

AE Order Number Banner

Application Number: pDZD2625936771

Initial Application Part I

SWD-2711

LilyStream Water Solutions LLC [373500]

Received: 9/03/2026

Revised March 23, 2017

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

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



ADMINISTRATIVE APPLICATION CHECKLIST

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

Applicant: LilyStream Water Solutions, LLC **OGRID Number:** 373500
Well Name: McIlwee SWD #1 **API:** 30-015-TBD
Pool: SWD; Devonian-Silurian **Pool Code:** 97869

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

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]
 A. Location – Spacing Unit – Simultaneous Dedication
☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD
- B. Check one only for [I] or [II]
 [I] Commingling – Storage – Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
 [II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR
- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.
 A. ☒ Offset operators or lease holders
 B. ☐ Royalty, overriding royalty owners, revenue owners
 C. ☒ Application requires published notice
 D. ☐ Notification and/or concurrent approval by SLO
 E. ☒ Notification and/or concurrent approval by BLM
 F. ☒ Surface owner
 G. ☒ For all of the above, proof of notification or publication is attached, and/or,
 H. ☐ No notice required

FOR OCD ONLY

- ☐ Notice Complete
☐ Application Content Complete

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

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

Ben Stone
 Print or Type Name

Signature

8/21/2026
 Date

903-367-5950
 Phone Number

ben@sosconsulting.us
 e-mail Address



September 2, 2026

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attn: Mr. Albert Chang, Director

Re: Application of LilyStream Water Solutions, LLC to permit for salt water disposal the McIlwee SWD Well No.1, to be located in Section 26, Township 24 South, Range 26 East, NMMPM, Eddy County, New Mexico.

Dear Mr. Chang,

LilyStream Water Solutions, LLC respectfully requests approval of the enclosed form C-108 Application for Authority to Inject, supporting the above-referenced request for salt water disposal. The well will be operated as a commercial endeavor offering operators in the area additional options for produced water disposal. are underway.

LilyStream Water Solutions seeks to optimize efficiency, both economically and operationally, of its operations in southeast New Mexico. Approval of this application is consistent with that goal as well as the NMOCD's mission of preventing waste and protection of correlative rights.

Published legal notice ran in the August 19, 2026, edition of the Artesia Daily Press and offset operators and other affected parties have been notified individually. All required information and attachments are included for a complete Form C-108. The well is located on fee lease, private land and minerals.

I respectfully request that the approval of this salt water disposal well proceed swiftly and if you or your staff requires additional information or has any questions, please do not hesitate to call or email me.

Best regards,

Ben Stone, Partner
SOS Consulting, LLC
Agent for LilyStream Water Solutions, LLC

Cc: Application attachment and project file

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: **Salt Water Disposal** and the application **QUALIFIES** for administrative approval.
- II. OPERATOR: **LilyStream Water Solutions, LLC**
ADDRESS: **3219 E. Avenue D, Lovington, NM 88260**
- CONTACT PARTY: **Agent: SOS Consulting, LLC – Ben Stone (936) 367-5950**
- III. WELL DATA: **All Well Data and Applicable Wellbore Diagrams and Packer Info are ATTACHED.**
- IV. **This is not an expansion of an existing project.**
- V. **A map is attached** 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. A **Tabulation is ATTACHED** of data on all wells of public record within the area of review which penetrate the proposed injection zone. **There are NO (0) wells in the subject AOR which Penetrate the proposed DEVONIAN interval.** The data includes a description of each well's type, construction, date drilled, location, depth, and a schematic of any plugged well illustrating all plugging detail.
- VII. **The following data is ATTACHED** 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. **Appropriate geologic data on the injection zone is ATTACHED** 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. **Stimulation program – a conventional acid job of up to 40,000 gals. may be performed to clean and open the formation.**
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted). **NEW Well Logs will be run when drilled for completion and further zone analysis.**
- *XI. **There are approximately 12 freshwater (2 pending) wells within one mile of the proposed salt water disposal well per OSE data. 2 wells were sampled; Analyses are ATTACHED and included herein.**
- XII. **An affirmative statement is ATTACHED that available geologic and engineering data has been examined and no evidence was found** of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. **"Proof of Notice" section on the next page of this form has been completed and ATTACHED. There are 10 offset lessees and/or operators within ONE mile plus Federal minerals - all have been noticed. Location is Fee.**
- 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: **Ben Stone** TITLE: **SOS Consulting, LLC agent for LilyStream Water Solutions, LLC**

