

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING NOVEMBER 7, 2017**

CASE No. 15855

*APPLICATION OF DELEWARE ENERGY LLC
TO REVOKE THE INJECTION AUTHORITY
GRANTED UNDER SWD-1680 FOR THE
ALPHA SWD No. 1 WELL OPERATED BY
ALPHA SWD OPERATING LLC*

EDDY COUNTY, NEW MEXICO

TIMELINE

October 24, 2016: Delaware files C-108 for Devonian disposal through Ruiz SWD No. 1 to be located in Unit K of Section 10.

October 31, 2016: Delaware notified application protested and therefore “suspended.”

February 6, 2017: Delaware records notice of Salt Water Disposal Agreement in Section 10.

March 4, 2017: Delaware informs Kurt Knewitz (Alpha) of existing Salt Water Disposal Agreement in Section 10.

May 2017: Delaware informs Alpha by telephone and at Dallas meeting of pending disposal well application and requests notice if Alpha files a competing application.

June 12, 2017: Alpha files C-108 for Devonian disposal through Alpha SWD No. 1 in Unit J of Section 10.

June 12, 2017: Division informs Alpha application is incomplete and “will not be placed into the administrative review process.”

June 19, 2017: Alpha submits additional information to Division.

June 27, 2017: Division notified protests to Delaware’s October 2016 Application withdrawn.

June 28, 2017: Order SWD-1680 issued approving Alpha’s disposal well in Unit J.

June 29, 2017: Alpha informs Delaware of Order SWD-1680 and inquires whether Delaware desires to purchase the permit.

July 2, 2017: Delaware submits revisions to October 2016 Application to incorporate agreed casing design and location.

July 4, 2017: Expiration of 15-day review period for Alpha’s competing SWD Application.

July 13, 2017: Alpha protests Delaware’s Application for a disposal well in Unit K.

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance xxx Disposal Storage
Application qualifies for administrative approval? xxx Yes No
- II. OPERATOR: Delaware Energy LLC
ADDRESS: 3001 W. Loop 250 N. Suite C-105-318, Midland TX 79705
CONTACT PARTY: Preston Stein PHONE: 214-558-1371
- 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 XXX 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 re-injected 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: Preston Stein TITLE: Vice-President

SIGNATURE: Preston Stein DATE: 10/10/2016

E-MAIL ADDRESS: Prestonms@delawareenergyllc.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: _____

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 2
Submitted by: DELAWARE ENERGY LLC
Hearing Date: November 7, 2017

Side 2

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.

Side 1

OPERATOR: Delaware Energy LLC

WELL NAME & NUMBER: Ruiz SWD No1

WELL LOCATION: 2577' FSL, 2584' FWL K 10 24S 28E
FOOTAGE LOCATION UNIT LETTER SECTION TOWNSHIP RANGE

WELLBORE SCHEMATIC

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17-1/2" Casing Size: 13-3/8"

Cemented with: 550 sx. or ft³

Top of Cement: SURFACE Method Determined: Circulated
Total Depth: 400'

Intermediate Casing (N/A)

Hole Size: 12-1/4" Casing Size: 9-5/8"

Cemented with: 1000 sx. or ft³

Top of Cement: Surface Method Determined: Circulated
Total Depth: 2600'

Production Casing*

Hole Size: 8.75" Casing Size: 7"

Cemented with: 2200 sx. or ft³

Top of Cement: surface Method Determined: Circulated

Total Depth: 13,650'

Injection Interval

13,650' feet to 14,650' Open hole

District I
 1623 N. French Dr., Hobbs, NM 88240
 Phone: (575) 393-6161 Fax: (575) 393-0720
 District II
 811 E. First St., Artesia, NM 88210
 Phone: (575) 748-1283 Fax: (575) 748-9720
 District III
 1000 Rio Grande Road, Azusa, NM 87410
 Phone: (505) 334-6178 Fax: (505) 334-6178
 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 & Natural Resources Department
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-102
 Revised August 1, 2011
 Submit one copy to appropriate
 District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

AFI Number 30-015-	Pool Code Undesignated	Pool Name SWD; Devonian
Property Code	Property Name Ruiz SWD	Well Number 1
OGRID No. 371195	Operator Name Delaware Energy, LLC	Elevation

" Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	10	24 S	28 E		2577'	South	2584'	West	GRADY

" 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
Dedicated Acres		Joint or Infill		Consolidation Code		Order No.			

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.

	<p>" OPERATOR CERTIFICATION</p> <p><i>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 undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well on 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.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>Printed Name/Title/Company/Address _____ E-mail Address _____</p>
	<p>"SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p style="text-align: center;">WAITING ON SIGNED PLAT</p> <p>Certificate Number _____</p>

Subject: FW: Protest of Application to Inject- Ruiz SWD Well No. 1

From: Randy Cate <guardianopcorp@yahoo.com>

Date: **June 27, 2017** at 1:19:09 PM CDT

To: "McMillan, Michael, EMNRD" <Michael.McMillan@state.nm.us>, Preston Stein <preston@delawareenergyllc.com>

Cc: "Goetze, Phillip, EMNRD" <Phillip.Goetze@state.nm.us>, "Lowe, Leonard, EMNRD" <Leonard.Lowe@state.nm.us>, "Jones, William V, EMNRD" <WilliamV.Jones@state.nm.us>, Chris Carleton <ccarleton@matadorresources.com>

Subject: Re: Protest of Application to Inject- Ruiz SWD Well No. 1

Gentlemen,

RSC Resources, LP and Guardian Operating Corp. hereby drop their objection to the Ruiz SWD application as Delaware Energy has revised its casing program to our satisfaction.

Regards,

Randy Cate
Guardian Operating Corp.
RSC Resources, L.P.
432-553-1849

On Monday, **October 31, 2016**, 11:47:59 AM CDT, McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us> wrote:

RE: Ruiz SWD Well No. 1 (API 30-015-pending; Appl. No. pMAM1630053276) – Sec 10, T. 24 S., R. 28 E., NMPM, Eddy County.

Mr. Stein

OCD was notified that Guardian Operating, Corporation and RSC Resources, L.P. (Guardian) are protesting this application for approval of a salt water disposal well. Guardian has stated that the proposed injection well's proposed casing programs is inadequate. Therefore, you are being notified that if Delaware Energy, LLC wishes for this application to be considered, it must either go to hearing or may be reviewed administratively if the protest is withdrawn as a result of a negotiated resolution with this party. The application will be retained by OCD, but suspended from further administrative review. Please contact OCD once you have made a decision regarding the application within the next 30 days. If the protest remains after 30 days, OCD will initiate the process for the application to be reviewed at hearing. Please contact me with any questions regarding this matter. PRG

Counsel for Guardian Operating
Randy Cate
6824 Island Circle
Midland, TX. 79707
Phone: 432.553.1849
E-mail: guardianopcorp@yahoo.com

MICHAEL A. MCMILLAN
Engineering Bureau, Oil Conservation Division
1220 south St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448
Michael.McMillan@state.nm.us

From: Mike McCurdy
Sent: Sunday, July 2, 2017 9:08 AM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>; Collins, Karen, EMNRD <Karen.Collins@state.nm.us>; Sharp, Karen, EMNRD <Karen.Sharp@state.nm.us>
Cc: Preston Stein <Preston@delawareenergyllc.com>
Subject: FW: Protest of Application to Inject- Ruiz SWD Well No. 1

Michael/Karen/Karen,

This permit was protested last October 2016 due to Guardian/RSC's (Both Randy Cate, see Randy's email signature below) concerns with our casing design. Guardian/RSC protested due to Delaware Energy not specifying the casing weights we planned to use on our new drill design (emails attached). As you can see we have updated our casing design and are requesting approval of our Ruiz SWD #1 permit. Attached in this email are the following items as requested (copies of these documents will be sent on 7/3 via certified mail to Karen Collins, Michael McMillan and Karen Sharp).

Attached are the following documents for the Ruiz SWD #1 (as requested):

- Administrative Application Checklist
- C-108 Application for Authority to Inject
- C-108 Additional Questions Answered
- C-102
- Wellbore Diagram of Ruiz SWD #1 As Proposed (with casing weights specified)
- Email from Guardian/RSC release of protest
- Email correspondence over casing concerns and needed changes

Best Regards,

Mike McCurdy
Operations Engineer
Delaware Energy, LLC
3001 W. Loop 250 N.
Midland, TX 79705
432-312-5251

From: Preston Stein
Date: Tuesday, June 27, 2017 at 1:35 PM
To: Mike McCurdy
Subject: Fwd: Protest of Application to Inject- Ruiz SWD Well No. 1

Best Regards,

Preston M. Stein
Vice President
Delaware Energy, LLC
3001 W. Loop 250 N

DATE	SUBJECT	PROJECT	LOCATION	STATE	APPROVAL
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NEW MEXICO OIL CONSERVATION DIVISION
- 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.

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or, Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☒ Offset Operators, Leaseholders or Surface Owner
- [C] ☒ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands State Land Office
- [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or.
- [F] ☒ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **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

Operations Engineer

Title

7/02/2017

Date

mmccurdy@delawareenergyllc.com
e-mail Address

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-108
Revised June 10, 2003

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: Secondary Recovery Pressure Maintenance XXX Disposal Storage
Application qualifies for administrative approval? XXX Yes No

II. OPERATOR: Delaware Energy LLC

ADDRESS: 2001 W. Loop 250 N. Suite C-105-318, Midland TX 79705

CONTACT PARTY: Mike McHardy 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 XXX 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 re-injected 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: Operations Engineer

SIGNATURE:  DATE: 7/02/2017

E-MAIL ADDRESS: Mmccurdy@delawaregreenville.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: _____

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

Side 2

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.
Side 1

OPERATOR: Delaware Energy LLC

WELL NAME & NUMBER Ruiz SWD No1

WELL LOCATION: 2565' FSL, 2,360'

<u>FWL</u>	<u>K</u>	<u>10</u>	<u>24S</u>	<u>28E</u>
FOOTAGE LOCATION	UNIT LETTER	SECTION	TOWNSHIP	RANGE

WELLBORE SCHEMATIC

WELL CONSTRUCTION DATA

(See attached wellbore diagram)

Surface Casing

Hole Size: 24"

Casing Size: 20"

Cemented with: 1400 ss.

or ft

Top of Cement: SURFACE

Method Determined: Circulated

Total Depth: 4000'

Intermediate Casing

Hole Size: 17-1/2"

Casing Size: 13-3/8"

Cemented with: 2,000 ss

or ft

Top of Cement: SURFACE

Method Determined: Circulated

Total Depth: 2,600'

2nd Intermediate Casing

Hole Size: 12-1/4"

Casing Size: 9-5/8"

Cemented with: 2,200 ss

or ft

Top of Cement: Surface

Method Determined: Circulated

Total Depth: 9,500'

Production Casing

Hole Size: 8.5"

Casing Size: 7"

Cemented with: 2,200 ss

or ft

Top of Cement: surface

Method Determined: Circulated

Total Depth: 13,650'

Injection Interval

13.650' feet to 14.650' Open hole

INJECTION WELL DATA SHEET

Tubing Size 4.5" Lining Material: Internally plastic coated

Type of Packer: Weatherford Arrow Set IX Injection Packer (Nickel Plated)

Packer Setting Depth: 50-100ft above open hole

Other Type of Tubing/Casing Seal (if applicable) NONE

Additional Data

1. Is this a new well drilled for injection? XXX Yes No

2. Name of the Injection Formation: Devonian

3. Name of Field or Pool (if applicable) SWD: Devonian

4. 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

ABOVE: Bone Spring 8,060'-9,347', Wolfcamp 9,347'-11,400', Atoka 11,400'-11,900', Morrow 11,900'-12,800'

Additional Questions on C-108

VII.

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

Average 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 1,000-2,000 PSI, Max 2,730 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 in offset Townships 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 interval is barren and does not produce. No Devonian receiving formation water samples in the surrounding area.

***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 located in the Devonian formations 13,650'-14,650'. Devonian is an impermeable Shale at the very top (13,550', Woodford Shale) followed by permeable lime and dolomite. There are no fresh water zones underlying the proposed injection zone. Usable water depth is from surface to +/-300'; the water source is older alluvium (Quaternary). All of the fresh water wells in the area have an average depth to water of 50' - 200' (Based on State Engineers Office).

IX. Describe the proposed stimulation program, if any.

20,000 gallons 15% HCL acid job with packer

X. Attach appropriate logging and test data on the well

Logs will be filed following drilling operations, Cased hole CBL, Gamma, CCL. Open Hole Neutron, Resistivity, Gamma.

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.

Attached are water samples from section 10 and 11 of Township 24 South, Range 28 East.

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 Ruiz SWD No 1 and have found no evidence of faults or other hydrologic connections between the 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 in the 13,650' feet of lithology between the top of the Devonian and the base of the ground water.

Mike McCurdy

Operations Engineer

7/02/2017

Title

Date

III. WELL DATA

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

Ruiz SWD No 1, Sec. 10-T24S-R28E, 2565' FSL & 2,360' FWL, UL K, 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
20"	400'	1,400	24"	Surface	CIRC
13-3/8"	2,600'	2,000	17-1/2"	Surface	CIRC
9-5/8"	9,500'	2,200	12-1/4"	Surface	CIRC
7"	13,650'	2,200	8-1/2"	Surface	CIRC

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

4-1/2" OD, Internally Plastic 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.

13,650' to 14,650' (OH)

(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: Bone Spring 6,050'-9,347', Wolfcamp 9,347'-11,400'', Atoka 11,400'-11,900', Morrow 11,900'-12,800'

Next Lower: None

DISTRICT I

1825 N. French Dr., Hobbs, NM 88240
Phone (505) 383-6100 Fax (505) 383-6700

DISTRICT II

911 S. First St., Artesia, NM 88210
Phone (505) 748-1880 Fax (505) 748-0700

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6170 Fax (505) 334-0770

DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 470-3400 Fax (505) 470-0400State 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	Pool Name
Property Code	Property Name RUIZ SWD	Well Number 1
OGRID No.	Operator Name DELAWARE ENERGY	Elevation 3004'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	10	24 S	28 E		2565	SOUTH	2360	WEST	EDDY

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
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

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

<p>N. 451082.3 E. 671327.7 (NAD83)</p> <p>N. 451082.2 E. 671327.5 (NAD83)</p> <p>2360</p> <p>2565</p> <p>4483305.2 E 620757.1 (NAD-83)</p> <p>448332.7 E 671327.4 (NAD83)</p> <p>N. 448332.7 E. 671327.4 (NAD83)</p>	<p>OPERATOR CERTIFICATION</p> <p>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 undivided 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.</p> <p>Signature <u>Mike McCurdy</u> Date <u>6/30/2017</u></p> <p>Printed Name <u>Mike McCurdy</u></p> <p>Email Address <u>mmccurdy@delawareenergy.com</u></p> <p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date Surveyed <u>JUNE 29, 2017</u></p> <p>Signature <u>[Signature]</u> of Professional Surveyor <u>7977</u></p> <p>Certificate No. <u>7977</u></p> <p>Scale: 1" = 2000'</p> <p>WO Num.: 33124</p>
--	--

Ruiz SWD No 1
2,565' FSL & 2,360' FWL, UL K, SEC. 10, T-24S R-28E, Eddy County, NM
API # 30-015-

4.5" IPC tubing to 13,600'
12.6#/ft L-80 premium threads
400ft

2,600ft

9,500'

13,650'

14,650' Total Depth

30" Conductor @ 80'

24" Hole to 400ft
20" 106.5# J55 BTC
1,400 sacks cement, w

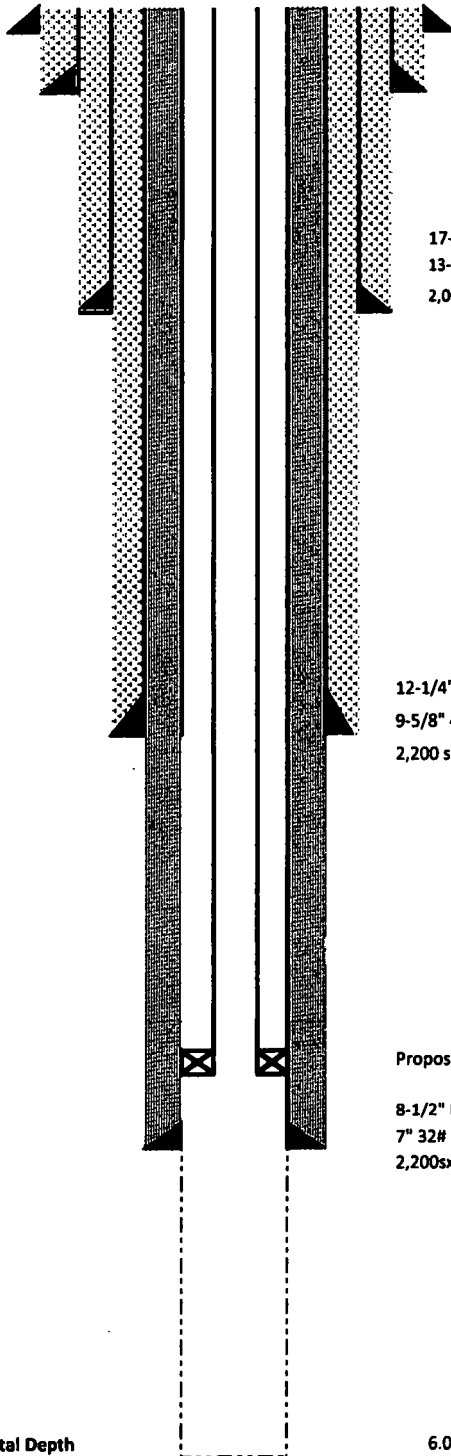
17-1/2" Hole
13-3/8" 61# J-55 BTC @ 2,600'
2,000 sx cmt, will circulate

12-1/4" Hole
9-5/8" 47# J-55 BTC to 9,500 ft
2,200 sx plan to circulate

Proposed packer @ 13,600' Weatherford Arrow

8-1/2" Hole
7" 32# P-110 BTC to 13,650'
2,200sx plan to circulate

6.00" Hole Open Hole



From: Mike McCurdy
Sent: Thursday, July 06, 2017 12:18 PM
To: McMillan, Michael, EMNRD
Subject: Ruiz SWD #1 - Delaware Energy
Attachments: Proof of notice - Ruiz SWD No. 1.pdf

Categories: Old LLC Email

Mr. McMillan,

Please see attached proof of noticed we discussed earlier. Thank you! Please feel free to let me know if you need anything further.

Best Regards,

Mike McCurdy
Operations Engineer
Delaware Energy, LLC
3001 W. Loop 250 N.
Midland, TX 79705
432-312-5251

U.S. Postal Service
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com.
ARTESIA, NM 88210

Postage and Fee	\$3.35	0640
Postage Insurance	\$2.75	06
Return Receipt by First-Class Mail®	\$0.00	
Signature Confirmation®	\$0.00	
Registered Mail®	\$0.00	
Priority Mail®	\$0.00	
Signature Required	\$0.00	
Postage Insurance	\$1.82	
Total Postage and Fee	\$7.92	07/03/2017

Karen Sharp
District 2 Artesia
Ruiz SWD Final

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SANTA FE, NM 87505

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Postage Insurance	\$2.75	06
Return Receipt by First-Class Mail®	\$0.00	
Signature Confirmation®	\$0.00	
Registered Mail®	\$0.00	
Priority Mail®	\$0.00	
Signature Required	\$0.00	
Postage Insurance	\$1.82	
Total Postage and Fee	\$7.92	07/03/2017

NMOCB Mike McMillan
Ruiz SWD Final

U.S. Postal Service
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For delivery information, visit our website at www.usps.com.
ARTESIA, NM 88210

Postage and Fee	\$3.35	0640
Postage Insurance	\$2.75	06
Return Receipt by First-Class Mail®	\$0.00	
Signature Confirmation®	\$0.00	
Registered Mail®	\$0.00	
Priority Mail®	\$0.00	
Signature Required	\$0.00	
Postage Insurance	\$1.19	
Total Postage and Fee	\$7.29	07/03/2017

Karen Sharp District 2 Artesia
C-101 Ruiz

U.S. Postal Service
CERTIFIED MAIL® RECEIPT
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For delivery information, visit our website at www.usps.com.
LOVING, NM 88256

Postage and Fee	\$3.35	0640
Postage Insurance	\$2.75	06
Return Receipt by First-Class Mail®	\$0.00	
Signature Confirmation®	\$0.00	
Registered Mail®	\$0.00	
Priority Mail®	\$0.00	
Signature Required	\$0.00	
Postage Insurance	\$1.82	
Total Postage and Fee	\$7.92	07/03/2017

Roland Ruiz SWD Permit
P.O. Box 1355
Loving, NM 88256

From: Mike McCurdy
Sent: Tuesday, July 11, 2017 2:41 PM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>
Subject: FW: Ruiz Newspaper Clipping

Michael,
Attached is the signed affidavit for the Ruiz SWD, as requested.

