional Shmax orientation (approx. N 35 deg E) in the area. The exact position of this fault relative to the proposed location, and depth of the target formation, is unknown. Risk of contact with this fault should be reduced due to the distance of the proposed SWD well from the fault (6.0 miles).

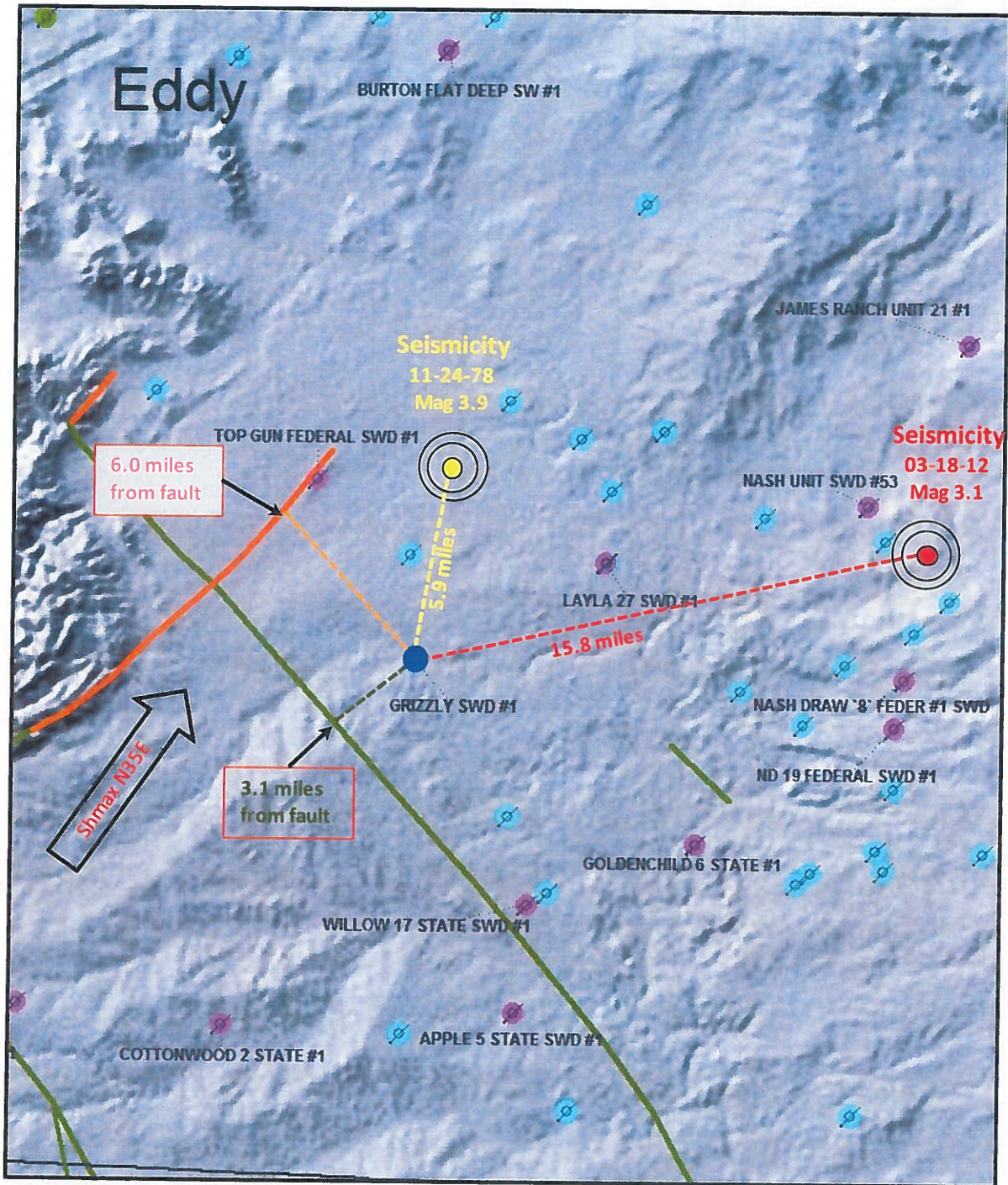
The proposed Grizzly SWD #1 location is located 3.2 miles away from the nearest active injector which is in the Delaware (see map below). The well should meet current OCD and Industry recommended practices.

Kevin J. Schepel
Petrophysical Advisor
kevin.schepel@att.net
214-212-6540

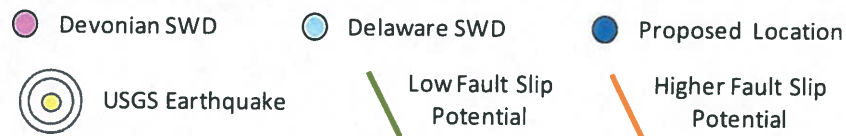
Well Activity, Faulting, and Closest SWD



Proximity to Historic Earthquake Activity and Faults



Modeled After Snee and Zoback (February 2018)



Data and Interpretation Disclosure - Although care has been taken to ensure that these data are up to date and accurate, this information and data is being providing as is. The data are what is believed to be the best public data available based on published documents, reports, and information available through the USGS. The user assumes all responsibility and risk for use of the data and interpretations. Users of the data agree not to misuse, add to without permission, or misrepresent the data provided in any way. In no event will the provider of this document be liable to any party for any direct, indirect, incidental, consequential, special or exemplary damages, or lost profit resulting from any use or misuse of this data. Additionally, provider is not liable for any inaccurate data. No person, entity, or user shall use the information in a manner that is in violation of any federal, state, or local law or regulation.