SIGNATURE:  DATE: **9/02/2026**

E-MAIL ADDRESS: **ben@sosconsulting.us**

- * 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

FORM C-108 – APPLICATION FOR AUTHORIZATION TO INJECT (cont.)**III. WELL DATA – *The following information and data is included (See ATTACHED Wellbore Schematic):***

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 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 details 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 *pursuant to the following criteria is ATTACHED.*

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.

C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	Revised July 9, 2024	
		Submittal Type:	☐ Initial Submittal
			☐ Amended Report
		☐ As Drilled	

WELL LOCATION INFORMATION

API Number	Pool Code 97869	Pool Name SWD; Devonian-Silurian
Property Code	Property Name McIIWEE SWD	Well Number #1
OGRID No. 373500	Operator Name LILYSTREAM WATER SOLUTIONS LLC	Ground Level Elevation 3,299'
Surface Owner: ☐ State ☒ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☐ State ☒ Fee ☐ Tribal ☐ Federal

Surface Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
D	26	24S	26E		31' FNL	53' FWL	32.195670°	-104.272281°	EDDY

Bottom Hole Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
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Dedicated Acres	Infill or Defining Well	Defining Well API	Overlapping Spacing Unit (Y/N)	Consolidation Code
Order Numbers.			Well setbacks are under Common Ownership: ☐ Yes ☐ No	

Kick Off Point (KOP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
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First Take Point (FTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
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Last Take Point (LTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
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Unitized Area or Area of Uniform Interest	Spacing Unit Type ☐ Horizontal ☐ Vertical	Ground Floor Elevation:
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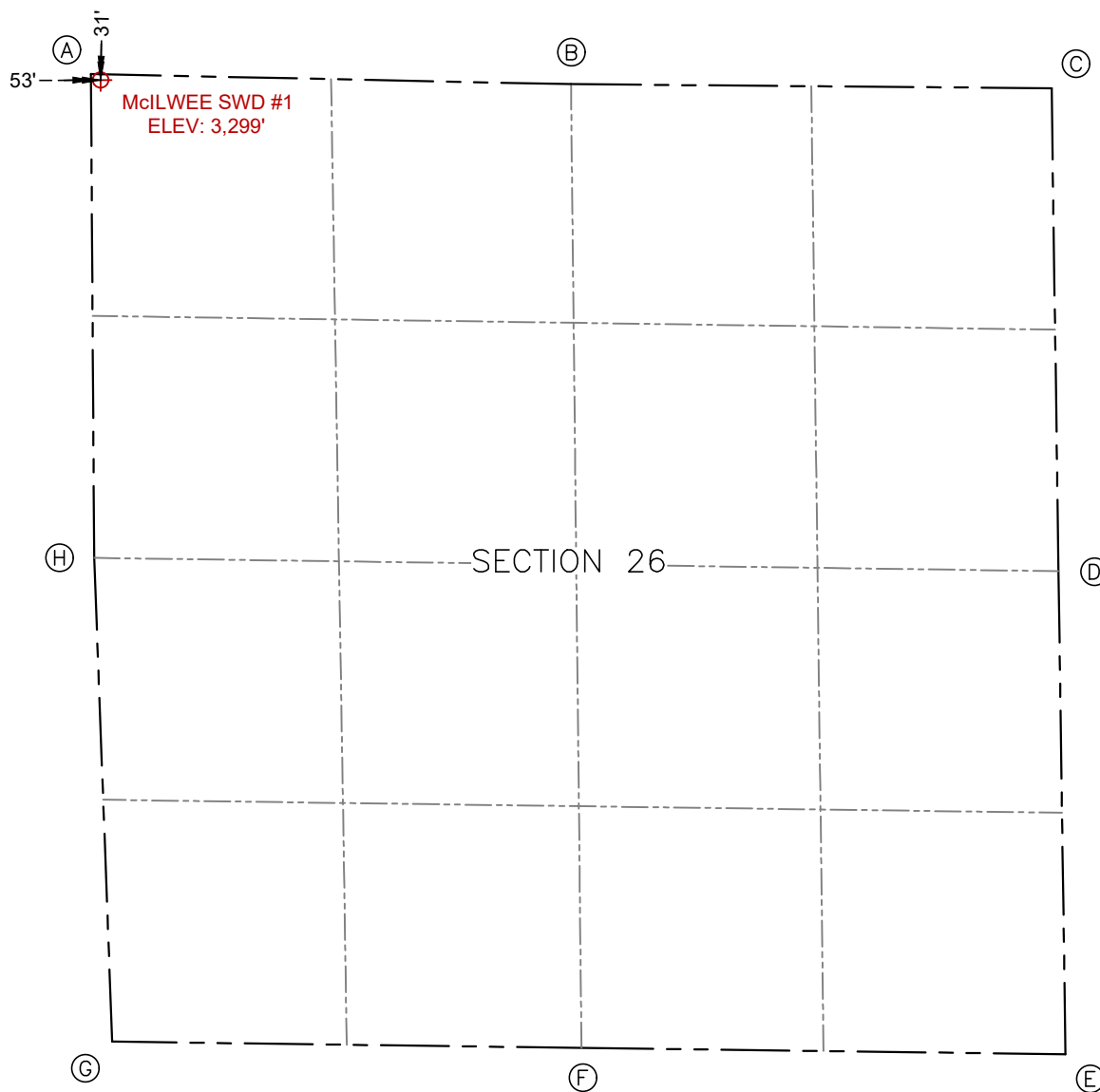
OPERATOR CERTIFICATIONS I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.  9/02/2026		SURVEYOR CERTIFICATIONS 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.  Date: 10/20/2025	
Signature Ben Stone		Signature and Seal of Professional Surveyor	
Printed Name ben@sosconsulting.us		Certificate Number 12177	Date of Survey 10/20/2025
Email Address		Revision Number 0	