Thanks, MM

From: "Ortiz, Daniel"
Date: Tuesday, July 11, 2017 at 2:32 PM
To: Mike McCurdy
Subject: RE: Ruiz Newspaper Clipping

Mike,

Attached above is a scanned affidavit for Delaware Energy, LLC to be able to see.

Thanks,

Anthony

Daniel A Ortiz
Classified Inside Sales

CURRENT ARGUS



Phone: (575) 628-5522
daortiz@currentargus.com
www.currentargus.com

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

Danny Fletcher, being first duly
sworn, on oath says:

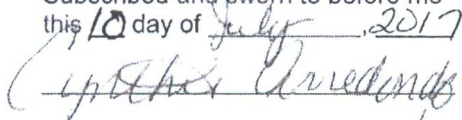
That he is the Publisher of the
Carlsbad Current-Argus, a
newspaper published daily at the
City of Carlsbad, in said county of
Eddy, state of New Mexico and of
general paid circulation in said
county; that the same is a duly
qualified newspaper under the laws
of the State wherein legal notices
and advertisements 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:

October 27 2016

That the cost of publication is **\$66.82**
and that payment thereof has been
made and will be assessed as court
costs.



Subscribed and sworn to before me
this 10 day of July, 2017



My commission Expires 2/13/21

Notary Public



October 27, 2016

Delaware Energy,
L.L.C., 3001 W. Loop
250N, Suite C-105-
318, Midland, TX
79705, has filed a
form C-108 (Applica-
tion for Authorization
to Inject) with the Oil
Conservation Division
seeking administra-
tive approval to utilize
the proposed Ruiz
SWD No 1 (API - 30-
015-XXXX) as a Salt
Water Disposal well.

The Ruiz SWD No 1
will be located at
2577' FSL and 2584'
FWL, Unit Letter K,
Section 10, Township
24 South, Range 28
East, Eddy County,
New Mexico. The well
will dispose of water
produced from oil and
gas wells into the
Devonian Formation
from 13,650' to
14,650' at a maximum
rate of 17,500 barrels
of water per day at a
maximum pressure of
2,730 psi.

Interested parties
must file objections or
requests for hearing
with the Oil
Conservations Divi-
sion, 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 (214)
558-1371.

To: Michael Feldewert

Begin forwarded message:

From: Kurt Knewitz <kurt@buyswd.com>
Date: February 21, 2017 at 5:06:43 PM EST
To: 'Preston Stein' <preston@coveyenergy.com>
Subject: NM

If I had an investor willing to put up funds to complete a disposal, which one of your permits would you want to keep and why? Do you feel we could get piped water? Any potential commitments (verbal or written) prior to construction?

KK

Kurt Knewitz Phone: (214) 418-1177
6009 W. Parker Rd • Suite #149-189 • Plano, TX. 75093
Email: kurt@buyswd.com Website: www.BuySWD.com



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Min Price

Max Price

Any

Enter Location here

Type any Keyword here

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. 8

Submitted by: DELAWARE ENERGY LLC

Hearing Date: November 7, 2017

Search

Buy, Sell & Invest in Saltwater Disposal (SWD) in the Permian, Eagle Ford, Bakken, DJ, Utica, SCOOP, STACK and other Basins

Our growing portfolio of saltwater disposal properties are located in multiple basins including the Eagle Ford Shale, Bakken Shale, Permian Basin, SCOOP, STACK, DJ Basin, Marcellus, Utica Shale and other plays across the United States. WE DO NOT LIST ALL OF OUR AVAILABLE PROPERTIES ON OUR WEBSITE! Please contact us for more listings in your area of interest.



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[Click Here To Contact Us](#)

Buy, Sell & Invest in Saltwater Disposal (SWD) in The Eagle Ford, Bakken, Permian and other Plays

BUYSWD.COM is an online marketplace to buy or sell saltwater disposal "SWD" facilities and related assets. Our portfolio of properties are located in multiple basins including the Eagle Ford Shale, Bakken Shale, Permian, Utica, SCOOP, STACK, Uinta, DJ Basin and other plays across the United States. If you are looking to BUY or SELL SWD you've come to the right place. We have a growing inventory of saltwater disposal wells, SWD permits, solids facilities, water pipelines, trucking companies and oilfield waste related service companies across the United States. It's FREE to register with us and list your properties for sale or browse our growing inventory. We also have clients with commercial SWD properties you can invest in directly and start generating income immediately.

Buyers

Buyers can register with us to view our portfolio of available properties and buy saltwater disposal wells.

[Click Here to Register](#)

Sellers

Sellers can register with us to list a property in our portfolio

and gain access to our qualified buyers.

[Click Here to Register](#)

Invest

Investors now have the ability to buy into existing commercial properties and start generating cash flow immediately.

[Click Here to Invest](#)

BuySWD.com specializes in Saltwater Disposal Wells (SWD) Saltwater Injection Wells (SWIW), Water Pipelines, Stationary Treatment Facilities, Mud Reclamation Plants, Water/Waste Transportation Companies, SWD Permits and other assets.

Begin forwarded message:

From: Preston Stein <preston@coveyenergy.com>
Date: March 10, 2017 at 11:37:12 AM CST
To: Kurt Knewitz - BuySWD.com <kurt@buyswd.com>
Subject: Re: NM

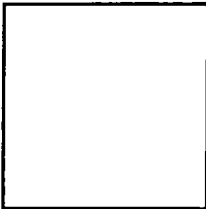
Yes they expire after two years. Upon written petition for "good cause" the Division (OCD) is entitled to grant an extension.

Best Regards,

Preston M. Stein
Covey Energy Partners, LP
PO Box 50938
Midland, TX 79710
Ofc: (432) 686-1030
Cell: (214) 558-1371

On Mar 10, 2017, at 11:26 AM, Kurt Knewitz - BuySWD.com <kurt@buyswd.com> wrote:

The permits are good for 2 yrs correct? What happens if they are not developed?
Do they expire or can they be extended? How difficult is it and what additional costs are there?



Kurt Knewitz
BuySWD.com
6009 W. Parker Rd
Suite #149-189
Plano, TX. 75093
P: (214) 418-1177
Kurt@BuySWD.com
www.BuySWD.com

Begin forwarded message:

From: Preston Stein <Preston@delawareenergyllc.com>
Date: March 4, 2017 at 2:56:03 PM CST
To: Kurt <kurt@buyswd.com>
Subject: Fwd: Follow up

Kurt,

Meant to cc you on this. I've put together a ROUGH acreage schedule of our locked-up Acreage in NM. Wanted to pass this onto you as well. See attached.

Best Regards,

Preston M. Stein
Vice President
Delaware Energy, LLC
3001 W. Loop 250 N
Suite C-105-318
Midland, TX 79705
(214) 558-1371

This electronic transmission and any attached documents or other writings are intended only for the person or entity to which it is addressed and may contain information that is privileged, confidential or otherwise protected from disclosure. If you have received this communication in error, please immediately notify sender by return e-mail and destroy the communication. Any disclosure, copying, distribution or the taking of any action concerning the contents of this communication or any attachments by anyone other than the named recipient is strictly prohibited.

Lessor	County	Oil Calls	Section	Township	Range	Acres	Royalty Rate	Stem	Effective Date	Term	Comments
--------	--------	-----------	---------	----------	-------	-------	--------------	------	----------------	------	----------

[REDACTED]

[REDACTED]

Reyes Ruiz	Eddy	N2NESW E of HWY	10	24S	28E	5.8	[REDACTED]		9/6/2016		
Reyes Ruiz	Eddy	S2S2SESENW	10	24S	28E	2.5	[REDACTED]		9/6/2016	[REDACTED]	

NE4 (odd shape tract death deed

[REDACTED]

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MEMORANDUM OF SALT WATER DISPOSAL AGREEMENT

THE STATE OF NEW MEXICO §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF EDDY §

This Memorandum of Salt Water Disposal Agreement is made and entered into as of the 6 day of ~~September~~ 2016, between **Reyes Ruiz**, whose address is 302 West Clayton Ave., Loving, NM 88260 ("Lessor"), and **DELAWARE ENERGY, LLC**, whose address is 3001 W. Loop 250 North, Suite C-105-318, Midland, Texas 79705 ("Lessee"):

WITNESSETH:

Lessor and Lessee have this day entered into a Salt Water Disposal Agreement, dated effective as of the date first-written above, covering the following described lands in **Eddy County**, New Mexico, to-wit:

Section 10, Township 24 South, Range 28 East

Said Salt Water Disposal Agreement, subject to certain termination provisions, contains a primary term of five (5) years and shall remain in force as long thereafter, subject to the further conditions and limitations stated in the terms and provisions of said Salt Water Disposal Agreement.

Lessor and Lessee are executing this Memorandum of Salt Water Disposal Agreement for the purpose of placing the same of record in Eddy County, New Mexico, and in order to constitute constructive notice of said Salt Water Disposal Agreement in lieu of recording of said Salt Water Disposal Agreement in its entirety. A full and complete copy of said Salt Water Disposal Agreement will be maintained in the office of both Lessor and Lessee at the address shown above.

IN WITNESS WHEREOF, this Memorandum of Salt Water Disposal Agreement is executed as of the day, month and year first hereinabove written.

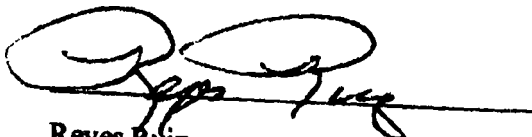
Reception: 1701305 Book: 1091 Page: 0593 Pages: 3
Recorded: 02/06/2017 08:57 AM Fee: \$25.00 *[Signature]*
Eddy County, New Mexico ~ Robin Van Natta, County Clerk



RM

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 11
Submitted by: **DELAWARE ENERGY LLC**
Hearing Date: November 7, 2017

LESSORS:



Reyes Ruiz

ACKNOWLEDGMENT

STATE OF NEW MEXICO

COUNTY OF Lea

This instrument was acknowledged before me on the 6th of September 2016 by
Reyes Ruiz.


Notary Public, State of New Mexico

Commission expires
July 23, 2017

AFTER RECORDING, RETURN TO:

**DELAWARE ENERGY, LLC
3001 W. Loop 250 North, Suite C-105-318
Midland, Texas 79705**

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

MEMORANDUM OF SALT WATER DISPOSAL AGREEMENT

THE STATE OF NEW MEXICO §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF EDDY §

This Memorandum of Salt Water Disposal Agreement is made and entered into this 21st day of June, 2017, between ~~Roland Ruiz~~, whose address is P.O. Box 1355, Loving, NM 88256 ("Lessor"), and **DELAWARE ENERGY, LLC**, whose address is 3001 W. Loop 250 North, Suite C-105-318, Midland, Texas 79705 ("Lessee"):

WITNESSETH:

Lessor and Lessee have this day entered into a Salt Water Disposal Agreement, dated effective as of the date first-written above, covering the following described lands in Eddy County, New Mexico, to-wit:

Section 10, Township 24 South, Range 28 East

Said Salt Water Disposal Agreement, subject to certain termination provisions, contains a primary term of five (5) years and shall remain in force as long thereafter, subject to the further conditions and limitations stated in the terms and provisions of said Salt Water Disposal Agreement.

Lessor and Lessee are executing this Memorandum of Salt Water Disposal Agreement for the purpose of placing the same of record in Eddy County, New Mexico, and in order to constitute constructive notice of said Salt Water Disposal Agreement in lieu of recording of said Salt Water Disposal Agreement in its entirety. A full and complete copy of said Salt Water Disposal Agreement will be maintained in the office of both Lessor and Lessee at the address shown above.

IN WITNESS WHEREOF, this Memorandum of Salt Water Disposal Agreement is executed as of the day, month and year first hereinabove written.

LESSOR: Roland Ruiz

Roland Ruiz

Reception: 1707276 Book: 1098 Page: 0239 Pages: 2

Recorded: ~~6/22/2017~~ 10:30 AM Fee: \$25.00 *Will*

Eddy County, New Mexico - Robin Van Natta, County Clerk



JJ

DELAWARE ENERGY LLC
3001 W LOOP 250 N
STE C-105-318 / M MCCURDY
MIDLAND TX 79705

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 12
Submitted by: DELAWARE ENERGY LLC
Hearing Date: November 7, 2017

ACKNOWLEDGMENT

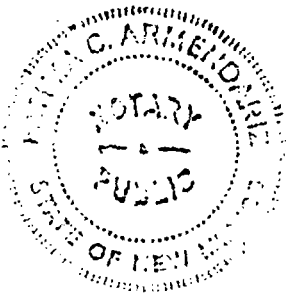
STATE OF NEW MEXICO

COUNTY OF Eddy

This instrument was acknowledged before me on the 21st day of June, 2017 by
Roland Ruiz.

My Commission Expires: 8/1/17

[Signature]
Notary Public, State of New Mexico



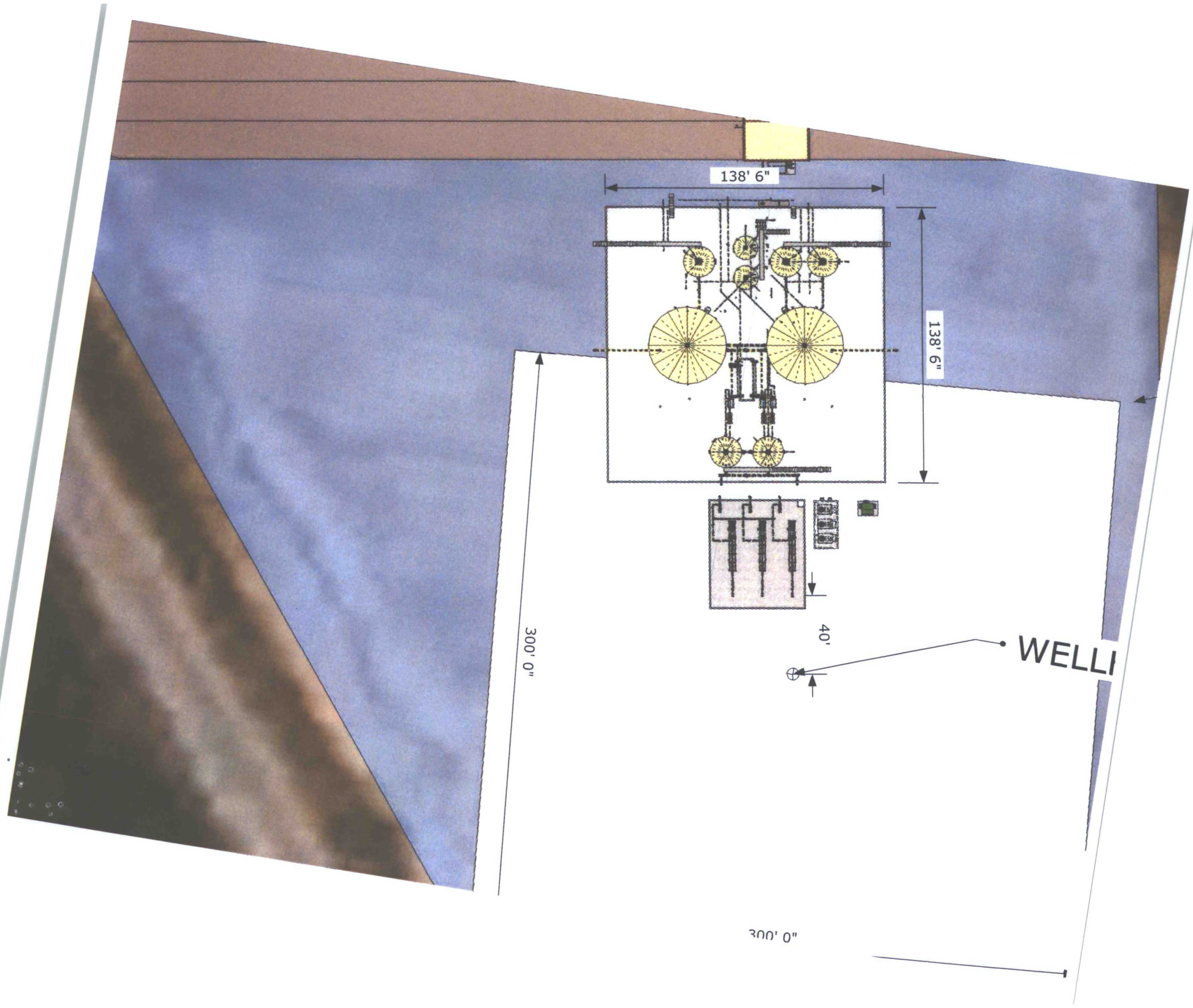
AFTER RECORDING, RETURN TO:

DELAWARE ENERGY, LLC
3001 W. Loop 250 North, Suite C-105-318
Midland, Texas 79705

From: Kurt Knewitz <kurt@alphaswd.com>
Sent: Tuesday, May 16, 2017 8:14 PM
To: Mike McCurdy
Subject: property
Attachments: image005.jpg; image006.jpg; ALPHAS SWD #1 - SITE LAYOUT.pdf

See attached site layout. Property is below. 7.9 acres

Kurt Knewitz
P: 214-418-1177
Kurt@alphaswd.com
<https://protect-us.mimecast.com/s/ANmxBqSzWrL4s9>



672-207	SUSPENSE	ENGINEER	672-207	TYPE	SWD	PMAM/1716358339
---------	----------	----------	---------	------	-----	-----------------

ABOVE THIS LINE FOR DIVISION USE ONLY

*Supplied
6-2-2017
NO AFFIDAVIT
with R. 12.1
with R. 12.1*

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

2220 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

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Protraction Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS-Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other Specify _____

*-SWD
Alpha SWD operating LLC
372180
L-41
-Alpha SWD #1
30-015-44237
R-01
-SWD
DeDorian -
Silkman
97865*

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☒ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] 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

Chrs Weyand
Print or Type Name

Signature

Consulting Engineer
Title

Date

chrs@lonquist.com
e-mail Address

6/6/2017

LONQUIST & CO. LLC

PETROLEUM
ENGINEERS

ENERGY
ADVISORS

AUSTIN · HOUSTON · WICHITA · DENVER · CALGARY

June 6, 2017

New Mexico Energy, Minerals, and Natural Resources Department
Oil Conservation Division District IV
1220 South St Francis Drive
Santa Fe, New Mexico 87505
(505) 476-3440

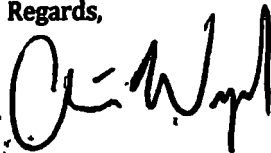
RE: ALPHA SWD NO. 1 AUTHORIZATION TO INJECT

To Whom It May Concern:

Attached for your review is Form C-108, Application for Authorization to Inject, and its supplemental documents prepared for Alpha SWD Operating LLC's Alpha SWD No. 1. In addition, Forms C-101 and C-102 have also been included with this package. Notices have been sent to offset leaseholders and the surface owner. Proof of notice will be sent to the OCD upon receipt.

Any questions should be directed towards Alpha SWD Operating LLC's agent Lonquist & Co., LLC.

Regards,



Christopher B. Weyand
Staff Engineer
Lonquist & Co., LLC

(512) 600-1764
chris@lonquist.com

APPLICATION FOR AUTHORIZATION TO INJECT

- I PURPOSE Secondary Recovery Pressure Maintenance X Disposal Storage
Application qualifies for administrative approval? X Yes No
- II OPERATOR ALPHA SWD OPERATING LLC
ADDRESS 4436 STERLING LN // PLANO, TX 75093
CONTACT PARTY KURT KNEWITZ PHONE (214) 418-1177
- 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 X 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 Christopher B Weyant TITLE Consulting Engineer
SIGNATURE [Signature] DATE 6/6/2017
E-MAIL ADDRESS chris@longquist.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 _____

DISTRIBUTION Original and one copy to Santa Fe with one copy to the appropriate District Office

Side 2

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.