Note: 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.

ACREAGE DEDICATION PLATS

This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.



SURFACE HOLE LOCATION

31' FNL & 53' FWL
ELEV. = 3,299'

NAD 83 X = 560,222.68'
NAD 83 Y = 434,924.65'
NAD 83 LAT = 32.195670°
NAD 83 LONG = -104.272281°
NAD 27 X = 519,040.18'
NAD 27 Y = 434,867.07'
NAD 27 LAT = 32.195552°
NAD 27 LONG = -104.271781°

CORNER COORDINATES NEW MEXICO EAST - NAD 83	
POINT	NORTHING/EASTING
A	N:434,957.12' E:560,169.77'
B	N:434,901.69' E:562,814.02'
C	N:434,879.48' E:565,461.01'
D	N:432,217.44' E:565,499.18'
E	N:429,555.40' E:565,537.35'
F	N:429,590.13' E:562,871.58'
G	N:429,624.70' E:560,286.10'
H	N:432,290.98' E:560,187.79'

C-108 - Items III, IV, V

WELL DATA Section Header

Item III - Subject Well Data

1. Wellbore Diagram – CURRENT
2. Wellbore Diagram – PROPOSED
3. Packer Info and Specs

Item IV – Tabulation of AOR Wells

Tabulation includes all construction data for all wells within a one-mile radius.

NO wells penetrate the proposed injection interval.

Item V – Area of Review Maps

1. Two Mile AOR Map with One-Mile Fresh Water Well Radius
2. One-Mile AOR Map

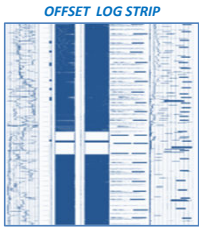
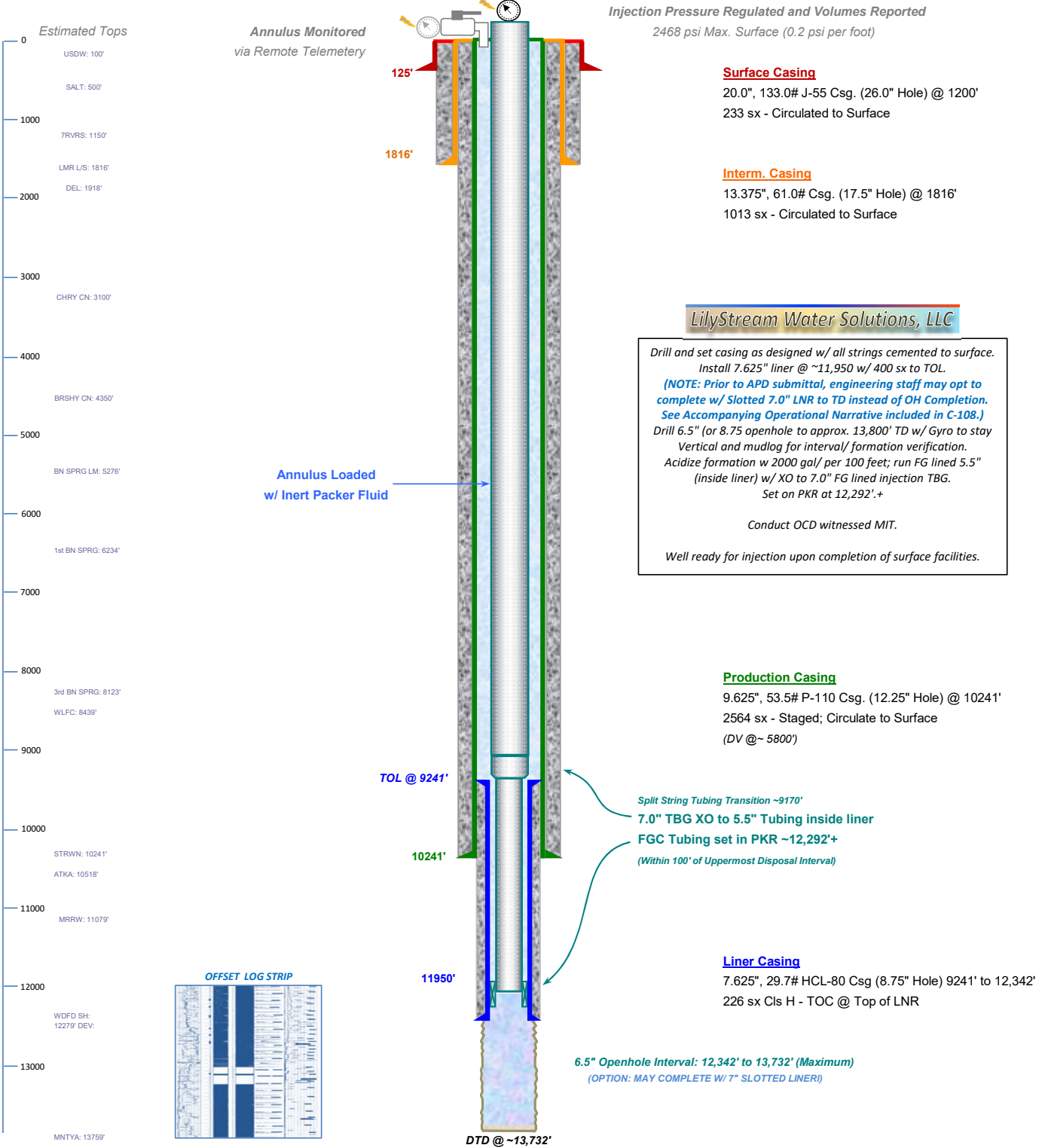
All Above Exhibits follow this page...