Side 1

INJECTION WELL DATA SHEET

OPERATOR: ALPHA SWD OPERATING LLC

WELL NAME & NUMBER: ALPHA SWD #1

WELL LOCATION: 1.457' FSL & 2.093' FEL
FOOTAGE LOCATION

J
UNIT LETTER

10
SECTION

24S
TOWNSHIP

28E
RANGE

WELLBORE SCHEMATIC

WELL CONSTRUCTION DATA

Surface Casing

Hole Size 26.000"

Casing Size 20.000"

Cemented with 1.420 sx

or _____ ft³

Top of Cement surface

Method Determined circulation

1st Intermediate Casing

Hole Size 17.500"

Casing Size 13.375"

Cemented with 1.465 sx

or _____ ft³

Top of Cement surface

Method Determined circulation

2nd Intermediate Casing

Hole Size 12.250"

Casing Size 9.625"

Cemented with 1.840 sx

or _____ ft³

Top of Cement surface

Method Determined circulation

Production Liner

Hole Size 8.500"

Casing Size 7.625"

Cemented with 370 sx

or _____ ft³

Top of Cement 9,400'

Method Determined calculation

Total Depth 15,200'

Injection Interval

14,000 feet to 15,200 feet

(Open Hole)

INJECTION WELL DATA SHEET

Tubing Size: 5 500", 17 lb/ft. P-110, BT&C from 0'- 9,400' and 5,500", 17 lb/ft. P-110 UFJ from 9,400' - 13,950'
Lining Material: Duoline

Type of Packer D&L Oil Tools 7.625" Permapack Packer - Single Bore

Packer Setting Depth: 13,950'

Other Type of Tubing/Casing Seal (if applicable): _____

Additional Data

1. Is this a new well drilled for injection? X Yes No

If no, for what purpose was the well originally drilled? N/A

2. Name of the Injection Formation Devonian, Silurian, Fusselman and Montoya (Top 100')

- 3 Name of Field or Pool (if applicable): SWD: Silurian-Devonian

- 4 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. No, new drill.

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

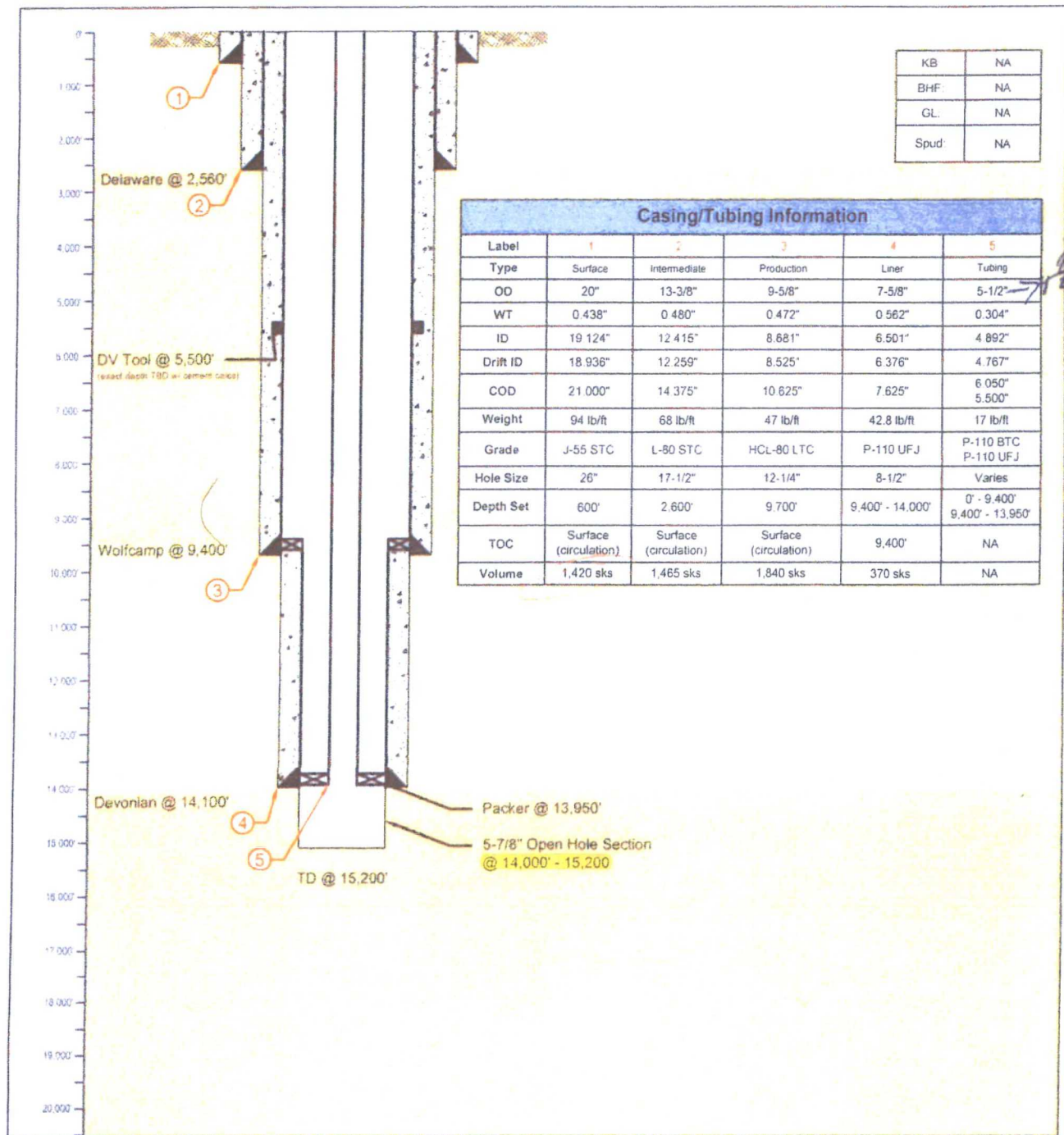
Cherry Canyon: 4,800'

Bone Spring: 6,299'

Wolfcamp: 9,400'

Atoka: 11,617'

Morrow: 12,190'



LONQUIST FIELD SERVICE	Alpha SWD		Alpha SWD #1 - Proposed	
	Country: USA		State/Province: New Mexico	County/Parish: Eddy
	Location: Malaga, NM		Site:	Survey/STR: Sec. 10-24S-29E
	API No:		Field:	Well Type/Status: SWD
	Texas License F-9147		Project No:	Date: 5/19/17
3345 Bee Cave Road, Suite 201 Austin, Texas 78746 Tel: 512.732.9812 Fax: 512.732.9816	State ID No:		Reviewed: CBW	Approved: SLP
	Rev No: 1		Notes:	

Alpha SWD Operating LLC

Alpha SWD No. 1

FORM C-108 Supplemental Information

III Well Data

A Wellbore Information

1

Well Information	
Lease Name	Alpha SWD
Well No.	1
Location	S-10 T-24S R-28E
Footage Location	1,457' FSL & 2,093' FEL

2

a Wellbore Description

Casing Information				
Type	Surface	Intermediate	Production	Liner
OD	20"	13 3/5"	9 6/25"	7.625"
WT	0 4/38"	0 4/80"	0 4/72"	0.562"
ID	19 1/24"	12 4/15"	8.681"	6.501"
Drift ID	18 9/36"	12 2/59"	8 5/25"	6.376"
COD	21 0/0"	14 3/75"	10 6/25"	7.625"
Weight	94 lb/ft	68 lb/ft	47 lb/ft	42 8 lb/ft
Grade	J-55	L-80	HCL-80	P-110
Hole Size	26"	17 5"	12.25"	8.5"
Depth Set	600'	2,600'	9,700'	9,400' - 14,000'

b Cementing Program

Cement Information				
Casing String	Surface	Intermediate	Production	Liner
Lead Cement	C	C	NeoCem	H
Lead Cement Volume	1,420 sx	1,100 sx	Stage 1 530 sx Stage 2 770 sx	370 sx
Tail Cement		C	NeoCem/HALCEM	
Tail Cement Volume		365 sx	Stage 1 390 sx Stage 2. 150 sx	
Cement Excess	100%	25%	25%	25%
TOC	Surface	Surface	Surface	9,400'
Method	Circulate to Surface	Circulate to Surface	Circulate to Surface	Logged

3 Tubing Description

Tubing Information		
OD	5 5"	5.5"
WT	0 304"	0 304"
ID	4 892"	4 892"
Drift ID	4.767"	4.767"
COD	6 050"	5 500"
Weight	17 lb/ft	17 lb/ft
Grade	P-110 BTC	P-110 UFJ
Depth Set	0'-9,400'	9,400'-13,950'

Tubing will be lined with Duoline

4 Packer Description

D&L Oil Tools 7 625" Permapack Packer – Single Bore

B Completion Information

- 1 Injection Formation Devonian, Silurian, Fusselman, Montoya (Top 100')
- 2 Gross Injection Interval 14,000' – 15,200'

Completion Type Open Hole

- 3 Drilled for injection
- 4 See the attached wellbore schematic
- 5 Oil and Gas Bearing Zones within area of well:

Formation	Depth
Cherry Canyon	4,800'
Bone Spring	6,299'
Wolfcamp	9,400'
Atoka	11,617'
Morrow	12,190'

VI Area of Review

No wells within the area of review penetrate the proposed injection zone

VII Proposed Operation Data

- 1 Proposed Daily Rate of Fluids to be Injection

Average Volume: 25,000 BPD
Maximum Volume 32,000 BPD

- 2 Closed System

- 3 Anticipated Injection Pressure

Average Injection Pressure 2,100 PSI (surface pressure)
Maximum Injection Pressure 2,800 PSI (surface pressure)

- 4 The injection fluid is to be locally produced water Attached are produced water sample analyses taken from the closest wells that feature samples from the Delaware and Morrow formations
- 5 The disposal interval is non-productive No water samples are available from the surrounding area.

VIII Geological Data

The Devonian formation is a dolomitic ramp carbonate that occurs below the Woodford shale and above the Fusselman formation. Strata found in the Devonian formation include two major groups, the Wristen Buildups and the Thirtyone Deepwater Chert, with the Wristen being more abundant. The Wristen Group is composed of mixed limestone and dolomites with mudstone to grainstone and boundstone textures. Porosity in the Wristen group is a result of both primary and secondary development. Present are moldic, vugular, karstic (including collapse breccia) features that allow for higher porosities and permeabilities. The Thirtyone Formation contains two end-member reservoir facies, skeletal packstones/grainstones and spiculitic chert, with most of the porosity and permeability found in the coarsely crystalline cherty dolomite. These particular characteristics allow for this formation to be a tremendous Salt Water Disposal horizon.

A Injection Zone. Siluro-Devonian Formation

Formation	Depth
Rustler	Eroded, not present
Salado	1,095'
Delaware	2,566'
Cherry Canyon	4,800'
Bone Spring	6,299'
Wolfcamp	9,400'
Strawn	11,383'
Atoka	11,617'
Morrow	12,190'
Mississippian Lime	13,630'
Woodford	13,922'
Devonian	14,100'

B Underground Sources of Drinking Water

Within 1-mile of the proposed Alpha SWD #1 location water wells range in depth from 50' to 123'. Reported depths to fresh water range from 8' to 32' (18' on average). This is not a known fresh water aquifer, but rather represents a sporadic alluvial source.

IX Proposed Stimulation Program

No proposed stimulation program

X Logging and Test Data on the Well

There are no logs or test data on the well. During the process of drilling and completion resistivity, gamma ray, and density logs will be run.

XI Chemical Analysis of Fresh Water Wells

Quite a few fresh water wells exist within one mile of the well location. Fresh water samples will be obtained from two of the wells (yet to be determined) and analysis of these samples, a map, and the Water Right Summary from the New Mexico Office of the State Engineer will be provided to the OCD as soon as they are available.

XII Affirmative Statement of Examination of Geologic and Engineering Data

Based on the available engineering and geologic data we find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

District I
1625 N French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 293-0720
District II
811 S First St., Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-0720
District III
1000 Rio Brazos Road, 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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-018-44237		² Pool Code 96101		³ Pool Name SWD, Silurian-Devonian	
⁴ Property Code 317792		⁵ Property Name Alpha SWD			⁶ Well Number #1
⁷ OGRID No. 372180		⁸ Operator Name Alpha SWD Operating LLC			⁹ Elevation 3008.69'

Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	10	24 S	28 E		1457'	SOUTH	2093'	EAST	EDDY

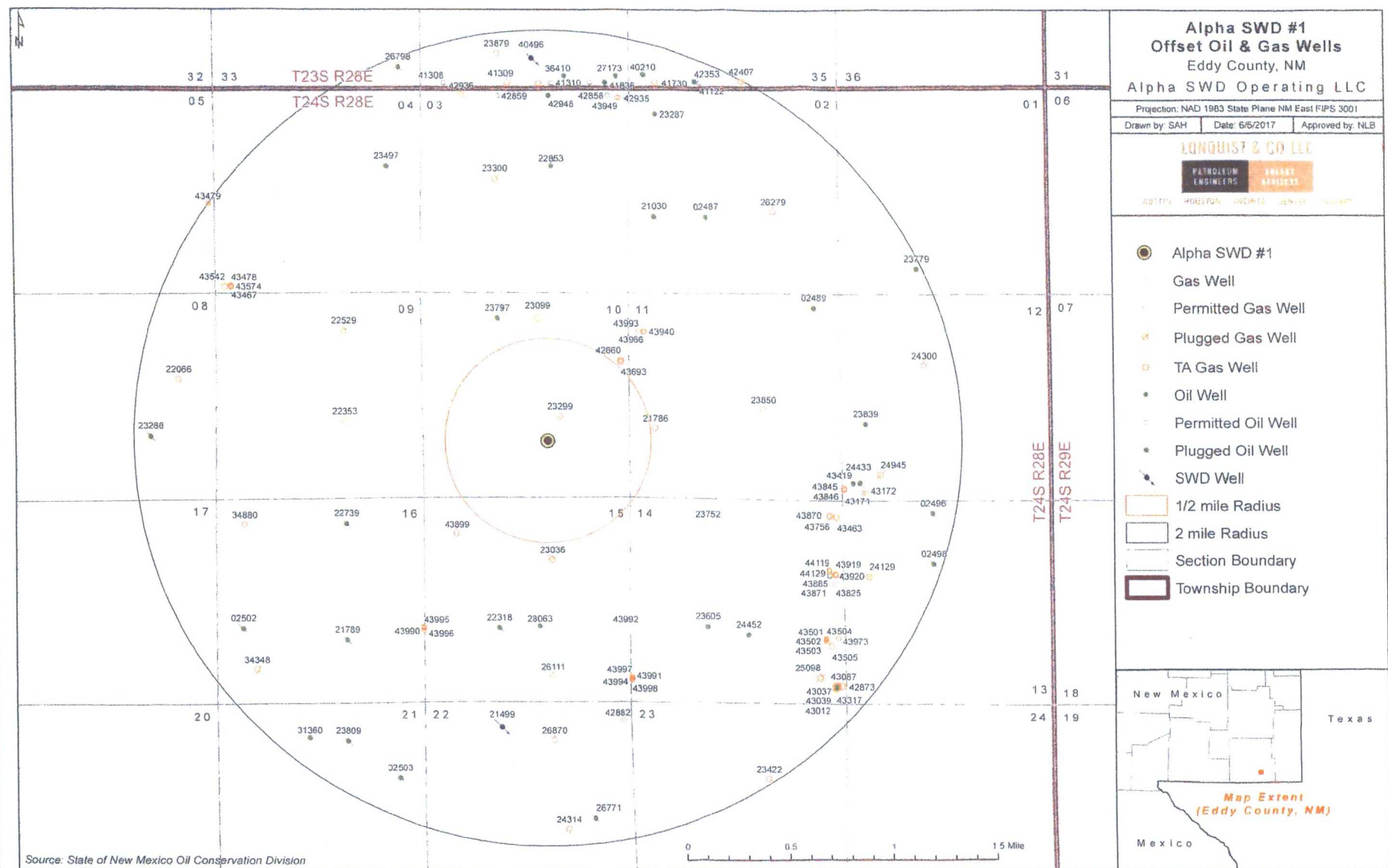
Bottom Hole Location If Different From Surface

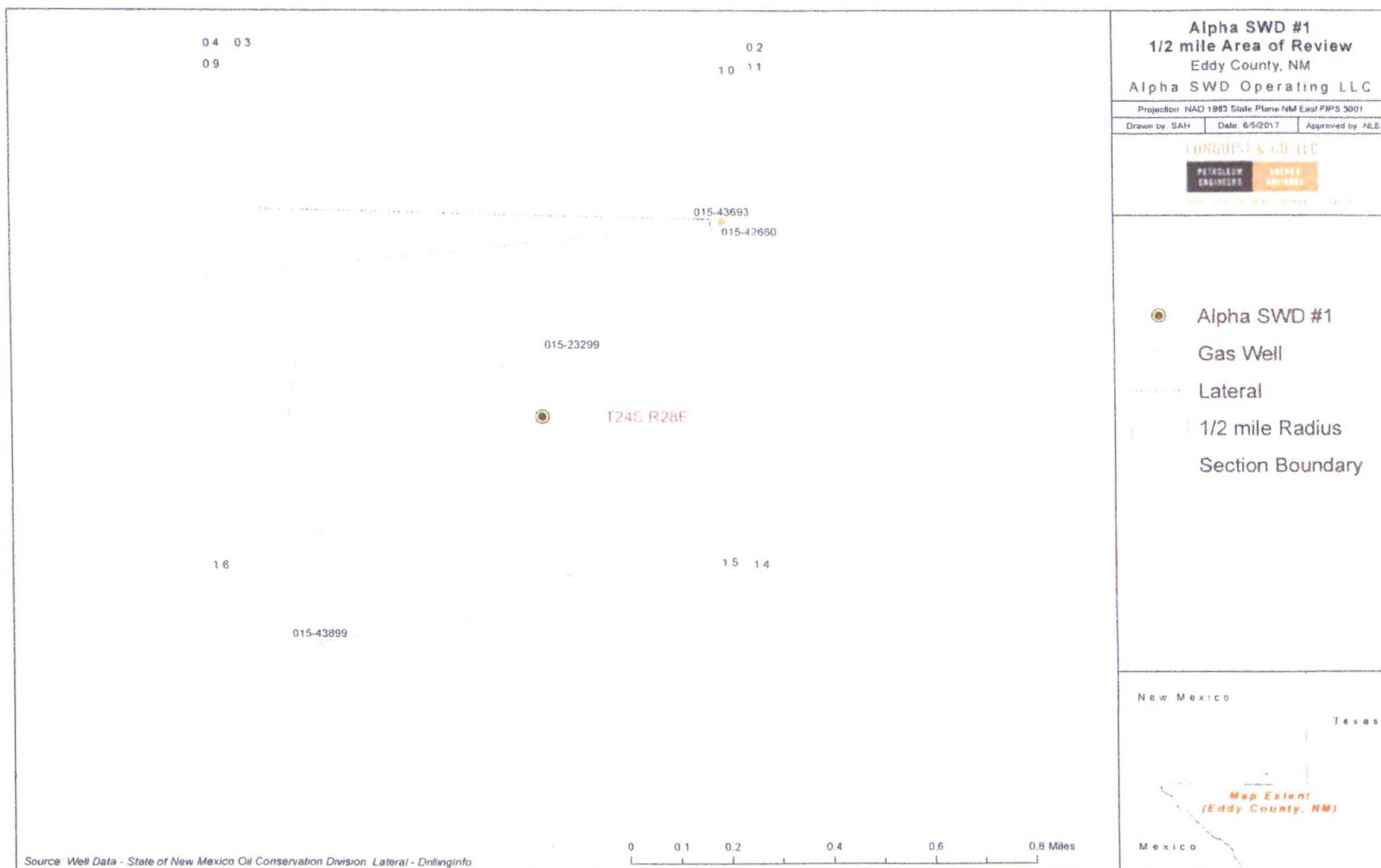
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹⁰ Dedicated Acres	¹¹ Joint or Infill	¹² Consolidation Code	¹³ Order No

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

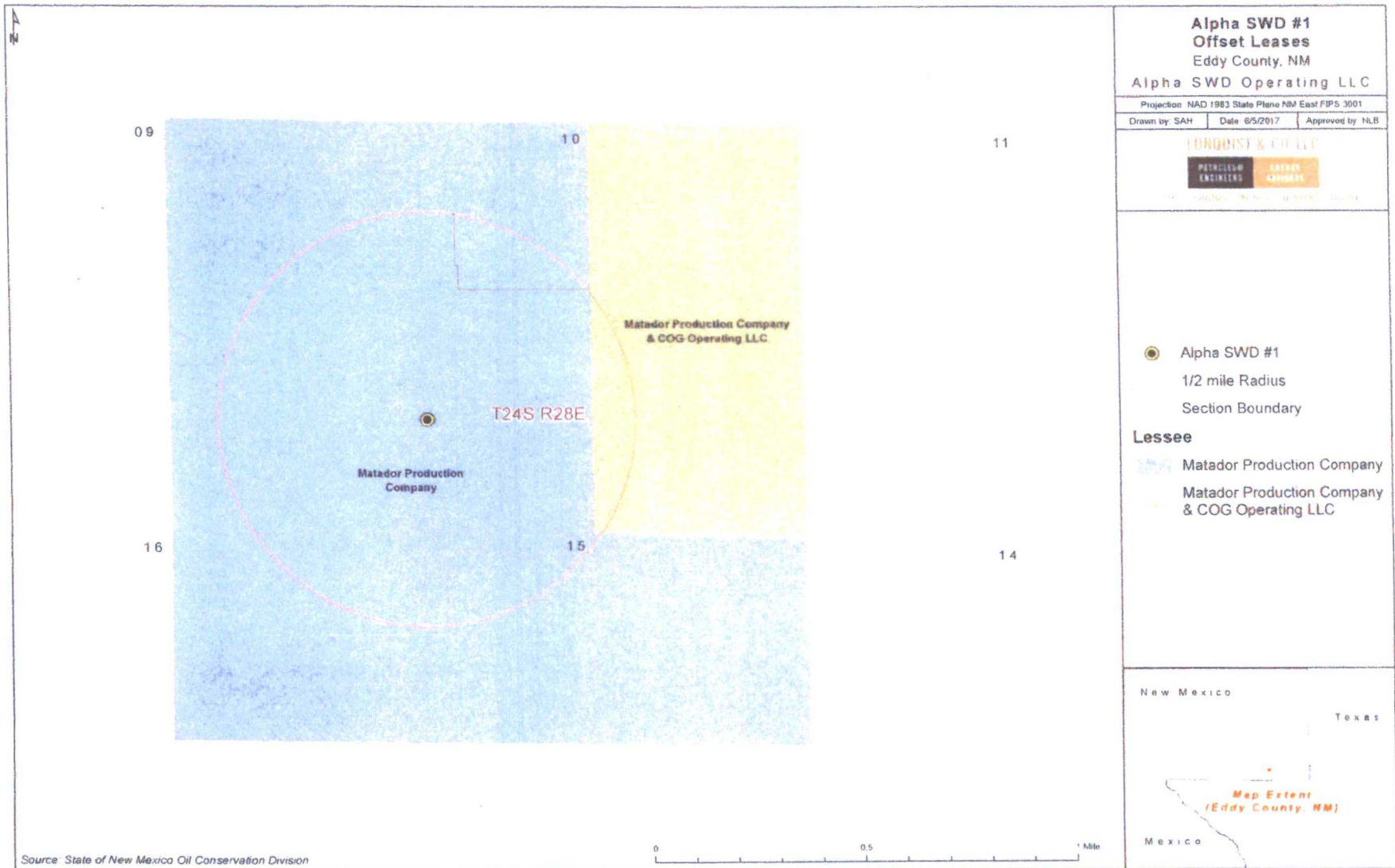
<p>GEOLOGIC DATA NAD 83 GRID - NM EAST ALPHA SWD #1 Y=447280.53 X=821618.30 LAT=32 22 41.1 N LONG=-104 07 37.1 W ELEV=3008.69'</p> <p>CORNER DATA NAD 83 GRID - NM EAST A - Y=451083.37, X=818378.89 B - Y=451081.50, X=823704.83 C - Y=445834.88, X=823709.85 D - Y=445829.34, X=818417.08</p>	<p>OPERATOR CERTIFICATION 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 undivided 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 royalty interest, or to a voluntary pooling agreement or a compulsory pooling agreement as required by the statute.</p> <p><i>Christopher Weyand</i> Signature 6/6/2017 Date</p> <p>Christopher Weyand Printed Name chris@lonquist.com E-mail Address</p>
	<p>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.</p> <p>6/5/2017 Date of Survey Robert P. Allen Signature and Seal of Professional Surveyor 23572 Certificate Number</p>





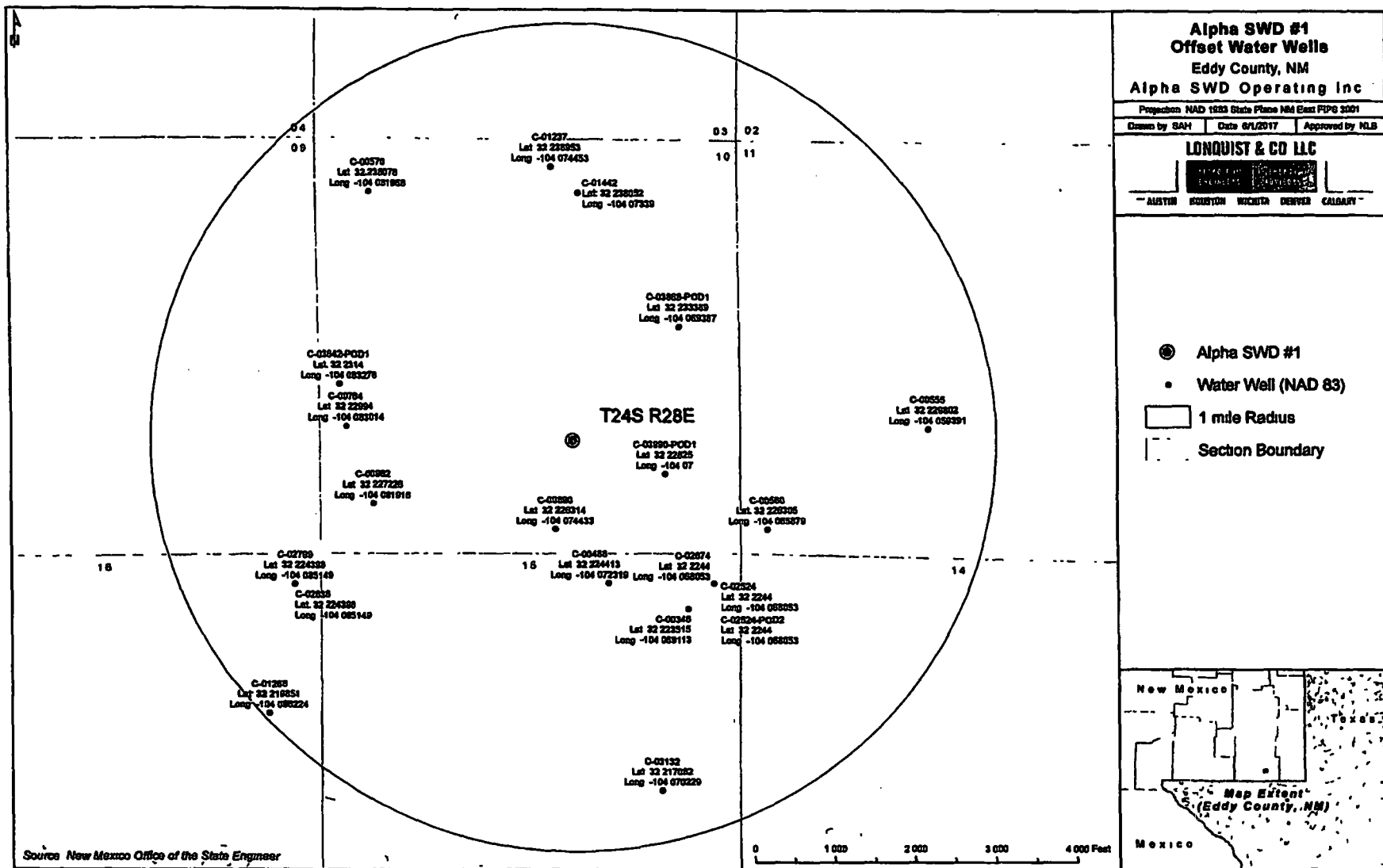
Half-Mile AOR
Alpha SWD #1

API (30-015-)	Well Name	Well Type	Status	Operator	TD (TVD)	Location	Date Drilled
23299	KIRKES COM #001	Gas	Active	MATADOR PRODUCTION COMPANY	12,800	J-10-24S-28E	4/28/1980
42660	GUITAR 10 24 28 RB #202H	Gas	Active	MATADOR PRODUCTION COMPANY	9,475	H-10-24S-28E	12/3/2014
43693	GUITAR 10 24 28 RB #222H	Gas	Active	MATADOR PRODUCTION COMPANY	10,238	H-10-24S-28E	4/24/2016
43899	ANNE COM 15 24S 28E RB #221H	Gas	Active	MATADOR PRODUCTION COMPANY	10,614	D-15-24S-28E	9/26/2016



Alpha SWD No. 1 Notice List			
Notice	Address	Phone Number	Date Noticed
Oil Conservation Division District IV	1220 South St Francis Drive, Santa Fe, NM 87505	(505) 476-3440	6/7/2017
Oil Conservation Division District II	811 S First St, Artesia, NM 88210	(575) 748-1283	6/7/2017
Mr James N Phillips and Mr & Mrs James R Phillips	PO Box 148, Malaga, NM 88263		6/6/2017
COG Operating LLC	One Concho Center, 600 W Illinois Ave, Midland, TX 79701		6/6/2017
Matador Production Company	One Lincoln Center, 5400 LBJ Freeway, Suite 1500, Dallas, TX 75240		6/6/2017

Alpha 1070 IS - Client Provided - Motor Analysis - 10/20/2009																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
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This legal notice will appear in the Carlsbad Current-Argus on Tuesday, June 6, 2017, and run in the paper for one day. The affidavit of publication will be forwarded to the New Mexico Oil Conservation Division upon receipt.

Legal Notice

Alpha SWD Operating LLC, 4436 Sterling Ln, Plano, Texas 75093 is filing Form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division for administrative approval for its salt water disposal well Alpha SWD No. 1. The proposed well will be located 1,457' FSL & 2,093' FEL in Section 10, Township 24S, Range 28E in Eddy County, New Mexico. Disposal water will be sourced from area production, and will be injected into the Siluro-Devonian Formation (determined by offset log analysis) through an open hole completion between a maximum applied for top of 14,000 feet to a maximum depth of 15,200 feet. The maximum surface injection pressure will not exceed 2,800 psi with a maximum rate of 32,000 BWPD. Interested parties opposing the action must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within 15 days. Additional information can be obtained from the applicant's agent, Lonquist & Co., LLC, at (512) 600-1764.

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) 748-1283 Fax (575) 748-9720

District III
1000 Rio Grande Road, 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

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-101
Revised July 18, 2013

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address ALPHA SWD OPERATING LLC 4436 STERLING LN PLANO, TX 75093		OGRID Number 372180
		API Number 30-015-44237
Property Code 317792	Property Name ALPHA SWD	Well No 1

Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	NS Line	Feet From	E/W Line	County
J	10	24S	28E		1,457	SOUTH	2,093	EAST	EDDY

Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	NS Line	Feet From	E/W Line	County

Pool Information

Pool Name SWD, Sauran-Devoman	Pool Code 96101
---	---------------------------

Additional Well Information

Work Type N	Well Type SWD	Cable/Rotary R	Lease Type Private	Ground Level Elevation 3,013'
Multiple N	Proposed Depth 15,200'	Formation Sauran-Devoman	Contractor TBD	Spud Date ASAP
Depth to Ground water 25'	Distance from nearest fresh water well 500'			Distance to nearest surface water 2300'

☒ We will be using a closed-loop system in lieu of lined pits

Proposed Casing and Cement Program

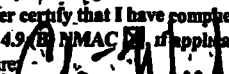
Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	26"	20"	94 lb/ft	600'	1,420	Surface
Intermediate	17 5"	13 3/8"	68 lb/ft	2,600'	1,465	Surface
Production	12 25"	9 625"	47 lb/ft	9,700'	1,840	Surface
Prod Liner	8 5"	7 625"	42 8 lb/ft	9,400' - 14,000'	370	9,400'
Tubing	N/A	5 5"	17 lb/ft	13,950'	N/A	N/A

Casing/Cement Program: Additional Comments

See attached schematic

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Hydraulic Blinds, Pipe	5,000 psi	8,000 psi	TBD - Schaffer/Cameron

I hereby certify that the information given above is true and complete to the best of my knowledge and belief
I further certify that I have complied with 19.15.14.9 (A) NMAC ☐ and/or 19.15.14.9 (B) NMAC ☒ if applicable
Signature: 

Printed name: Chris Weyand

Title: Consulting Engineer

E-mail Address: chris@longquist.com

Date: June 6, 2017

Phone: 512-600-1764

OIL CONSERVATION DIVISION

Approved By

Title

Approved Date

Expiration Date

Conditions of Approval Attached

McMillan, Michael, EMNRD

From: McMillan, Michael, EMNRD
Sent: Monday, June 12, 2017 4 24 PM
To: 'chris@lonquist.com', 'Steve Pattee'
Cc: Jones, William V, EMNRD, Goetze, Phillip, EMNRD
Subject: Alpha SWD Operating, LLC Alpha SWD Well No 1

Steve

Your application that was received on June 12, 2017 will not be placed into the administrative application review process

The following information is required

- Return receipt for surface owner
- Return receipt for operator of record,
- Affidavit of publication
- Signed statement from either a geologist or engineer that there is no connection between groundwater and injection interval (a signed statement from the form C-108)

If the required information is not received within 10-days, your application will be cancelled

Michael McMillan
1220 South St Francis
Santa Fe, New Mexico
505-476-3448
Michael.mcmillan@state.nm.us

<p>Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>Article Addressed to:</p> <p>New Mexico Energy Minerals and Natural Resources Department Oil Conservation Division District II 811 S First Street Albuquerque New Mexico 87210</p> <p>9590 9402 2913 7094 7233 53</p> <p>Article Number (Transfer from service label) 7015 1660 0000 4377 9660</p> <p>PS Form 3811, July 2015 PSN 7520-02-000-0003 Domestic Return Receipt</p>	<p>A. Signature <i>John A. Thompson</i> B. Date of Delivery 6/16/17</p> <p>Article Addressed to:</p> <p>New Mexico Energy Minerals and Natural Resources Department Oil Conservation Division District IV 1220 South Street Francis Drive Santa Fe New Mexico 87505</p> <p>9590 9403 0953 6229 5489 80</p> <p>Article Number (Transfer from service label) 7015 1660 0000 4377 9677</p> <p>PS Form 3811, July 2015 PSN 7520-02-000-0003 Domestic Return Receipt</p>	<p>Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>Article Addressed to:</p> <p>New Mexico Energy Minerals and Natural Resources Department Oil Conservation Division District IV 1220 South Street Francis Drive Santa Fe New Mexico 87505</p> <p>9590 9403 0953 6229 5489 80</p> <p>Article Number (Transfer from service label) 7015 1660 0000 4377 9677</p> <p>PS Form 3811, July 2015 PSN 7520-02-000-0003 Domestic Return Receipt</p>	<p>Signature <i>John A. Thompson</i> B. Date of Delivery 6/16/17</p> <p>Article Addressed to:</p> <p>New Mexico Energy Minerals and Natural Resources Department Oil Conservation Division District IV 1220 South Street Francis Drive Santa Fe New Mexico 87505</p> <p>9590 9403 0953 6229 5489 80</p> <p>Article Number (Transfer from service label) 7015 1660 0000 4377 9677</p> <p>PS Form 3811, July 2015 PSN 7520-02-000-0003 Domestic Return Receipt</p>
<p>Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>Article Addressed to:</p> <p>Matador Production Company One Lincoln Center 6100 LBJ Freeway Suite 1500 Dallas, Texas 75240</p> <p>9590 9403 0953 6229 5489 84</p> <p>Article Number (Transfer from service label) 7015 1660 0000 4377 9691</p> <p>PS Form 3811, July 2015 PSN 7520-02-000-0003 Domestic Return Receipt</p>	<p>A. Signature <i>Diane Burns</i> B. Date of Delivery 6/19/17</p> <p>Article Addressed to:</p> <p>Mr James N Phillips & Mrs James R Phillips P O Box 148 Malaga New Mexico 88263</p> <p>9590 9403 0953 6229 5489 84</p> <p>Article Number (Transfer from service label) 7015 1660 0000 4377 9707</p> <p>PS Form 3811, July 2015 PSN 7520-02-000-0003 Domestic Return Receipt</p>	<p>Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>Article Addressed to:</p> <p>Mr James N Phillips & Mrs James R Phillips P O Box 148 Malaga New Mexico 88263</p> <p>9590 9403 0953 6229 5489 84</p> <p>Article Number (Transfer from service label) 7015 1660 0000 4377 9707</p> <p>PS Form 3811, July 2015 PSN 7520-02-000-0003 Domestic Return Receipt</p>	<p>A. Signature <i>James N Phillips</i> B. Date of Delivery 6/19/17</p> <p>Article Addressed to:</p> <p>Mr James N Phillips & Mrs James R Phillips P O Box 148 Malaga New Mexico 88263</p> <p>9590 9403 0953 6229 5489 84</p> <p>Article Number (Transfer from service label) 7015 1660 0000 4377 9707</p> <p>PS Form 3811, July 2015 PSN 7520-02-000-0003 Domestic Return Receipt</p>

PS Form 3811, July 2015 PSN 7520-02-000-0003 Domestic Return Receipt

Complete items 1, 2, and 3.
Print your name and address on the reverse so that we can return the card to you.
Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

COG Operating, LLC
One Concho Center
600 W. Illinois Avenue
Midland Texas 79701

9590 9403 0953 6229 5489 87

Article Number (Transfer from service label)
7015 1660 0000 4377 9691

PS Form 3811, July 2015 PSN 7520-02-000-0003 Domestic Return Receipt

Affidavit of Publication

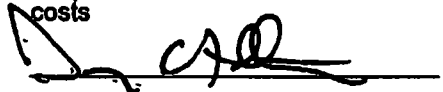
State of New Mexico,
County of Eddy, ss

Danny Fletcher, being first duly
sworn, on oath says

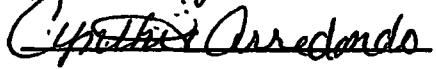
That he is the Publisher of the
Carlsbad Current-Argus, a
newspaper published daily at the
City of Carlsbad, in said county of
Eddy, state of New Mexico and of
general paid circulation in said
county, that the same is a duly
qualified newspaper under the laws
of the State wherein legal notices
and advertisements 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

June 6 2017

That the cost of publication is \$70.15
and that payment thereof has been
made and will be assessed as court
costs

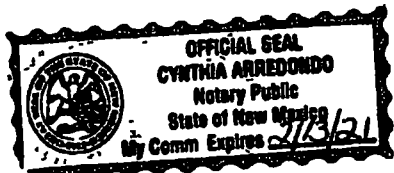


Subscribed and sworn to before me
this 7 day of June, 2017



My commission Expires 2/13/21

Notary Public



June 6, 2017
Alpha SWD Operating
LLC 4436, Sterling
Piano, Texas 75093
filed Form C-108 (Ap-
plication for Authori-
zation to Inject) with
the New Mexico Oil
Conservation Division
for administrative ap-
proval for its salt wa-
ter disposal well Alpha
SWD-111. The pro-
posed well will be lo-
cated in the NE 1/4 of
Section 10, Township 24S,
Range 12E, in Eddy
County, New Mexico.
Disposal water will be
sourced from an area
production and will
be injected into the
Silurian Devonian For-
mation (determined
by offset log analysis)
through an open hole
completion between a
maximum depth of
14,000 feet to a
maximum depth of
15,200 feet. The max-
imum surface injection
pressure will not ex-
ceed 2,800 psi with the
maximum rate of
22,000 bbl/d. Inter-
ested parties oppos-
ing the action must
file objections or re-
quests for hearing
with the Oil Conserva-
tion Division, 1220
South St. Francis
Drive, Santa Fe, New
Mexico 87505, within
15 days. Additional in-
formation can be ob-
tained from the appli-
cant's agent, Lunda
Co. LLC, at (512)
600-1764 or at lunda@
lunda.com.