WELL SCHEMATIC - PROPOSED
McIlwee SWD Well No.1

API 30-015-xxxxx
31' FNL & 53' FWL, SEC. 26-T24S-R26E
EDDY COUNTY, NEW MEXICO

SWD; Devonian-Silurian (97869)
Spud Date: 4/01/2027
SWD Config Dt: 5/15/2027

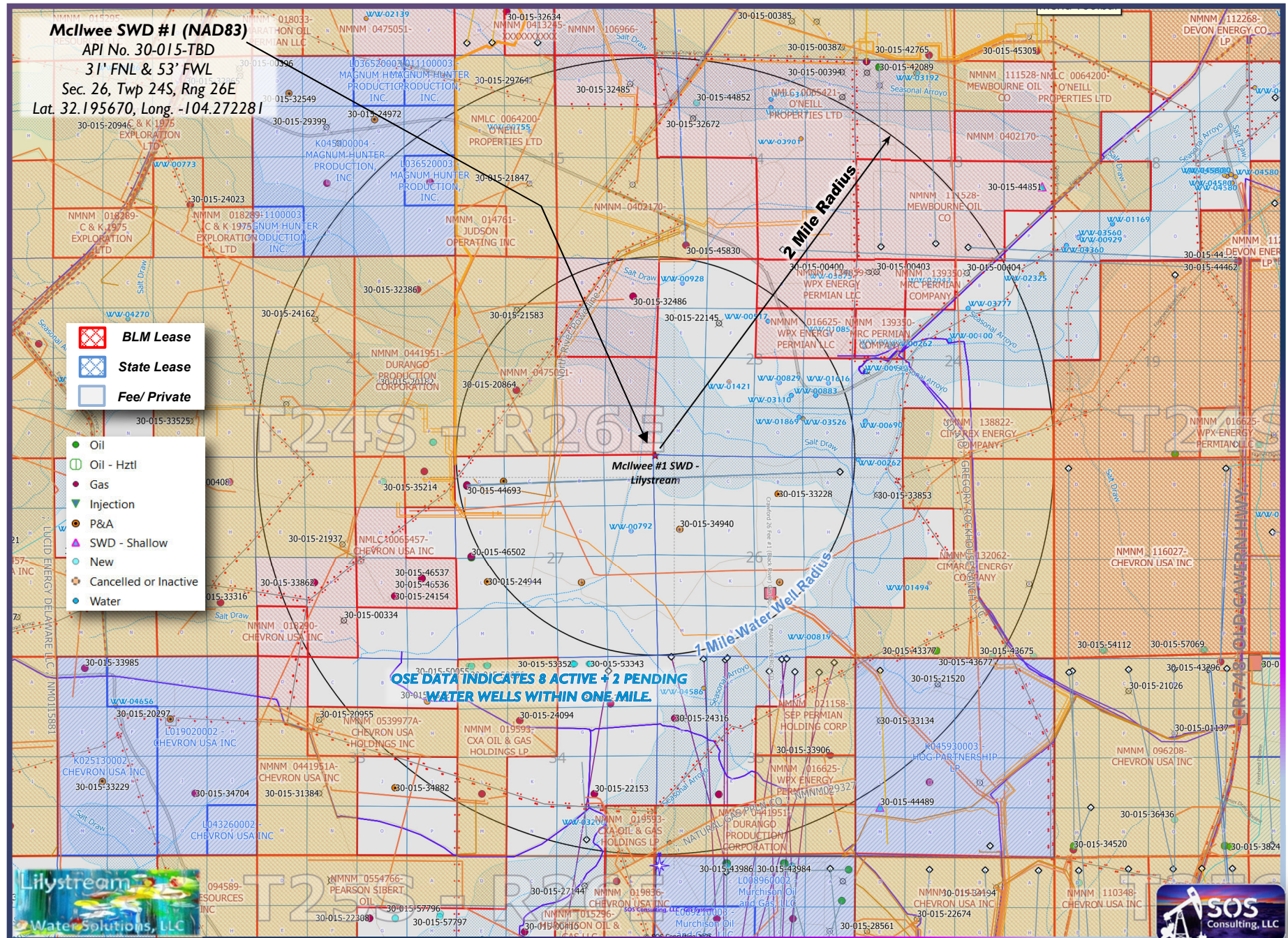


Drawn by: Ben Stone, 5/02/2026



McIlwee SWD #1 - Area of Review / 2 Miles

(Attachment to NMOCD Form C-108 - Item V)





Weatherford®

Packer Systems

Arrowset I-X, I-X 10K, and I-X HP Mechanical Packers

Weatherford's Arrowset I-X, I-X 10K, and I-X HP mechanical packers are versatile, field-proven retrievable double-grip packers for most production, stimulation, and injection. The packers can be set with tension or compression.