IX Proposed Stimulation Program

No proposed stimulation program

X Logging and Test Data on the Well

There are no logs or test data on the well. During the process of drilling and completion resistivity, gamma ray, and density logs will be run.

XI Chemical Analysis of Fresh Water Wells

Cardinal Laboratories in Hobbs, New Mexico was contracted to obtain water samples from fresh water wells within 1 mile and provide chemical analysis of the samples. It was determined that all wells within the area had been plugged or were not operational.

XII Affirmative Statement of Examination of Geologic and Engineering Data

Based on the available engineering and geologic data we find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

Cheryl W. [Signature]
6/19/2017



New Mexico Office of the State Engineer Point of Diversion Summary

		(quarters are 1-NW 2-NE 3-SW 4-SE)				(NAD83 UTM in meters)	
		(quarters are smallest to largest)					
POD Number		Q64 Q16 Q4	Sec	Tws	Rng	X	Y
C 03824 POD1		4	1	2	16	24S	28E 585770 3565578

Driller License: 1566	Driller Company: ABE DYCK PUMPING SERVICE	
Driller Name: DYCK, ABE		
Drill Start Date: 01/19/2015	Drill Finish Date: 03/02/2015	Plug Date:
Log File Date: 05/26/2015	PCW Rev Date:	Source: Shallow
Pump Type:	Pipe Discharge Size:	Estimated Yield: 300 GPM
Casing Size: 12 00	Depth Well: 290 feet	Depth Water: 60 feet

Water Bearing Stratifications:	Top	Bottom	Description
	56	101	Sandstone/Gravel/Conglomerate
	101	150	Shale/Mudstone/Siltstone
	150	187	Sandstone/Gravel/Conglomerate
	187	201	Other/Unknown
	201	290	Shale/Mudstone/Siltstone

Casing Perforations:	Top	Bottom
	0	290

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

6/27/17 1 57 PM

POINT OF DIVERSION SUMMARY

**C-108 Review Checklist:**Received 6/14/2017 Add Request 6/14/2017 Reply Date _____ Suspended _____ [Ver 15]

ORDER TYPE WFX/PMX/SWD Number _____ Order Date _____ Legacy Permits/Orders _____

Well No 1 Well Name(s) Alpha-SunAPI 30-0 15-44237 Spud Date TBD New or Old N (UIC Class II Primacy 03/07/1982)Footages 1457 FSL 2052 EBL Lot _____ or Unit 5 Sec 10 Tsp 24S Rge 28E County EddyGeneral Location 2.1 mile N/NE of Alpha-Sun Pool SWD Dugan-Sun Pool No 97865BLM 100K Map Charles Operator Alpha-Sun OGRID 245 Contact Chris HendrixCOMPLIANCE RULE 59 Total Wells 1 Inactive 0 Fincl Assur OK Compl Order? 4A TS 59 OK? X Date 6-27-2017WELL FILE REVIEWED ✓ Current Status ProposedWELL DIAGRAMS NEW Proposed ✓ or RE-ENTER Before Conv ○ After Conv ○ Logs in Imaging N/A

Planned Rehab Work to Well _____

Well Construction Details		Sizes (in)	Setting	Cement	Cement Top and Determination Method
		Borehole / Pipe	Depths (ft)	Sx or Cf	
Planned ___ or Existing ___ Surface		26"/20"	600'	1420	Surface / Visual
Planned ___ or Existing ___ Intern/Prod		17 1/2"/13 1/8"	2600	1465	Surface / Visual
Planned ___ or Existing ___ Intern/Prod		12 1/4"/9 5/8"	9700	1840	Surface / Visual
Planned ___ or Existing ___ Prod/Liner		20 1/8"/14 1/4"	13450	370	Surface / EBL
Planned ___ or Existing ___ Liner					
Planned ___ or Existing ___ ON PERP		1400/1500			

Injection Lithostratigraphic Units		Depths (ft)	Injection or Confining Units	Tops	Completion/Operation Details
Adjacent Unit Litho Struc Por			DN	14100	Drilled TO <u>15200</u> PBTD _____
Confining Unit Litho Struc Por			ALMA	13722	NEW TO _____ NEW PBTD _____
Proposed Inj Interval TOP					NEW Open Hole <u>○</u> or NEW Perfs <u>○</u>
Proposed Inj Interval BOTTOM					Tubing Size <u>4 1/2"</u> Inter Coated? _____
Confining Unit Litho Struc Por					Proposed Packer Depth <u>1355</u> ft
Adjacent Unit Litho Struc Por					Min Packer Depth <u>1350</u> (100-ft limit)
					Proposed Max Surface Press <u>280</u> psi
					Admin Inj Press <u>280</u> (0.2 psi per ft)

AOR Hydrologic and Geologic Information

POTASH R-111-P Noticed? BLM Sec Ord ○ WIPP ○ Noticed? ○ Salt/Salado T 245 NW Cliff House fm 4A

FRESH WATER Aquifer Quaternary Max Depth 140 HYDRO AFFIRM STATEMENT By Qualified Person ○

NMOSE Basin Charles CAPTAN REEF thru adj NA No Wells within 1-Mile Radius? _____ FW Analysis _____

Disposal Fluid Formation Source(s) Reclamation Analysis? _____ On Lease ○ Operator Only ○ or Commercial ○

Disposal Int Inject Rate (Avg/Max BWPD) 25K/32K Protectable Waters? NA Source _____ System Closed or Open _____

HC Potential Producing Interval? NA Formerly Producing? _____ Method Logs/DST/P&A/Other negative 1/2-Mile Radius Pool Map ○

AOR Wells: 1/2-M Radius Map? Y Well List? _____ Total No Wells Penetrating Interval _____ Horizontals? _____

Penetrating Wells No Active Wells 0 Num Repairs? _____ on which well(s)? _____ Diagrams? _____

Penetrating Wells No P&A Wells 0 Num Repairs? _____ on which well(s)? _____ Diagrams? _____

NOTICE Newspaper Date June 6, 2016 Mineral Owner _____ Surface Owner Phillips N Date _____

RULE 28.7(A) Identified Tracts? Y Affected Persons CUB, Matteson N Date 6-06-2017

Order Conditions: Issues _____



1 of 1 DOCUMENT

NEW MEXICO ADMINISTRATIVE CODE
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* Current through New Mexico Register, Vol. XXVIII, No. 18 dated September 26, 2017 *

TITLE 19. NATURAL RESOURCES AND WILDLIFE
CHAPTER 15. OIL AND GAS
PART 26. INJECTION

Go to the New Mexico Administrative Code Archive Directory

19.15.26.8 NMAC (2017)

§ 19.15.26.8. INJECTION OF FLUIDS INTO RESERVOIRS

A. Permit for injection required. An operator shall not inject gas, liquefied petroleum gas, air, water or other fluid into a reservoir or formation to maintain reservoir pressure or for secondary or other enhanced recovery or for storage or inject water into a formation for disposal except pursuant to a permit the division has granted after notice and hearing, or that the division has granted by administrative order as authorized in 19.15.26.8 NMAC. The division shall grant a permit for injection under 19.15.26.8 NMAC only to an operator who is in compliance with Subsection A of 19.15.5.9 NMAC. The division may revoke a permit for injection issued under 19.15.26.8 NMAC after notice and hearing if the operator is not in compliance with Subsection A of 19.15.5.9 NMAC.

B. Method of making application.

(1) The operator shall apply for authority to inject gas, liquefied petroleum gas, air, water or other medium into a formation for any reason, including the establishment of or the expansion of water flood projects, enhanced recovery projects, pressure maintenance projects or salt water disposal, by submitting form C-108 complete with all attachments to the division.

(2) The applicant shall furnish, by certified or registered mail, a copy of the application to each owner of the land surface on which each injection or disposal well is to be located and to each leasehold operator or other affected person within any tract wholly or partially contained within one-half mile of the well.

C. Administrative approval.

(1) If the application is for administrative approval rather than for a hearing, it shall be accompanied by a copy of a legal notice the applicant published in a newspaper of general circulation in the county in which the proposed injection well is located. The legal notice shall include:

19.15.26.8 NMAC

- (a) the applicant's name, address, phone number and contact party;
- (b) the injection well's intended purpose, with the exact location of single wells or the section, township and range location of multiple wells;
- (c) the formation name and depth with expected maximum injection rates and pressures; and
- (d) a notation that interested parties shall file objections or requests for hearing with the division within 15 days.

(2) The division shall not approve an application for administrative approval until 15 days following the division's receipt of form C-108 complete with all attachments including evidence of mailing as required under Paragraph (2) of Subsection B of 19.15.26.8 NMAC and proof of publication as required by Paragraph (1) of Subsection C of 19.15.26.8 NMAC.

(3) If the division does not receive an objection within the 15-day period, and a hearing is not otherwise required, the division may approve the application administratively.

D. Hearings. If a written objection to an application for administrative approval of an injection well is filed within 15 days after receipt of a complete application, if 19.15.26.8 NMAC requires a hearing or if the director deems a hearing advisable, the division shall set the application for hearing and give notice of the hearing.

E. Water disposal wells.

(1) The director may grant an application for a water disposal well administratively, without hearing, only when the waters to be disposed of are mineralized to such a degree as to be unfit for domestic, stock, irrigation or other general use and when the waters are to be disposed of into a formation older than Triassic (Lea county only) and the division receives no objections pursuant to Subsection C of 19.15.26.8 NMAC.

(2) The division shall not permit disposal into zones containing waters having total dissolved solids concentrations of 10,000 mg/l or less except after public notice and hearing, provided that the division may, by order issued after public notice and hearing, establish exempted aquifers for such zones where the division may administratively approve the injection.

(3) Notwithstanding the provisions of Paragraph (2) of Subsection E of 19.15.26.8 NMAC, the director may authorize disposal into such zones administratively if the waters to be disposed of are of higher quality than the native water in the disposal zone.

F. Pressure maintenance projects.

(1) The division shall set applications for establishment of pressure maintenance projects for hearing. The division shall fix the project area and the allowable formula for a pressure maintenance project on an individual basis after notice and hearing.

(2) The division may authorize an operator to expand a pressure maintenance project and place additional wells on injection after hearing or administratively, subject to the notice requirements of Subsection B of 19.15.26.8 NMAC.

(3) The director may grant an exception to the hearing requirements of Subsection A of 19.15.26.8 NMAC for the conversion to injection of additional wells within a project area provided that the wells are necessary to develop or maintain efficient pressure maintenance within the project and provided that the division receives no objections pursuant to Subsection C of 19.15.26.8 NMAC.

(4) An established pressure maintenance project shall have only one designated operator. The division shall set an application for exception for hearing.

19.15.26.8 NMAC

G. Water flood projects.

(1) The division shall set applications for establishment of water flood projects for hearing.

(2) The project area of a water flood project shall comprise the proration units a given operator owns or operates upon which injection wells are located plus proration units the same operator owns or operates that directly or diagonally offset the injection tracts and have producing wells completed on them in the same formation; provided however, that the division may include in the project area additional proration units not directly or diagonally offsetting an injection tract if, after notice and hearing, the operator establishes that the additional units have wells completed on the unit that have experienced a substantial response to water injection.

(3) The allowable the division assigns to wells in a water flood project area shall equal the wells' ability to produce and is not subject to the depth bracket allowable for the pool or to the market demand percentage factor.

(4) Nothing in Subsection G of 19.15.26.8 NMAC shall prohibit the division's assignment of special allowables to wells in buffer zones after notice and hearing. The division may assign special allowables in the limited instances where it is established at a hearing that it is imperative for the protection of correlative rights to do so.

(5) The division shall authorize the expansion of water flood projects and the placement of additional wells on injection after hearing or administratively, subject to the notice requirements of Subsection B of 19.15.26.8 NMAC.

(6) The director may grant an exception to the hearing requirements of Subsection A of 19.15.26.8 NMAC for conversion to injection of additional wells provided that the well is necessary to develop or maintain thorough and efficient water flood injection for an authorized project and provided that the division does not receive an objection pursuant to Subsection C of 19.15.26.8 NMAC.

(7) An established water flood project shall have only one designated operator. The division shall set for hearing an application for exception.

H. Storage wells.

(1) The director may grant administratively, without hearing, an application for the underground storage of liquefied petroleum gas or liquid hydrocarbons in secure caverns within massive salt beds, and provided the applicant has complied with the notice provisions of Subsection B of 19.15.26.8 NMAC and the division receives no objections pursuant to Subsection C of 19.15.26.8 NMAC.

(2) In addition to the filing requirements of Subsection B of 19.15.26.8 NMAC, the applicant for approval of a storage well under Subsection H of 19.15.26.8 NMAC shall file the following:

(a) with the director, financial assurance in accordance with the provisions of 19.5.8 NMAC; and

(b) with the appropriate division district office:

(i) form C-101;

(ii) form C-102; and

(iii) form C-105.



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) 748-1283 Fax: (575) 743-0720
District III
1000 Rin Bruzon Road, 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
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised July 18, 2013

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address ALPHA SWD OPERATING, INC.		OGRID Number 372180
Property Code 317792	Property Name ALPHA SWD	API Number 30-015-44237

2. Surface Location

Alp	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
	10	24S	28E		1,457	SOUTH	2,093	EAST	EDDY

3. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County

4. Pool Information

Pool Name SWD: Silurian Devonian	Pool Code 96101
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Additional Well Information

11. Work Type N	12. Well Type SWD	13. Cable/Rotary R	14. Lease Type Private	15. Ground Level Elevation 3,013'
16. Multiple N	17. Proposed Depth 15,200'	18. Formation Silurian-Devonian	19. Contractor TBD	20. Spud Date ASAP
Depth to Ground water 25'		Distance from nearest fresh water well 500'		Distance to nearest surface water 2000'

☒ We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	26"	20"	94 lb/ft	600'	710	Surface
Intermediate	17.5"	13.375"	68 lb/ft	2,600'	1000	Surface
Production	12.25"	9.625"	47 lb/ft	9,700'	1620	Surface
Prod. Liner	8.5"	7.625"	42.8 lb/ft	9,400' - 14,000'	1950	9,400'
Tubing	N/A	5.5"	17 lb/ft	13,950'	N/A	N/A

Casing/Cement Program: Additional Comments

See attached schematic.

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Hydraulic/Blinds, Pipe	5,000 psi	8,000 psi	TBD - Schaffer/Cameron

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that I have complied with 19.15.14.9 (A) NMAC <input type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> if applicable. Signature: <i>Chris Woyand</i>		OIL CONSERVATION DIVISION	
Printed name: Chris Woyand		Approved By: <i>Raymond H. Padany</i>	
Title: Consulting Engineer		Title: <i>Geologist</i>	
E-mail Address: chris@lonquist.com		Approved Date: <i>6-6-17</i>	Expiration Date: <i>6-6-19</i>
Date: May 30, 2017	Phone: 512-600-1764	Conditions of Approval Attached	

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 17
Submitted by: **DELAWARE ENERGY LLC**
Hearing Date: November 7, 2017

District I
1625 N French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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811 S. First St., Artesia, NM 88210
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District III
1000 Rio Brazos Road, 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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-44237		2 Pool Code 96101		3 Pool Name SWD; Shinarump Devonian	
4 Property Code 317792		5 Property Name Alpha SWD			6 Well Number #1
7 OGRID No. 372180		8 Operator Name Alpha SWD Operating, Inc.			9 Elevation -

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	10	24 S	28 E		1457'	SOUTH	2093'	EAST	EDDY

11 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
	-	-	-	-	-	-	-	-	-

12 Dedicated Acres 40	13 Joint or Infill	14 Consolidation Code	15 Order No.
---------------------------------	--------------------	-----------------------	--------------

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.

<p>GEODETIC DATA NAD 83 GRID - NW EAST</p> <p>ALPHA SWD #1 Y=447290.53 X=821818.30 LAT=32.229411 N LONG=-104.073711 W</p> <p>CORNER DATA NAD 83 GRID - NW EAST</p> <p>A - Y=451093.37, X=818379.89 B - Y=451081.50, X=823704.83 C - Y=445834.88, X=823709.95 D - Y=445829.34, X=818417.08</p> <p>40 AC.</p> <p>ALPHA SWD #1</p> <p>1457'</p> <p>2093'</p>	<p>17 OPERATOR CERTIFICATION</p> <p>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.</p> <p><i>[Signature]</i> 5/30/2017 Signature Date</p> <p>Christopher Weyand Printed Name</p> <p>chris@lonquist.com E-mail Address</p> <p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>
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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION

PERMIT CONDITIONS OF APPROVAL

Operator Name Alpha SWD Oper
API Number 30-015-44237
Well Name and Number Alpha SWD #1

- ☐ Will require a Directional Survey and "As Drilled" C-102 with the C-104
- ☒ Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string.
- ☒ If cement does not circulate to surface, must run temperature survey or other log to determine top of cement.
- ☐ NSL approval required prior to sale of product
- ☐ NSP approval required for requested acreage dedication
- ☒ Initial injection cannot commence until all regulatory requirements have been met and drilling and completion data conforms to approved SWD order

REAL PROPERTY PURCHASE AND SALE AGREEMENT

THIS REAL PROPERTY PURCHASE AND SALE AGREEMENT (this "**Agreement**") is entered into as of this 24th day of August, 2017 (the "**Effective Date**") by and between James N. Phillips and Irma F. Phillips (collectively, "**Seller**") and Alpha Properties LLC, a New Mexico limited liability company ("**Buyer**").

RECITALS:

A. Seller is the owner of fee simple title in and to that certain tract of land containing approximately 7.9 acres located in Eddy County, New Mexico as more particularly described on Exhibit A attached hereto and incorporated herein.

B. On or about the date hereof, Buyer has entered into or will enter into a Purchase and Sale Agreement, (the "**Gateway Contract**") with Alpha SWD Operating LLC, a New Mexico limited liability company, and Gateway Permian Operating, LLC, a Texas limited liability company pursuant ("**Gateway**") pursuant to which Gateway will purchase a saltwater disposal well injection permit under the Gateway Contract for a salt water disposal well to be drilled, completed, and operated on the Property (the "**Gateway Transaction**").

C. Seller wishes to sell and convey to Buyer and Buyer desires to purchase and acquire from Seller the foregoing real property, concurrently with and contingent upon the closing of the Gateway Transaction, upon the terms and conditions hereinafter set forth.

In consideration of the mutual covenants set out in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Article 1. Sale and Purchase

1.1 **Sale of Property.** Seller agrees to sell, convey, and assign to Buyer and Buyer agrees to purchase and accept from Seller, for the Purchase Price (hereinafter defined) and subject to the terms and conditions set out in this Agreement, all of Seller's rights, titles, and interests in and to the following (collectively, the "**Property**"):

(a) That certain parcel of land containing approximately 7.9 acres, more or less, as described on Exhibit A attached hereto and made a part hereof (the "**Land**"), which shall be the legal description used in the deed from Seller to Buyer; and

(b) all rights and interests of Seller in and to (i) strips or gores, if any between such tract of land and abutting properties, (ii) any land lying in or under the bed of any highway, avenue, street, road, alley, easement, or right-of-way, open or proposed, in, on, across, abutting, or adjacent to such land, together with all rights of ingress and egress to and from such land, (iii) all minerals, riparian and other rights of Seller, if any, and (iv) all easements and rights appurtenant to such land together with all development rights and drainage rights owned by Seller which pertain to such Land and all rights to water and utility capacity held by Seller and any reversionary interests in and to any of the foregoing.

Article 2.
Purchase Price

2.1 **Purchase Price.** The price ("**Purchase Price**") for the Property shall be payable at Closing (as hereinafter defined), in cash, by cashier's or certified check, or by wire transfer of immediately available funds, subject to prorations and adjustments as hereinafter set forth. The Purchase Price shall be

Article 3.
Buyer's Investigation

3.1 **Investigation Period.** Buyer shall have a period of time (the "**Investigation Period**") commencing on the Effective Date and expiring at 5:00 P.M. Central Time on the date that is thirty (30) days after the Effective Date to review title to the Property and to inspect and/or cause one or more surveyors, attorneys, engineers, architects, environmental consultants and/or other experts of Buyer's choice to inspect, examine, survey, appraise and otherwise do that which, in the opinion of Buyer, is reasonably necessary for Buyer to satisfy itself with regard to the physical condition of the Premises (the "**Investigation**"). If, at any time prior to the expiration of the Investigation Period, Buyer determines that it is not satisfied for any reason with the results of the Investigation, and notifies Seller in writing of its election to terminate this Agreement prior the end of the Investigation Period, this Agreement shall automatically become null and void and all of the parties to this Agreement shall be released from any and all further obligation or liability hereunder, except for those obligations that expressly survive the termination of this Agreement (the "**Surviving Obligations**").

Article 4.
Title

4.1 **Title Information.** Within ten (10) days after the Effective Date Buyer shall order for delivery to Buyer: (a) a commitment for owner's title insurance ("**Title Commitment**") from Eddy County Abstract & Title Co., L.L.C. (the "**Title Company**"), including a Leasehold Owner's Policy Endorsement setting out the status of the title of the Property and showing all liens, claims, encumbrances, easements, rights of way, encroachments, reservations, restrictions, and any other matters of record affecting the Property; and (b) true, complete, and legible copies (in each case, to the extent available) of all documents referred to in the Title Commitment (collectively, the "**Title Documents**").

4.2 **Survey.** Within ten (10) days after the Effective Date, Buyer may, in its discretion, order for delivery to Buyer and Seller, a survey for the Property (the "**Survey**"), to be prepared in accordance with such standards as Buyer may deem appropriate which Survey shall be certified to Buyer and Seller.

4.3 **Title Objections.** Not later than the later of (a) ten (10) days after receipt of all of the Title Commitment, the Title Documents, and the Survey or (b) five (5) days prior to expiration of the Investigation Period, Buyer shall notify Seller in writing of any conditions, defects, liens, encumbrances or other items appearing as exceptions in the Title Commitment or Survey which are unsatisfactory to Buyer (hereinafter referred to as "**Title Objections**"). Within five (5) days

after receipt of the Title Objections, Seller may notify Buyer of those Title Objections, if any, that Seller is willing to attempt to cure (the "**Response Notice**"). If Seller fails to send a Response Notice, Seller shall be deemed to have declined to cure any of the Title Objections. Seller shall pay or discharge, on or prior to the Closing Date, any mortgage or deed of trust, or any other monetary lien encumbering the Property (a "**Mandatory Cure Item**"). Except for the Mandatory Cure Items, Seller is not obligated to incur any cost, liability or expense to cure any title matter, including any Title Objections identified in the Response Notice. If Seller declines to cure any of the Title Objections or is deemed to have declined to cure any of the Title Objections, other than the Mandatory Cure Items, Buyer's sole and exclusive remedy shall be to terminate this Agreement. If Buyer fails to so terminate this Agreement, then the Title Objections which Seller has declined or is deemed to have declined, to cure shall be deemed "**Permitted Exceptions**" for purposes of this Agreement. As to any Title Objections which Seller agrees in writing to cure or attempt to cure, Seller's remedy of such objections to Buyer's reasonable satisfaction shall be a condition precedent to Buyer's obligations to purchase the Property at Closing pursuant to the terms of this Agreement. Any items disclosed in the Title Commitment or Survey for the Property to which Buyer does not object, will also be deemed to be "**Permitted Exceptions**". Seller must cure all Mandatory Cure Items prior to the Closing Date. In addition, Seller must remove all title exceptions that arise by, through or under Seller after the Effective Date of this Agreement by Closing as well, except those arising with the consent of Buyer.

Article 5. Representations and Warranties

5.1 Representations and Warranties of Seller. Seller represents and warrants to Buyer, as of the Effective Date and as of the Closing, that:

- (a) Seller is the owner in fee simple of the Property;
- (b) Seller has full power and authority to execute, deliver, and perform this Agreement without obtaining any consents or approvals from, or the taking of any other actions with respect to, any third parties (or if any such consents, approvals, or other actions are required, they will be accomplished prior to the Closing Date);
- (c) Except for the Permitted Exceptions, there are no, and will at Closing be no, agreements or contracts affecting the Property or binding Buyer in respect thereto;
- (d) To Seller's knowledge, there is no option to purchase, right of first offer, right of first refusal or other instrument granting any person the right to acquire any and/or all of the Property or any interest therein. Seller has not granted any deed of trust, lien, or other security interest in the Property that will encumber the Property after the Closing. Seller has not granted any person or entity other than Buyer any right to use or occupy any of the Property that will survive the Closing;
- (e) At Closing, there will be no unpaid bills or claims in connection with (i) any repair of the improvements or work on the Property undertaken by Seller or on Seller's behalf or, (ii) any materials furnished to the Property by Seller or on Seller's behalf, or (iii) other unpaid amounts owed by Seller which, if not paid, might give rise to a lien being filed against any part of the Property.

(f) Seller has no actual knowledge of any condemnation, zoning, land-use proceedings affecting the Property, the presence of hazardous materials on the Property or the migration of hazardous materials from the Property. Further, Seller has not received notice of or any inquiries or notices by any governmental authority or third party with respect to condemnation, zoning, land-use proceedings affecting the Property, the presence of hazardous materials on the Property or the migration of hazardous materials from the Property.

(g) There is no suit, action or legal, including bankruptcy proceedings, administrative, arbitral or other proceeding pending or, to Seller's knowledge, threatened against Seller or affecting the Property. To the knowledge of Seller, no set of facts or circumstances exist or have existed that would constitute a basis for any such action, proceeding, investigation, suit or arbitration.

(h) The consummation of the transactions contemplated by this Agreement will not result in or constitute: (i) a default or an event that, with notice or lapse of time or both, would be a default, breach or violation of any contract, lease, permit, promissory note, loan agreement, or other agreement to which Seller is a party, or of any court injunction or decree, or any valid or enforceable order of a governmental agency having jurisdiction over Seller, or other agreement, instrument or arrangement to which Seller is a party or by which Seller or its property is bound; (ii) the creation or imposition of any lien or encumbrance on the Property.

(i) No approval, authorization, consent or other action by, or filing with, any governmental authority, administrative agency, court or other party is necessary for either Seller's execution and delivery of this Agreement or performance of its obligations hereunder or the consummation of the transactions contemplated hereby.

5.2 Representations and Warranties of Buyer. Buyer represents and warrants to Seller, as of the Effective Date and as of the Closing, that:

(a) Authority. Buyer has full power and authority to execute, deliver, and perform this Agreement without obtaining any consents or approvals from, or the taking of any other actions with respect to, any third parties (or if any such consents, approvals, or other actions are required, they will be accomplished prior to the Closing Date).

(b) Organization and Good Standing; Power. Buyer is duly organized, validly existing and in good standing under the laws of the state of its organization, with full corporate or other applicable power and authority to own the Property and conduct its business as it is now being conducted.

5.3 Commissions. Each party represents and warrants to the other party that it has not dealt with any real estate broker or salesman in the negotiation of this Agreement. Except as set out in this Section 5.3, each party agrees to defend (with counsel reasonably acceptable to the other) and indemnify the other party from and against any claims by third parties for brokerage, commission, finder's, or other fees relative to this Agreement or the sale of the Property, and any court costs, reasonable attorneys' fees, or other costs or expenses arising from such claims and alleged to be due by authorization of the indemnifying party.

5.4 Qualifications, Survival, and Limitations on Bringing of Actions. The representations and warranties contained in this Article 5 shall survive the Closing.

Article 6.
Closing

6.1 Closing. The conveyance of the Property by Seller to Buyer and the funding of the Purchase Price (the "**Closing**") shall occur in the office of the Title Company on or before September 30, 2017 (the "**Closing Date**"; **subject to the Gateway Closing Date** as described in **Section 8.1** below. At the Closing, all of the following shall occur, all of which shall be deemed concurrent conditions:

(a) Seller, at Seller's sole cost and expense, shall deliver or cause to be delivered to Buyer the following:

(i) Seller will deliver to Buyer the duly executed and acknowledged Deed conveying to Buyer the Property, and such title instruments and affidavits as may be reasonably required by Buyer or the Title Company to vest in Buyer title to the Property, as provided herein; the Deed will convey indefeasible title to the Property, free of all liens and encumbrances except for the Permitted Exceptions; the form of the Deed is attached hereto as **Exhibit B**;

(ii) the Title Commitment, which shall be an unconditional commitment by the Title Company that the Title Company shall issue to Buyer as promptly after the Closing as reasonably possible an Owner's Policy of Title Insurance (the "**Title Policy**") issued by the Title Company to Buyer in the form of a proforma version of the Owner's Policy (including endorsements) that includes no exceptions to title other than the Permitted Exceptions, and that has been approved by Buyer in its reasonable discretion;

(iii) possession of the Land;

(iv) a certificate that Seller is not a "foreign person" as defined in the federal Foreign Investment in Real Property Act of 1980 in compliance with such federal tax law;

(v) a closing statement (the "**Statement**") prepared by the Title Company that reflects all charges, credits and prorations made pursuant to the terms of this Agreement;

(vi) an owner's affidavit of debts, liens and parties in possession (or similar affidavit type) that is required by the Title Company in connection with the issuance of the Title Policy;

(vii) evidence of authority reasonably acceptable to Buyer and the Title Company reflecting that the person executing Seller's closing documents has been duly authorized by all requisite actions to do so for and on behalf of Seller; and

(viii) such other documents or instruments as provided in this Agreement or otherwise required to consummate the Closing of the transactions contemplated herein.

(b) Buyer, at Buyer's sole cost and expense, shall deliver or cause to be delivered the following:

(i) a cashier's check, wire transfer or other "good funds" acceptable to the Title Company in the amount of the Purchase Price of the Property, subject to any adjustments, credits and prorations as provided herein;

(ii) a signed counterpart of the Statement; and

(iii) such other documents or instruments as provided in this Agreement or otherwise required to consummate the Closing of the transactions contemplated herein.

(c) Seller shall pay the following: the basic premium for the Owner's Policy of Title Insurance and the additional premium for the modification of the "survey" exception, but excluding the additional premiums, costs or fees required to modify or delete any of the other standard exceptions or to obtain any other endorsements; the cost of the preparation of the Deed; the costs for tax certificates; one-half (1/2) of any valid escrow fee charged by the Title Company; Seller's prorations to the Closing Date, if any; and Seller's attorneys' fees. Buyer shall pay the additional premiums, costs or fees required to modify or delete any of the standard exceptions (other than the "survey" exception), to obtain any endorsements, if Buyer elects to obtain any such modifications, deletions or endorsements; Buyer's prorations after the Closing Date, if any; the survey costs; the cost of recording of the Deed; and Buyer's attorneys' fees.

(d) General real estate taxes and special assessments applicable to the Property will be prorated as of the date of Closing based on application of the preceding year's rates to the latest assessed valuation or statements issued to Seller for the current year's assessment, if available; the apportionment of said taxes is a final allocation and apportionment between the parties; Seller represents that the Property is not subject to any roll-back or similar types of taxes, nor shall any of such taxes be triggered by a change in use of the Property.

Article 7.

Breach and Remedies

7.1 Default by Buyer. If Buyer defaults under this Agreement and such default is not cured within thirty (30) days after notice of default, then Seller, as its sole remedy, may terminate this Agreement by notifying Buyer thereof, in which event, except for the Surviving Obligations, neither Buyer nor Seller shall have any further rights or obligations hereunder. Notwithstanding any of the foregoing appearing to the contrary, in the event the default by Buyer relates to the untruth or incorrectness of any of Buyer's representations or warranties for reasons reasonably within Buyer's control, Seller shall be entitled to exercise any rights or remedies that may be available to it in law and in equity.

7.2 **Default by Seller.** If Seller defaults under this Agreement and such default is not cured within thirty (30) days after notice of default, then Buyer may, as its sole remedies, either (i) enforce specific performance of this Agreement, or (ii) terminate this Agreement by notifying Seller thereof, in which event, except for the Surviving Obligations, neither Buyer nor Seller shall have any further rights or obligations hereunder. Notwithstanding any of the foregoing appearing to the contrary, in the event the default by Seller relates to the untruth or incorrectness of any of Seller's representations or warranties for reasons reasonably within Seller's control, Buyer shall be entitled to exercise any rights or remedies that may be available to it in law and equity.

Article 8.

Related Contract with Gateway; Closing of the Gateway Transaction

8.1 **Related Contract with Gateway; Closing of the Gateway Transaction.** The obligations of Buyer and Seller to close the transaction contemplated by this Agreement is contingent upon Buyer being able to simultaneously close the purchase transaction under the Gateway Contract (the "*Gateway Closing*"), and notwithstanding any provision of this Agreement to the contrary, the Closing may be extended as necessary, to permit simultaneous closing of the purchase of the Property and the closing of the Gateway Transaction, pursuant to the terms of the Gateway Contract. In the event Buyer is not able to simultaneously close the purchase of the Property and the purchase by Gateway of the salt water disposal permit pursuant to the Gateway Contract, then, at Buyer's sole option, Buyer may terminate this Agreement and neither party shall have any further obligations under the terms hereof.

Article 9.

Disclaimers

9.1 **Disclaimers.** The disclaimers set out in this Article 9 are a material part of the consideration for the Property. Seller would have been unwilling to sell the Property for the Purchase Price were it not for these disclaimers:

(a) "*AS-IS; WHERE-IS.*" EXCEPT AS EXPRESSLY STATED IN THE DEED OR THIS AGREEMENT, SELLER SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTY, OR REPRESENTATION, ORAL OR WRITTEN, PAST, PRESENT, OR FUTURE, OF, AS TO, OR CONCERNING (i) THE NATURE AND CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL, AND GEOLOGY, AND THE SUITABILITY THEREOF, FOR ANY ACTIVITIES AND USES THAT BUYER MAY ELECT TO CONDUCT ON THE PROPERTY, (ii) THE NATURE AND EXTENT OF ANY RIGHT-OF-WAY, ENCUMBRANCE, RESERVATION, OR CONDITION. EXCEPT AS OTHERWISE SPECIFIED IN THE DEED OR THIS AGREEMENT, THE CONVEYANCE OF THE PROPERTY IS MADE ON AN "*AS-IS*" BASIS, AND BUYER EXPRESSLY ACKNOWLEDGES THAT, BUT FOR THE MATTERS SET OUT IN THIS DISCLAIMER, SELLER WOULD NOT HAVE BEEN WILLING TO SELL THE PROPERTY FOR THE PURCHASE PRICE. EXCEPT AS OTHERWISE SPECIFIED IN THE DEED OR THIS AGREEMENT, SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT, BUT

NOT LIMITED TO, ANY WARRANTY OF CONDITION, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY.

9.2 Survival. The provisions set out in this Article survive the Closing.

**Article 10.
Miscellaneous**

10.1 Notices. Any notice provided or permitted to be given under this Agreement must be in writing and must be served by (i) depositing the notice in the United States mail, addressed to the party to be notified, postage prepaid, and registered or certified with return receipt requested or (ii) delivering the notice (A) by recognized overnight delivery service, (B) in person to such party or (C) via e-mail to an address provided below so long as an original copy of the Notice is sent via regular mail. Notice given in accordance with this Section 10.1 is effective upon actual receipt of the notice by the recipient or upon refusal to accept delivery by the recipient. For purposes of notice, the addresses of the parties is as follows:

If to Seller, to:

James N. and Irma F. Phillips
P.O. Box 148
Malaga, New Mexico 88236

Email: irmaphillips56@gmail.com

With copy to:

If to Buyer, to:

Alpha Properties LLC
6009 W. Parker Rd., Suite #149-189
Plano, Texas 75093

Attn: Kurt Knewitz
Email: kurt@alphaswd.com

Attn: Jason Pickard
Email: jason@alphaswd.com

With a copy to:

Haynes and Boone, LLP
Attn: Darrel A Rice
2323 Victory Avenue, Suite 700
Dallas, Texas 75219
Telephone: 214.651.5969
Email: darrel.rice@haynesboone.com

Any party to this Agreement may change its address for notice by giving three (3) days' prior written notice of the change to the other parties.

10.2 Assigns; Beneficiaries. Buyer may not assign any of its rights under this Agreement without the prior written consent of Seller, except to an entity controlling, controlled by or under common control with Buyer. Nothing expressed or referred to in this Agreement will be construed to give any person other than the parties to this Agreement any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their permitted successors and assigns.

10.3 Governing Law; Venue. This Agreement is governed by, and must be construed in accordance with, the internal laws of the State of Texas, without regard to choice of law or conflicts of laws rules. Exclusive venue of any legal action with regard to this Agreement will lie in a State or Federal Court in the County of Dallas, State of Texas.

10.4 Exhibits. All exhibits and schedules attached to this Agreement are incorporated into this Agreement for all purposes.

10.5 Entire Agreement. Except as specifically provided to the contrary in this Agreement, this Agreement, together with all exhibits, is the entire agreement between Seller and Buyer concerning the sale of the Property, and no modification of this Agreement or subsequent agreement relative to the subject matter set out in this Agreement will be binding on either party unless reduced to writing and signed by the party to be bound.

10.6 Time of Essence. Time is of the essence with respect to each and every term, condition, obligation, and provision of this Agreement. Each of the time periods and time limits set out in this Agreement has been specifically negotiated and agreed to. Except to the extent set forth in Section 10.8 hereof, no extension of time is available to either party as a matter of right, but is available only upon the express written agreement of both Buyer and Seller.

10.7 Attorneys' Fees. If litigation concerning the interpretation or enforcement of this Agreement occurs, the prevailing party is entitled to recover from the losing party its reasonable attorneys' fees, court costs, and expenses, whether at the trial or appellate level. The terms and provisions of this Section 10.7 shall expressly survive the Closing or earlier termination of this Agreement.

10.8 Holidays, Etc. Whenever any time limit or date provided in this Agreement falls on a Saturday, Sunday, or holiday under the laws of the State in which the Property is located or

observed by national banks generally, in the state in which the Property is located, such date will be extended to the next day that is not a Saturday, Sunday or holiday. As used herein, the term "business day" shall mean each day which falls on any day other than a Saturday, Sunday or holiday under the laws of the State in which the Property is located or observed by national banks, generally, in the State in which the Property is located.

10.9 Headings. The section headings contained in this Agreement are for ease of reference only and must not be considered in construing this Agreement.

10.10 No Recordation. Neither Seller nor Buyer is permitted to record this Agreement, or a memorandum of this Agreement, in the Real Property Records of the County in which the Property is located; provided, however, in the event that Buyer shall bring suit to enforce this Agreement against Seller pursuant to Section 7.2 hereof, Buyer may file a notice of lis pendens in connection therewith.

10.11 Severability. If any one or more of the provisions contained in this Agreement are for any reason held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision of this Agreement. This Agreement will be construed as if such invalid, illegal, or unenforceable provision had never been contained in it and in lieu of such invalid, illegal or unenforceable provision, there shall be substituted a term or provision with a meaning as near thereto as is reasonably practicable which is not invalid, illegal or unenforceable and this Agreement shall be valid, legal and enforced to the fullest extent permitted by law.

10.12 Construction. The parties acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party may not be employed in the interpretation of this Agreement or any amendment or exhibits hereto.

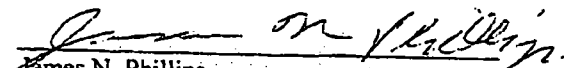
10.13 Counterparts. This Agreement may be executed in multiple counterparts, each of which constitutes an original instrument, but all of which constitute one and the same agreement. Facsimile and other electronically transmitted signatures shall be sufficient to validly bind and obligate the parties hereunder and will constitute originals for all purposes under this Agreement.


10.14 Merger of Terms. Except, and to the extent, otherwise expressly set forth in this Agreement, all terms of this Agreement shall expire and shall merge with the terms of the Deed at Closing.