A large internal bypass reduces the swabbing effect during run-in and retrieval and closes securely when the packer is set. During release, the bypass is opened to equalize the pressure before the upper slips are released. A patented upper-slip releasing system reduces the force required to release the packer. A nondirectional slip is released first, making it easier to release the other slips.

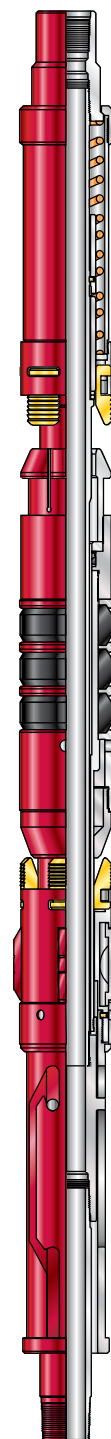
The I-X 10K packer has all the features of the I-X packer and can withstand 10,000 psi (69 MPa) of differential pressure above or below. The I-X HP packer can withstand 7,500 psi (52 MPa) of differential pressure above or below.

Applications

- Production
- Pumping
- Injection
- Fiberglass tubing
- Zonal isolation

Features, Advantages and Benefits

- The design holds high differential pressure from above or below, enabling the packer to meet most production, stimulation, and injection needs.
- The packer can be set with compression, tension, or wireline, enabling deployment in shallow and deep applications.
- The packer can be set and released with only a one-quarter turn of the tubing.
- The bypass valve is below the upper slips so that debris is washed from the slips when the valve is opened, reducing the times for circulation and total retrieval.
- The full opening enables unrestricted flow and the passage of wireline tools and other packer systems.
- The packer can be run with Weatherford's T-2 on-off tool, which enables the tubing to be disconnected and retrieved without retrieving the packer.





Packer Systems

Arrowset I-X, I-X 10K, and I-X HP Mechanical Packers

Specifications (continued)

Casing				Packer					
OD (in./mm)	Weight (lb/ft, kg/m)	ID (in./mm)		Maximum OD (in./mm)	Minimum ID (in./mm)	Standard Thread Connection (in.)	1-X 10K and I-X HP	Wireline Set	1-X
		Minimum	Maximum						
7 177.8	17.00 to 26.00 25.30 to 38.69	6.276 159.41	6.538 166.07	6.000 152.40	2.485 63.12	2-7/8 EUE 8 RD	603-72-H	603-70-WLS-HT	603-72
	26.00 to 32.00 38.69 to 47.62	6.094 154.79	6.004 152.50	6.276 159.41			—		603-70
	26.00 to 35.00 38.69 to 52.09			5.875 149.23			2.411 61.24	603-70-H	
	29.00 to 35.00 43.16 to 52.09	5.875 149.23	6.184 157.07	5.813 147.65	2.485 63.12	—	603-71		
	17.00 to 26.00 25.30 to 38.69	6.276 159.41	6.538 166.07	6.000 152.40	3.000 76.20		3-1/2 EU 8 RD	603-74	
	26.00 to 35.00 38.69 to 52.09	6.004 152.50	6.276 159.41	5.875 149.23			603-73		
7-5/8 193.7	24.00 to 29.70 35.72 to 44.20	6.875 174.63	7.025 178.44	6.679 169.65	2.485 63.12	2-7/8 EUE 8 RD	—		603-76
	33.70 to 39.00 50.15 to 58.04	6.625 168.28	6.765 171.83	6.453 163.91			603-75-010 ⁵	—	603-75
	24.00 to 29.70 35.72 to 44.20	6.875 174.63	7.025 178.44	6.672 169.47	3.000 76.20	3-1/2 EU 8 RD	—		603-78
	33.70 to 39.00 50.15 to 58.04	6.625 168.28	6.766 171.86	6.453 163.91			603-77		
8-5/8 219.1	24.00 to 28.00 35.72 to 41.67	8.017 203.63	8.097 205.66	7.750 196.85	2.938 74.63	3-1/2 EU 8 RD	603-85-0HP ⁵	—	603-85
	28.00 to 40.00 41.67 to 59.53	7.725 196.22	8.017 203.63	7.531 191.29			603-86-0HP ⁵		603-86
	24.00 to 28.00 35.72 to 41.67	8.017 203.63	8.097 205.66	7.750 196.85	4.000 101.60	4-1/2 EUE 8 RD	—		603-83
	32.00 to 40.00 47.62 to 59.53	7.725 196.22	7.921 201.19	7.500 190.50			603-82		