[Remainder of Page Intentionally Left Blank; Signature Page(s) Follow.]

EXECUTED to be effective as of the Effective Date.

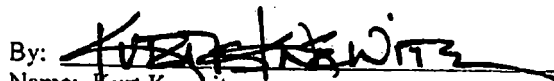
SELLER


James N. Phillips


Irma F. Phillips

BUYER

ALPHA PROPERTIES LLC
a New Mexico limited liability company

By: 
Name: Kurt Knewitz
Title: Member

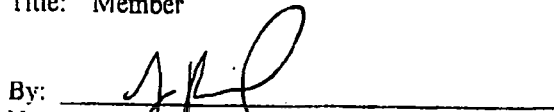
By: 
Name: Jason Pickard
Title: Member

EXHIBIT "A"

Legal Description

16468234_4

ALPHA 0242

EXHIBIT "B"

Form of Special Warranty Deed

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER

SPECIAL WARRANTY DEED

THE STATE OF NEW MEXICO §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF EDDY §

THAT JAMES N. PHILLIPS AND IRMA F. PHILLIPS (collectively, "*Grantor*"), for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has GRANTED, BARGAINED, SOLD and CONVEYED and by these presents does GRANT, BARGAIN, SELL and CONVEY unto ALPHA PROPERTIES LLC, a New Mexico limited liability company ("*Grantee*"), subject to the matters set out below, that certain tract or parcel of land (the "*Land*") in Eddy County, New Mexico more particularly described on Exhibit "A" attached to this deed and incorporated in it for all purposes, together with all buildings, improvements, and structures located in, on, or under the Land (the "*Improvements*"), and all rights and interests of Seller in and to (i) strips or gores, if any between the Land and abutting properties, (ii) any land lying in or under the bed of any highway, avenue, street, road, alley, easement, or right-of-way, open or proposed, in, on, across, abutting, or adjacent to the Land, together with all rights of ingress and egress to and from the Land, (iii) all mineral, riparian and other rights of Seller, if any, and (iv) all easements and rights appurtenant to the Land together with all development rights, and drainage rights owned by Seller which pertain to the Land and all rights to water and utility capacity held by Seller and any reversionary interests in and to any of the foregoing (collectively, the "*Appurtenant Rights*" and together with the Land and Improvements, the "*Property*").

This Special Warranty Deed and the conveyance set out above is executed by Grantor and accepted by Grantee subject to all matters more particularly set forth on Exhibit "B" attached to this deed and incorporated in it for all purposes to the extent that the same are valid and subsisting and actually affect the Property (collectively, the "*Permitted Encumbrances*").

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances thereunto in anywise belonging, unto Grantee, its successors and assigns forever, and Grantor does hereby bind itself, its successors and assigns, to WARRANT AND FOREVER DEFEND all and singular the title to the Property unto said Grantee, its successors and assigns, against every person whomsoever is lawfully claiming or may claim the same or any part thereof, by, through, or under Grantor, but not otherwise, and subject to the Permitted Encumbrances.

Ad valorem taxes for the year 2017 have been prorated, and Grantee, by its acceptance of this Special Warranty Deed, assumes payment thereof.

[Remainder of Page Intentionally Left Blank; Signature Page(s) Follow.]

EXECUTED this the 24th day of August, 2017.

GRANTOR:

James N. Phillips
James N. Phillips

Irma F. Phillips
Irma F. Phillips

STATE OF NEW MEXICO §
§
COUNTY OF EDDY §

This instrument was acknowledged before me on this 24th day of August, 2017, by James N. Phillips.



Shirley Washburn
Notary Public in and for the
STATE OF NEW MEXICO

STATE OF NEW MEXICO §
§
COUNTY OF EDDY §

This instrument was acknowledged before me on this 24th day of August, 2017, by Irma F. Phillips.



Shirley Washburn
Notary Public in and for the
STATE OF NEW MEXICO

ADDRESS OF GRANTEE:

AFTER RECORDING RETURN TO:

EXHIBIT "A"

To Special Warranty Deed

Legal Description

16468234 5

ALPHA 0246

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

**APPLICATION OF DELAWARE ENERGY LLC TO REVOKE THE INJECTION
AUTHORITY GRANTED UNDER SWD-1680 FOR THE ALPHA SWD NO. 1 WELL
OPERATED BY ALPHA SWD OPERATING LLC, EDDY COUNTY, NEW MEXICO.**

Case No. 15855

SUBPOENA

To: Alpha SWD Operating LLC
c/o Hinkle Shanor LLP
Attn: Gary W. Larson
218 Montezuma
Santa Fe, New Mexico 87501
(505) 982-4554 telephone
(505) 982-8623 facsimile
glarson@hinklelawfirm.com

YOU ARE HEREBY COMMANDED pursuant to NMSA 1978, §70-2-8 and Rule

19.15.4.16.A NMAC to produce the following documents at the offices of Holland & Hart LLC,
110 North Guadalupe, Santa Fe, New Mexico, 87501, on or before October 26, 2017:

1. All contracts, letter agreements, emails, communications or other written instruments which involve the drilling of the Alpha SWD Well No. 1 approved in Administrative Order SWD-1680.
2. All contracts, letter agreements, emails, communications or other written instruments which involve Alpha SWD Operating LLC's right to access the surface at the location of its Alpha SWD No. 1 well.
3. All contracts, letter agreements, emails, communications or other written instruments which involve the closing on Alpha SWD Operating LLC's purchase of acreage that includes the Alpha SWD No. 1 well location.

4. All contracts, letter agreements, emails, communications or other written instruments which involve the disposal of produced water through the Alpha SWD No. 1 well.

5. All documents, insurance coverage certificates, or other written instruments, reflecting that Alpha SWD Operating LLC has obtained general liability insurance and/or well control insurance that covers the proposed Alpha SWD No. 1 well.

This subpoena is issued on application of Delaware Energy LLC through its attorney, Michael H. Feldewert of Holland & Hart LLP.

Dated this 23rd day of October, 2017

NEW MEXICO OIL CONSERVATION DIVISION

BY: David P. Colame

Date: 10/23/17

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT ("Agreement") is made and entered into this 2nd day of September, 2017 (the "Effective Date"), by and between Alpha SWD Operating LLC, a New Mexico limited liability company ("Seller"), Alpha Properties, LLC, a New Mexico limited liability company ("Lessor"), and Gateway Permian Operating, LLC, a Texas limited liability company ("Buyer") (collectively the "Parties").

WITNESSETH:

WHEREAS, Lessor is in the process of purchasing 7.9 acres of land located at 1666 Highway 285, Malaga, Eddy County, New Mexico, as more particularly described in Exhibit A attached hereto and made a part hereof (referred to herein as the "Property"), pursuant to the Real Property Purchase and Sale Agreement, in substantially the form of Exhibit B attached hereto (the "Real Estate Purchase Contract");

WHEREAS, Seller has been granted a permit by the State of New Mexico Energy, Minerals and Natural Resources Department, pursuant to Administrative Order SWD-1680, dated June 28, 2017, for the drilling and use of a salt water disposal well on the Property (the "Disposal Permit") a copy of which is attached hereto as Exhibit C;

WHEREAS, Seller has been granted by the New Mexico Department of Transportation an access permit for the Property number 2-5282 (the "Access Permit") in connection with the use of the Property for the construction and operation of a salt water disposal well facility, a copy of which is attached hereto as Exhibit D; and

WHEREAS, Buyer desires to lease the Property from Lessor and purchase the Disposal Permit and the Access Permit (collectively the "Permits") from Seller for the development and operation of a salt water disposal well facility on the Property.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements, and upon the terms and conditions hereinafter set forth, the parties do hereby agree as follows:

ARTICLE 1
PURCHASE AND SALE OF PERMITS AND LEASE OF PROPERTY

1.1 Purchase of Permits/Lease of Property. Lessor hereby agrees, subject to the acquisition of the Property by Lessor under the Real Estate Purchase Contract, to lease the Property to Buyer in accordance with the Lease Agreement, as defined in Section 3.2 of this Agreement, and Seller agrees to sell, assign, transfer and convey to Buyer the Permits; and Buyer hereby agrees to lease the Property from Lessor under the Lease Agreement and to purchase the Permits from Seller on the terms and for the consideration set forth in this Agreement.

ARTICLE 2 ESCROW DEPOSIT

2.1 Earnest Money in Escrow. Within three (3) days after Seller's execution of this Agreement, the Buyer shall deposit (Fifty Thousand Dollars) \$50,000.00 as earnest money ("Earnest Money") with the Mettauer Law Firm, PLLC, Attn: Matthew D. Mettauer, Attorney at Law (the "Escrow Agent"). At Closing, the Escrow Agent shall pay the Earnest Money to the Seller to be credited against the Purchase Price.

2.2 Disposition of Earnest Money. Upon Lessor's acquisition of fee simple title to the Property prior to 12:00 P.M. Central Standard Time on September 30, 2017, and provided that such acquisition by Lessor is obtained without any reservation from or exception to title of Property that may adversely affect or impact the Permits or the operation of a saltwater disposal well facility by Buyer on the Property, the Earnest Money will become non-refundable to Buyer (the "Seller's Acquisition Condition"). In the event, however, that the Seller's Acquisition Condition is not met in the manner or according to the time frame set forth above, then the Earnest Money shall be immediately refunded to Buyer and this Agreement shall terminate.

ARTICLE 3 PURCHASE PRICE, MATERIAL LEASE TERMS AND OTHER MATTERS

3.1 Cash Deliverable at Closing; Purchase Price. As consideration for the sale, transfer, conveyance, assignment and delivery of the Permits, Buyer will pay to Seller on the Closing Date the sum of

(the "Purchase Price"), payable by wire transfer in immediately available funds to the bank account of Seller. Seller shall cause to be executed all necessary and appropriate assignment instruments at Closing in order to properly transfer the Permits to Buyer, or an entity designated by Buyer (the "Permit Transfer Documents").

3.2 Lease of Property. For the same consideration evidenced by the Purchase Price, at the Closing, Lessor agrees to execute a written lease for the Property with Buyer concerning Buyer's construction, development, use, and operation of the Property as a commercial saltwater disposal facility, in substantially the form of the Surface Lease and Easement for the Operation of a Salt Water Disposal Injection Well (the "Lease Agreement") attached hereto as Exhibit E.

3.3 Seller's Additional Permits. In exchange for the Parties closing the transaction contemplated herein, Seller will also grant Buyer the option to purchase any and all saltwater disposal permits and associated transportation roadway access permits that are obtained by Seller within a fifty (50) mile radius of the Property. Buyer may exercise the option described in this Paragraph 3.3 by providing written notice to Seller within thirty (30) days from any new permit issuance. The closing of such transaction shall be as soon thereafter as reasonably practicable and, unless otherwise agreed in writing by the Parties, shall be on the same terms and conditions as contained in this Agreement.

**ARTICLE 4
TITLE POLICY AND SURVEY**

4.1 Title Policy. In the event Buyer requests title insurance to be issued on the leasehold estate to be held by Buyer pursuant to the Lease Agreement, Lessor shall furnish to Buyer, at Buyer's expense, a commitment for an owner's policy of title insurance on the leasehold estate issued (the "Title Commitment"), including a Leasehold Owner's Policy Endorsement by Eddy County Abstract & Title Co., L.L.C. (the "Title Company") insuring the leasehold title of Buyer in the Property, within twenty (20) days following the receipt by Buyer of the commitment for an owner's title policy, the amount of the Purchase Price for the Permits, dated effective as of the date of Closing, insuring the leasehold estate of Buyer against loss under the provisions of the title policy, subject to the promulgated exclusions (including existing building and zoning ordinances) and the following exceptions:

- (a) the standard printed exception for standby fees, taxes and assessments;
- (b) reservations or exceptions otherwise permitted by this Agreement or as may be approved by Buyer in writing;
- (c) the standard printed exception as to marital rights;
- (d) the standard printed exception as to waters, tidelands, beaches, streams, and related matters;
- (e) the standard printed exception as to discrepancies, conflicts, shortages in area or boundary lines, encroachments or protrusions, or overlapping improvements. Buyer, at Buyer's expense, may have the exception amended to read, "shortages in area"; and
- (f) all, leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges and immunities relating thereto, appearing in the real estate records of Eddy County, New Mexico.

4.2 Survey. Subject to the terms of the Real Estate Purchase Contract, from the Effective Date until the Closing Date, Buyer, at its sole cost and expense (subject to reimbursement as provided below), may (but shall not be obligated) to request that Seller (if it has not already done so) order a survey (the "Survey") consisting of a plat and field notes describing the Property, prepared by a surveyor chosen by Buyer (the "Surveyor"), showing the location of the outside boundaries of the Property, all easements affecting the Property, if any, and containing a certificate by the Surveyor setting forth the number of gross square feet contained in the Property. The Survey may be a current update of a prior survey.

4.3 Existing Survey. Lessor shall furnish to Buyer within five (5) business days of the Effective Date a true and correct copy of any existing survey of the Property which it has in its possession.

4.4 Objections. Buyer may object in writing to (i) defects, exceptions, or encumbrances to title disclosed on the Survey, other than items set forth in Section 4.1 above; or disclosed in the Title Commitment other than the items set forth in Section 4.1 above; (ii) any portion of the Property lying in a special flood hazard area (Zone V or A) as shown on the current Federal Emergency Management Agency map; or (iii) any exceptions which prohibit the drilling and/or use of a salt water disposal well. Buyer must object at least ten (10) days prior to the Closing Date. Buyer's failure to object within the time allowed will constitute a waiver of Buyer's right to object; except that the requirements in Schedule C of the title commitment are not waived. Provided Lessor is not obligated to incur any expense, Lessor shall cure the timely objections of Buyer within ten (10) days after Lessor receives the objections and the Closing Date will be extended as necessary. If any objection is not cured by Lessor, within such ten (10) day period Buyer may elect to terminate this Agreement.

ARTICLE 5 INSPECTIONS

Subject to the terms and provisions of the Real Estate Purchase Contract, (i) Lessor shall permit Buyer and Buyer's agents to access to Property at reasonable times after the Effective Date (ii) Buyer may have the Property inspected by inspectors selected by Buyer; (iii) Buyer, at Buyer's expense, may obtain a Phase I environmental assessment report prepared by an environmental specialist. From the Effective Date of this Agreement to the Closing Date, Buyer may terminate this Agreement with regards to the Property by furnishing Lessor a copy of any report noted above that adversely affects the use or value of the Property and a written notice of termination.

ARTICLE 6 CLOSING

6.1 Closing. The closing of the purchase and sale of the Permits, the execution of the Lease Agreement and all other matters set forth herein (the "Closing") shall be held at the offices of Eddy County Abstract & Title Co., L.L.C. ("Closing Agent"), or other such mutually agreeable location on the later to occur of either September 30, 2017, or ten (10) days after the issuance of the Title Commitment, or at such other date, place and time as may mutually be agreed upon by the parties hereto. The date on which Closing occurs is referred to herein as the "Closing Date".

6.2 Conditions to Buyer's Obligations. The obligation of Buyer to effect the Closing shall be subject, at its option, to the satisfaction of each of the following conditions at or prior to Closing:

(a) Lessor's acquisition of fee simple title to the Property prior to 12:00 P.M. Central Time on September 30, 2017 and provided that such acquisition by Lessor is obtained without any reservation from or exception to title of Property that may adversely affect or impact the Permits or the operation of a saltwater disposal well facility by Buyer on the Property.

Execution Copy

(b) The delivery to Buyer by Lessor of an executed copy of the Lease Agreement. The Lease Agreement shall convey to Buyer leasehold title to the Property free and clear of all liens and encumbrances except those specifically permitted by Buyer ("Permitted Exceptions").

(c) If required by Buyer, the delivery to the Buyer by the Lessor of the Title Commitment, tax statements or certificates showing no delinquent taxes on the Property.

(d) Lessor shall have delivered evidence, in form and substance satisfactory to Buyer, reflecting the termination of any then outstanding liens or security interest in the Property or improvements thereon.

(e) Lessor shall have executed and delivered to Buyer the Permits Transfer Documents necessary to transfer the Permits to Buyer.

(f) The representations and warranties of Lessor and Seller contained herein shall be true, accurate and complete as of the Closing Date;

(i) Each of Seller and Lessor shall have performed, in all material respects, all other covenants, undertakings and obligations, and complied with all conditions required by this Agreement to be performed or complied with by Seller or Lessor at or prior to the Closing.

(j) Seller and Lessor shall have delivered to Buyer a certificate, in form satisfactory to Buyer, attesting to (i) the existence and good standing of each of Seller and Lessor in the state of its formation, and (ii) the proper authorization of this Agreement and the transactions contemplated herein by the members of Seller and Lessor.

(k) Buyer obtaining necessary consents or approvals of governmental bodies, or other third parties with respect to the ownership of the Permits and the operation of a commercial saltwater disposal facility on the Property.

(l) Completion of Buyer's due diligence investigation of the Permits and the Property, the results of which must be satisfactory to Buyer.

6.3 Conditions to Obligations of Seller and Lessor. The obligation of Seller and Lessor to affect the Closing shall be subject, at its option, to the satisfaction of each of the following conditions at or prior to the Closing:

(a) The payment of the Purchase Price to Seller pursuant to Section 2.1.

(b) Buyer shall have delivered to Seller and Lessor a certificate, in form satisfactory to Seller, attesting to (i) the existence and good standing of Buyer in the state of its formation and evidence that it is qualified or licensed as a foreign entity in the State of New Mexico, and (ii) the proper authorization of this Agreement and the transactions contemplated herein by the members or managers of Buyer.

6.4 Delivery of Possession. Seller shall deliver to Buyer possession of the Permits at Closing, and Lessor shall deliver possession of the Property to Buyer at Closing, which delivery shall be effective for all purposes as of completion of Closing.

6.5 Further Assurances to Buyer. From time to time after Closing at the request of Buyer, Seller and Lessor shall execute and deliver to Buyer such other instruments of transfer and conveyance and take such other actions as Buyer may reasonably require to convey and transfer title to the Permits and possession of the Property to Buyer under the terms of the Lease.

6.6 Sales Taxes. Any sales or use tax related solely to the transfer of the Permits to Buyer shall be borne by Seller.

6.7 Closing Costs. Buyer shall be responsible for paying the cost of any Survey required by Buyer, cost of Lease Agreement and Permit Transfer Document preparation, the cost of the Title Commitment, including subsequent Owner's Title Policy, one-half (1/2) of the fees of the Closing Agent, any recording costs for the Memorandum of Lease relating to the Lease Agreement and any Permit Transfer Document recording costs. Seller shall be responsible for paying one-half (1/2) of the fees of the Closing Agent. Each party shall pay its own attorneys' fees incurred in connection with the negotiation and preparation of this Agreement and the Closing of the transactions contemplated hereby. Any other costs of Closing shall be borne equally by the Parties.

6.8 Simultaneous Closing of the Purchase of the Property. The obligations of the parties to this Agreement to close the transaction contemplated by this Agreement is contingent upon the Lessor being able to simultaneously close the purchase transaction under the Real Estate Purchase Contract (the "Real Estate Closing") on or before the Closing Date, and notwithstanding any provision of this Agreement to the contrary, the Closing may be extended up to thirty (30) days after the Closing Date, to permit simultaneous closing of the purchase of the Property and the Real Estate Closing, pursuant to the terms of the Real Estate Purchase Contract. In the event Lessor is unable to simultaneously close (a) the purchase of the Property, through no fault of Lessor, and (b) pursuant to this Agreement, the purchase by Buyer of the Permit, through no fault of Buyer, then, at their option, either Lessor and Seller or Buyer may terminate this Agreement and no party to this Agreement shall have any further obligations under the terms hereof. In the event that any party terminates the Agreement pursuant to this Section 6.8, then Buyer shall receive from the Escrow Agent 100% of the Earnest Money.

ARTICLE 7 REPRESENTATIONS AND WARRANTIES OF SELLER AND LESSOR

As a material inducement to Buyer to execute and perform its obligations under this Agreement, each of Seller and Lessor represents and warrants to Buyer as follows, which representations and warranties shall be deemed also made at Closing and which shall survive the Closing:

7.1 Authority Each of Seller and Lessor has full power and authority to execute, deliver and perform this Agreement and all other instruments and documents required or contemplated to be executed, delivered and performed by it under this Agreement. Such

execution, delivery and performance have been duly authorized by all necessary action as required under applicable law and Seller's or Lessor's respective organizational documents.