⁵The 7 5/8- through 9 5/8-in. (193.7- through 244.5-mm) sizes are rated to a 7,500-psi (52-MPa) differential.

**** Nickle plating order + XO Nipple to 5.5" EUE**

Form C-108 Item VI - Tabulation of AOR Wells

Top of Proposed DEVONIAN Interval 12,342'

NO Wells Penetrate Proposed Interval.

API	Current Operator	Well Name	Type	Status	Lease	ULSTR	Spud Dt.	Depth (V)	Plug Dt.
<u>Subject Well</u>									
30-015-TBD	LILYSTREAM WATER SOLUTIONS, LLC	McILWEE SWD #1	SWD	New	Private	D-26-24S-26E	TBD	13780'	
SWD; DEVONIAN; Perfs: 12400'-13732' ; 13-3/8' (17.5" hole) @ 1867' w/ 1425 sx circ; 9-5/8" (10.25" hole) @ 10241' w/ 3500 sx circ; 7-5/8" LNR (8.25" hole) @ 13780' w/ 525 sx cmt to 9-5/8" tie-back.									

AOR Wells

30-015-20864	MARATHON OIL PERMIAN LLC	FEDERAL 22 COM #004	Gas	Active	Federal	22-24S-26E	11/13/2003	11700'	
30-015-32486	MARATHON OIL PERMIAN LLC	FEDERAL 22 COM #002	Gas	Active	Federal	A-22-24S-26E	11/7/2002	11930'	
30-015-58069	Flat Creek Resources, LLC	JURNEGAN BS FEDERAL COM #011H	Oil	New		M-22-24S-26E	12/31/1999	0'	
30-015-58068	Flat Creek Resources, LLC	JURNEGAN BS FEDERAL COM #010H	Oil	New		M-22-24S-26E	12/31/1999	0'	
30-015-58066	Flat Creek Resources, LLC	JURNEGAN BS FEDERAL COM #004H	Oil	New		M-22-24S-26E	12/31/1999	0'	
30-015-58065	Flat Creek Resources, LLC	JURNEGAN BS FEDERAL COM #003H	Oil	New		M-22-24S-26E	12/31/1999	0'	
30-015-34940	Coterra Energy Operating Co.	CRAWFORD 26 #003	Oil	P&A-NR	Private	E-26-24S-26E	10/6/2006	11825'	12/11/2015
30-015-00406	Coterra Energy Operating Co.	CRAWFORD 26 #001	Gas	P&A-NR	Private	J-26-24S-26E	7/30/1957	11522'	1/31/2019
30-015-32806	Coterra Energy Operating Co.	CRAWFORD 27 #004	Gas	P&A-NR	Private	D-27-24S-26E	8/7/2003	11690'	5/7/2019
30-015-44693	Coterra Energy Operating Co.	CRAWFORD 27 26 FEE #001H	Gas	Active	Private	D-27-24S-26E	6/27/2018	9573'	
30-015-44694	Coterra Energy Operating Co.	CRAWFORD 27 26 FEE #002H	Gas	Active	Private	D-27-24S-26E	6/15/2018	8756'	

SUMMARY: NO (0) wells penetrate the proposed disposal interval.