7.2 Organization and Power. Each of Seller and Lessor is a limited liability company duly organized, validly existing and in good standing under the laws of the State of New Mexico, and has all necessary power and authority to own the Permits and Property now owned by it.

7.3 Valid and Binding Obligation. This Agreement, the agreements expressly referred to herein and all other agreements relating to the transactions described herein have been duly executed and delivered by Seller and Lessor, and constitute the valid, legal and binding obligations of Seller enforceable against Seller and Lessor, respectively, in accordance with the terms thereof.

7.4 Title to Property. Seller has, and is hereby transferring to Buyer, good and valid title to the Permits subject to no matters that will interfere with Buyer's intended use of the Permits on the Property. Neither the Permits, nor the Property are not subject to any lien, security interest or other encumbrance of any nature whatsoever.

7.5 Condemnation; Zoning; Land Uses. Seller has no actual knowledge of any condemnation, zoning, land-use proceedings affecting the Property, the presence of hazardous materials on the Property or the migration of hazardous materials from the Property. Further, Seller has not received notice of or any inquiries or notices by any governmental authority or third party with respect to condemnation, zoning, land-use proceedings affecting the Property, the presence of hazardous materials on the Property or the migration of hazardous materials from the Property.

7.6 Litigation and Proceedings. There is no suit, action or legal, including bankruptcy proceedings, administrative, arbitative or other proceeding pending or, to Seller's knowledge, threatened against Seller or affecting the Permits or Property, the collateral documents contemplated by the Agreement or the transactions relating thereto. To the knowledge of Seller, no set of facts or circumstances exist or have existed that would constitute a basis for any such action, proceeding, investigation, suit or arbitration.

7.7 No Breach or Violation. The consummation of the transactions contemplated by this Agreement will not result in or constitute: (i) a default or an event that, with notice or lapse of time or both, would be a default, breach or violation of the organizational documents of Seller or of any contract, lease, permit, promissory note, loan agreement, conditional sales contract, commitment, indenture, mortgage, or deed of trust to which Seller is a party, or of any court injunction or decree, or any valid or enforceable order of a governmental agency having jurisdiction over Seller, or other agreement, instrument or arrangement to which Seller is a party or by which Seller or its property is bound; (ii) or an event that would permit any party to terminate any agreement or to accelerate the maturity of any indebtedness or other obligation of Seller; or (iii) the creation or imposition of any lien or encumbrance on any of the Permits or the Property.

7.8 Approvals and Consent. No approval, authorization, consent or other action by, or filing with, any governmental authority, administrative agency, court or other party is necessary for either Seller's execution and delivery of this Agreement or performance of its obligations hereunder or the consummation of the transactions contemplated hereby.

7.9 Solvency Representation The payment of the Purchase Price constitutes fair consideration for the Property, the transfer of the Property will not render Seller insolvent and such transfer is not being made with the intent to hinder, delay or defraud any creditor of Seller.

7.10 Broker. All negotiations relating to this Agreement and the transactions contemplated hereby and thereby have been carried on without the intervention of any person acting on behalf of Seller in such manner as to give rise to any valid claim against Buyer for any brokerage or finder's commission, fee or similar compensation.

ARTICLE 8 ADDITIONAL PROVISIONS

8.1 Additional Provisions.

(a) Seller (or Lessor under the Lease Agreement) will not protest or object, either formally or informally, to Buyer (or Lessee under the Lease Agreement) seeking additional disposal permit(s) on the Property, but only in the event that Buyer (or Lessee under the Lease Agreement) shall pay to Seller (or Lessor under the Lease Agreement) the Monthly Royalty Payment attributable to such additional disposal permit(s) calculated in accordance with Section 3(i) of the Lease Agreement attributable to the Fees and any and all Byproducts processed, received, disposed of, injected, recycled, captured, retained or produced on the Property.

(b) Seller (or Lessor under the Lease Agreement) will not protest or object, either formally or informally, to Buyer (or Lessee under the Lease Agreement) seeking the acquisition, installation, addition or construction of any pipeline, right-of-way, equipment, or other improvement on the Property that Buyer (or Lessee under the Lease Agreement) deems necessary to maximize its operation of a commercial saltwater facility on the Property.

(c) Capitalized terms appearing in this Section 8.1 that are not defined in this Agreement shall have the definition assigned to such term in the Lease Agreement.

ARTICLE 9 REPRESENTATIONS AND WARRANTIES OF BUYER

As a material inducement to Seller to execute and perform their respective obligations under this Agreement, Buyer represents and warrants to Seller as follows, which representations and warranties shall be deemed also made at Closing and which shall survive the Closing:

9.1 Existence and Good Standing. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Texas, authorized to conduct business in New Mexico, and has all requisite power to enter into and perform this Agreement.

9.2 Authorization: Validity of Agreement. The execution, delivery and performance by Buyer of this Agreement and each of the other agreements and instruments contemplated hereby to which Buyer is a party have been duly authorized and approved by all necessary action by Buyer, and no further action is necessary on the part of Buyer to fully authorize such execution, delivery and performance. This Agreement has been duly authorized, executed and delivered by Buyer and constitutes a legal, valid and binding obligation of Buyer and is enforceable against Buyer in accordance with its terms, subject to laws affecting generally the enforcement of creditor's rights and to general principles of equity.

9.3 Solvency. As of the Effective Date, Buyer is solvent and is not in bankruptcy proceedings or contemplating bankruptcy; further, Buyer warrants the payment of the Purchase Price constitutes fair consideration for the Permits and leasehold estate of the Property, and that Buyer's purchase of the Permits and leasing of the Property will not render Buyer insolvent.

9.4 No Conflict With Other Instruments. The execution and delivery of this Agreement and consummation of the transactions contemplated hereby will not result in a breach or violation of the certificate of formation or limited liability company agreement of Buyer, as presently in effect, or of any other agreement, judgment, decree or order to which Buyer is a party or by which it is otherwise bound.

9.5 Litigation and Proceedings. There is no suit, action or legal, including bankruptcy proceedings, administrative, arbitative or other proceeding pending or, to Buyer's knowledge, threatened against Buyer or affecting the transactions contemplated by this Agreement, the collateral documents contemplated by the Agreement or the transactions relating thereto. To the knowledge of Buyer, no set of facts or circumstances exist or have existed that would constitute a basis for any such action, proceeding, investigation, suit or arbitration.

ARTICLE 10 INDEMNIFICATION

10.1 Agreement to Indemnify.

(a) Subject to the terms of Sections 10.2, 10.3 and 10.4, Seller hereby agrees to indemnify, defend and hold harmless Buyer from and against all demands, claims, actions or causes of action, assessments, losses damages, liabilities, costs and expenses, including, without limitation, reasonable attorney's fees, asserted against or imposed upon or incurred by Buyer, as the case may be, directly or indirectly, in whole or in part, resulting from (i) all debts, liabilities and obligations, actual or alleged, arising at any time from or related to the ownership, control or operation of the Permits and/or the Property by Seller prior to Closing, or (ii) a breach of any covenant, representation or warranty, or the inaccuracy in any respect of any representation or warranty, of Seller contained in or made pursuant to this Agreement or any agreement executed as a condition to this Agreement.

(c) Subject to the terms of Sections 10.2, 10.3 and 10.4, Buyer hereby agrees to indemnify, defend and hold harmless Seller from and against all demands, claims, actions or

causes of action, assessments, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable attorney's fees, asserted against or imposed upon or incurred by Seller directly or indirectly resulting from (i) all debts, liabilities and obligations, actual or alleged, arising at any time from the ownership, control or operation of the Property by Buyer subsequent to Closing, (ii) all debts, liabilities and obligations, actual or alleged, arising at any time from the ownership, control, drilling or operation of the Permit by Buyer subsequent to Closing, or (iii) a breach of any covenant, representation or warranty, or the inaccuracy in any respect of any representation or warranty, of Buyer contained in or made pursuant to this Agreement.

(d) All of the adjustments, demands, claims, actions or causes of action, assessments, losses, damages, liabilities, costs and expenses to which a party may be entitled to recover or for which such party may be entitled to indemnification pursuant to this Agreement shall hereinafter be referred to collectively as the "Indemnification Claims", and individually as an "Indemnification Claim".

10.2 Manner of Making Claim: Right to Employ Counsel.

(a) When any claim, action or suit shall be filed or asserted against an indemnified party for which indemnity is provided hereunder, the indemnified party shall promptly notify the indemnifying party of the same in writing specifying in detail the basis of such claim and the facts pertaining thereto, and the indemnifying party shall, at its option, have the right to resolve the problem giving rise to the claim and/or to assume the defense thereof and employ its own legal counsel in connection with such defense. If the indemnifying party shall, within thirty (30) days from receipt of the notice of the third party claim, fail to resolve and/or defend such claim, the indemnified party shall have the right, but not the obligation, to conduct any such reasonable resolution and/or defense at the sole risk and expense of the indemnifying party.

(b) The indemnified party shall have the right to employ counsel separate from counsel employed by the indemnifying party in any such action and to participate in the resolution and/or defense thereof, but the fees and expenses of such counsel employed by the indemnified party shall be at the sole expense of the indemnified party unless the indemnifying party shall have elected not to assume the defense thereof. Prior to effectuating any settlement of any such action or proceeding, the indemnified party shall furnish the indemnifying party with written notice of any proposed settlement in sufficient time to allow the indemnifying party to act thereon. If the indemnified party elects to participate in the defense thereof, the indemnifying party shall not be liable for any settlement of any such action or proceeding effected without the written consent of the indemnifying party unless the indemnifying party failed to provide a defense for the indemnified party.

10.3 Payment of Indemnification Claims. Any Indemnification Claim not paid when due shall bear interest at an annual rate equal to the lesser of five percent (5%) per annum or the maximum rate of nonusurious interest allowed by applicable law from its due date until paid; provided, however, that no interest shall accrue on any Indemnification Claim paid within thirty (30) days after demand therefore.

10.4 Limitations. In order to be entitled to indemnification under the preceding provisions of this Article 10 with respect to an Indemnification Claim, a party must provide notice of such Indemnification Claim to the party from whom it is seeking indemnification not later than two (2) years after the Closing Date.

10.5 Indemnity Savings Clause. To the extent, if at all, a court of competent jurisdiction determines that NMSA 1978 Section 56-7-1 (2005) applies to any indemnification provisions in this Agreement, including certain types of insurance coverage as set forth in Section 56-7-1, such provisions shall not apply to or extend to liability, claims, damages, losses or expenses, including attorney fees, arising out of bodily injury to persons or damage to property caused by or resulting from, in whole or in part, the negligence, act or omission of the indemnitee or additional insured, as the case may be, its officers, employees or agents and shall further be limited, if required, by the provisions of NMSA 1978 Section 56-7-1B (2005).

ARTICLE 11

GENERAL OPERATION OF THE PROPERTY PRIOR TO THE CLOSING

11.1 Operation of the Property. Between the Effective Date and the Closing Date, Seller shall:

- (a) Not enter into any written or oral contract or other agreement with respect to any portion of the Property that will not be fully performed by Seller before the Buyer's acquisition of the Property or the earlier termination of this Agreement;
- (b) Advise Buyer promptly of any litigation, arbitration or administrative hearing before any governmental agency concerning or affecting the Property of which it becomes aware which is instituted or threatened after the Effective Date;
- (d) Not take, or omit to take, any action that would have the effect of violating any of the representations, warranties, covenants and agreements of Seller contained in this Agreement; and
- (e) Not lease, sell, assign, or convey, or enter into any option, contract or other agreement to lease, sell, assign or convey, any right, title or interest whatsoever in or to all or any portion of the Property, or create or permit to exist any lien, encumbrance or charge thereon.

ARTICLE 12

DEFAULTS AND REMEDIES

12.1 Default by Buyer. If Buyer fails to comply with this Agreement and all of conditions precedent to Buyer's obligation to close have been satisfied, Buyer will be in default, and Seller may elect to terminate this Agreement as its sole remedy, and receive the Earnest Money as liquidated damages, thereby releasing both parties from this Agreement. Upon such election by Seller, the Escrow Agent shall immediately forward the Earnest Money to Seller upon receipt of notice of such election.

12.2 Default by Seller. If Seller fails to comply with this Agreement Buyer may, at Buyer's option, (a) terminate this Agreement and receive the Earnest Money or (b) enforce specific performance of this Agreement. Upon Buyer's election to terminate this Agreement, the Escrow Agent shall immediately forward the Earnest Money to Buyer upon receipt of notice of such termination.

12.3 Attorneys' Fees. If it shall be necessary for Buyer, or Seller to employ an attorney to enforce its rights pursuant to this Agreement, the non-prevailing party(ies) shall reimburse the prevailing party(ies) for its reasonable attorneys' fees. Notwithstanding anything to the contrary contained herein, this Section 12.3 shall survive the Closing.

ARTICLE 13 GENERAL

13.1 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REFERENCE TO PRINCIPLES OF CONFLICTS OF LAW. IF ANY ACTION IS BROUGHT UNDER OR IN CONNECTION WITH THIS AGREEMENT, VENUE SHALL LIE EXCLUSIVELY IN DALLAS COUNTY, TEXAS.

13.2 Benefit. All of the terms of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective heirs, legal representatives, successors and assigns.

13.3 Entire Agreement. This Agreement, including the exhibits hereto, contains the entire understanding of the parties hereto with respect to the subject matter hereof and thereof, and supersedes all prior agreements and understandings between the parties with respect to the subject matter hereof and thereof. This Agreement may be amended only by a written instrument duly executed by all parties hereto.

13.4 Survival. Notwithstanding any investigation made by or on behalf of any of the parties to this Agreement prior to Closing, the covenants, representations and warranties contained in this Agreement shall survive the Closing and shall not be merged therein. Further, the Parties agree the representations and obligations in Article 11, contained herein, shall survive Closing for a period of two (2) years as stated herein.

13.5 Partial Invalidity. The invalidity of any provision of this Agreement shall not affect the other provisions hereof.

13.6 Construction. Pronouns, nouns and terms used in this Agreement shall include the masculine, feminine, neuter, singular and plural forms thereof wherever appropriate to the context. References to Articles and Sections refer to Articles and Sections of this Agreement. The term "including" contemplates "including but not limited to". The term "or" includes "and/or". The terms "this Agreement", "this instrument", "hereof", "herein", "hereunder", "hereto" and words of similar import refer to this Agreement as a whole, unless specifically

Execution Copy

provided otherwise elsewhere in this Agreement. Headings and captions are for convenience only and do not constitute substantive matters to be construed in interpreting this Agreement. All exhibits attached to this Agreement are incorporated herein by reference.

13.7 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which collectively shall constitute one and the same instrument. It shall not be necessary for each party to execute each counterpart.

13.8 Attorney's Fees. If any civil action, whether at law or in equity, is necessary to enforce or interpret any of the terms of this Agreement, the prevailing party shall be entitled to recover from the other party(ies) reasonable attorney's fees, court costs, and other reasonable expenses of litigation, in addition to any other relief to which such party may be entitled.

13.9 Notices. All notices, demands and other communications hereunder shall be in writing or by written telecommunication, and shall be deemed to have been duly given if delivered personally or if mailed by certified mail, return receipt requested, postage prepaid, or if sent by overnight courier, or sent by written telecommunication, as follows:

If to Seller or Lessor, to:

Alpha SWD Operating LLC
Alpha Properties LLC
6009 W. Parker Road
Suite # 149-189

Attn: Kurt Knewitz
Email: kurt@alphaswd.com

Attn: Jason Pickard
Email: jason@alphaswd.com

With a copy to:

Haynes and Boone, LLP
2323 Victory Avenue
Suite 700
Dallas, TX 75219-7673
Attention: Darrel A. Rice
Email: darrel.rice@haynesboone.com

If to Buyer, to:

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Gateway Permian Operating, LLC
125 Foster Street
Center, Texas 75935
Attn: Darren Wiggins

With a copy to:

Mettauer Law Firm, PLLC
403 Nacogdoches St. Suite 1
Center, Texas 75935
Attn: Matthew D. Mettauer
Telecopier: (936) 598-6122

Any such notice shall be effective (a) if delivered personally, when received, (b) if sent by overnight courier, when received, (c) if mailed, three (3) days after being mailed as described above, and (d) if sent by confirmed written telecommunication, when dispatched.

13.10 Joint Preparation. This Agreement has been prepared by the joint efforts of the parties hereto and is intended to be interpreted fairly and simply and not strictly for or against any party.

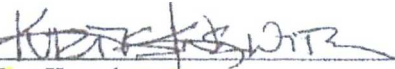
13.11 Brokerage Commission. Seller and Buyer represent each to one another that each has had no dealings with any broker, finder or other party concerning the purchase of the Property. Seller hereby agrees to indemnify Buyer and to hold Buyer harmless for, from and against any loss, liability, damage, cost or expense (including, without limitation, reasonable attorneys' fees) arising out of or paid or incurred by Buyer by reason of any claim to any broker's, finder's or other fee in connection with this transaction by any party claiming by, through or under Seller. Notwithstanding anything to the contrary contained herein, the indemnity set forth above shall survive the Closing.

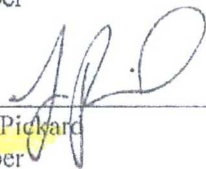
(The remainder of this page is intentionally left blank. The signature pages follows this page.)

IN WITNESS WHEREOF, the parties hereto have executed this Purchase Agreement as of the date first above written.

SELLER:

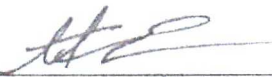
Alpha SWD Operating LLC

By: 
Kurt Knewitz
Member

By: 
Jason Pickard
Member

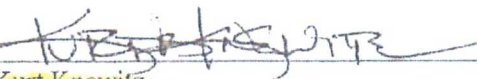
BUYER/LESSEE:

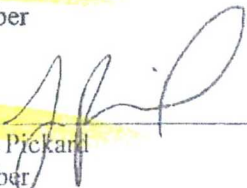
Gateway Permian Operating, LLC

By: 
Printed Name: Steven Eaves
Title: member

LESSOR:

Alpha Properties LLC

By: 
Kurt Knewitz
Member

By: 
Jason Pickard
Member

Execution Copy

**EXHIBIT A
PROPERTY DESCRIPTION**

Execution Copy

**EXHIBIT B
REAL ESTATE PURCHASE CONTRACT**

(see attached)

Execution Copy

**EXHIBIT C
DISPOSAL PERMIT**

(see attached)

Execution Copy

**EXHIBIT D
ACCESS PERMIT**

(see attached)

Execution Copy

**EXHIBIT E
LEASE AGREEMENT**

(see attached)

Alpha Properties LLC
6009 W. Parker Rd., Suite 149-189
Plano, Texas 75093

October 31, 2017

VIA EMAIL: steven@gatewaymidstream.com

Gateway Permian Operating, LLC
125 Foster Street
Center, Texas 75935
Attn: Darren Wiggins

Re: Purchase and Sale Agreement dated as of September 2nd, 2017, by and between Alpha SWD Operating, LLC. ("Seller"), Alpha Properties, LLC ("Lessor"), and Gateway Permian Operating, LLC ("Buyer") (the "PSA")

Dear Gateway Permian Operating:

This letter will confirm our understanding that the Closing Date as set forth in Section 6.1 of the PSA is revised to November 30, 2017, and the PSA is so amended. Section 6.2(a) is also amended to reflect that Alpha must purchase the property on or before November 30, 2017.

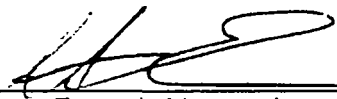
All other provisions of the Purchase and Sale Agreement not amended herein shall remain in full force and effect.

Please signify your agreement with the revised Closing Date and the amendment of the PSA by signing this letter and scanning the image of the signed letter to us at kurt@alphaswd.com and jason@alphaswd.com.

Sincerely,
Alpha Properties LLC

By: _____
Name: _____
Title: _____

AGREED AND CONFIRMED:



Steven Eaves, in his capacity as Manager of
of Gateway Permian Operating, LLC

10-31-17
Date

ALPHA 0343