C-108 - Item VII

Proposed Operation

Narrative

Mcllwee SWD No.1

General Setting

The proposed Mcllwee SWD is located within an area identified as having high cave/karst potential (*see following map*). Accordingly, drilling and completion operations will be conducted with enhanced attention to indications of subsurface voids, lost circulation, abnormal drilling response, sudden fluid losses, bit drops, or other conditions potentially indicative of karst development. Mud returns, circulation losses and drilling parameters will be continuously monitored through the shallow and intermediate section. If significant voids or anomalous karst features are encountered, drilling operations will be suspended as appropriate, the condition evaluated, and applicable OCD notification and mitigation requirements followed before proceeding.

The casing and cementing program will be designed to provide positive isolation of shallow groundwater-bearing and potentially karsted intervals from the deeper Silurian–Devonian injection zone. Cement volumes will include appropriate excess to account for potential irregular hole conditions and losses, and lost-circulation materials or other remedial cementing measures will be employed if necessary to obtain adequate zonal isolation. Mechanical integrity will be demonstrated prior to injection, and annular pressure will be monitored during operation for indications of loss of integrity.

The area also contains substantial existing oil and gas development, including horizontal wells and numerous older vertical wellbores, many of which have been plugged and abandoned. The operator will review available well construction and plugging records for wells within the applicable Area of Review to evaluate potential conduits for fluid migration. Particular attention will be given to older wells that penetrate, or approach, the proposed injection interval and to wells having incomplete or uncertain cement and plugging records. Any well identified as presenting a potential migration pathway will be further evaluated and, where necessary, appropriate mitigation or other protective measures will be coordinated with OCD prior to commencement of injection.

Directional control during drilling will also be maintained to minimize the potential for encroachment upon nearby horizontal wellbores and lateral drilling corridors. Gyro surveys and routine directional monitoring will be used to confirm wellbore position, and drilling practices will be adjusted as necessary to maintain the planned vertical trajectory. (*Further detailed in accompanying Item VIII – Geologic Section.*)

Commercial SWD Well and Facility

Upon approval of all permits for SWD including the OCD APD Form C-101, planning for drilling and other scheduling operations would begin within 30 days. The prospect is far removed from

the 4-String requirement or other potash areas. During drilling, a gyro survey will be run to make sure the wellbore stays within vertical tolerance and the data and reports shall be furnished to offset operators that desire to confirm the results.

Completion of the well is expected to take approximately 6–8 weeks and would be followed closely by facility construction. Whatever ancillary operations that could commence during the same interval without access conflicts may also take place. This would include installation of the tank battery, berms, plumbing and other associated equipment. In any event, it is not expected for the construction phase of the project to last more than 90 days, depending on availability of contractors and equipment.

Configure for Salt Water Disposal

Prior to commencing and during all work, NOI sundry(ies) will be submitted to configure the well for SWD and will detail the completion workover including all work otherwise described above, any change to the procedure noted herein and to perform mechanical integrity pressure test per OCD (and BLM) test procedures. (Notify NMOCD 24 hours prior.) The casing/tubing annulus will be monitored for communication with injection fluid or loss of casing integrity.

Operational Summary

Surface facilities will be operated to minimize the potential for releases, with secondary containment and prompt response to any spill or loss of produced water near the wellsite.

The well and injection equipment will be a closed system and equipped with pressure limiting devices and volume meters. The annulus, loaded with an inert, anti-corrosion packer fluid, will be monitored for pressure.

The tanks will be equipped with telemetry devices and visual alarms to alert the operator and customers of full tanks or an overflow situation.

The SWD facility is not proposed to be fenced so that trucks may access for load disposal 24/7.

Anticipated daily maximum volume is 30,000 bpd and an average of 17,500 bpd at a maximum surface injection pressure of 2468 psi (.2 psi/ft gradient – maximum pressure will be adjusted if the top of interval is modified after well logs are run).

Potential releases will be contained and cleaned up immediately. The operator shall repair or otherwise correct the situation within 48 hours before resuming operations. OCD will be notified within 24 hours of any release greater than 5 bbls. If required, remediation will start as soon as practicable. Operator shall comply with 19.15.29 NMAC and 19.15.30 NMAC; as necessary and appropriate and OCD form C-141 will be submitted promptly.

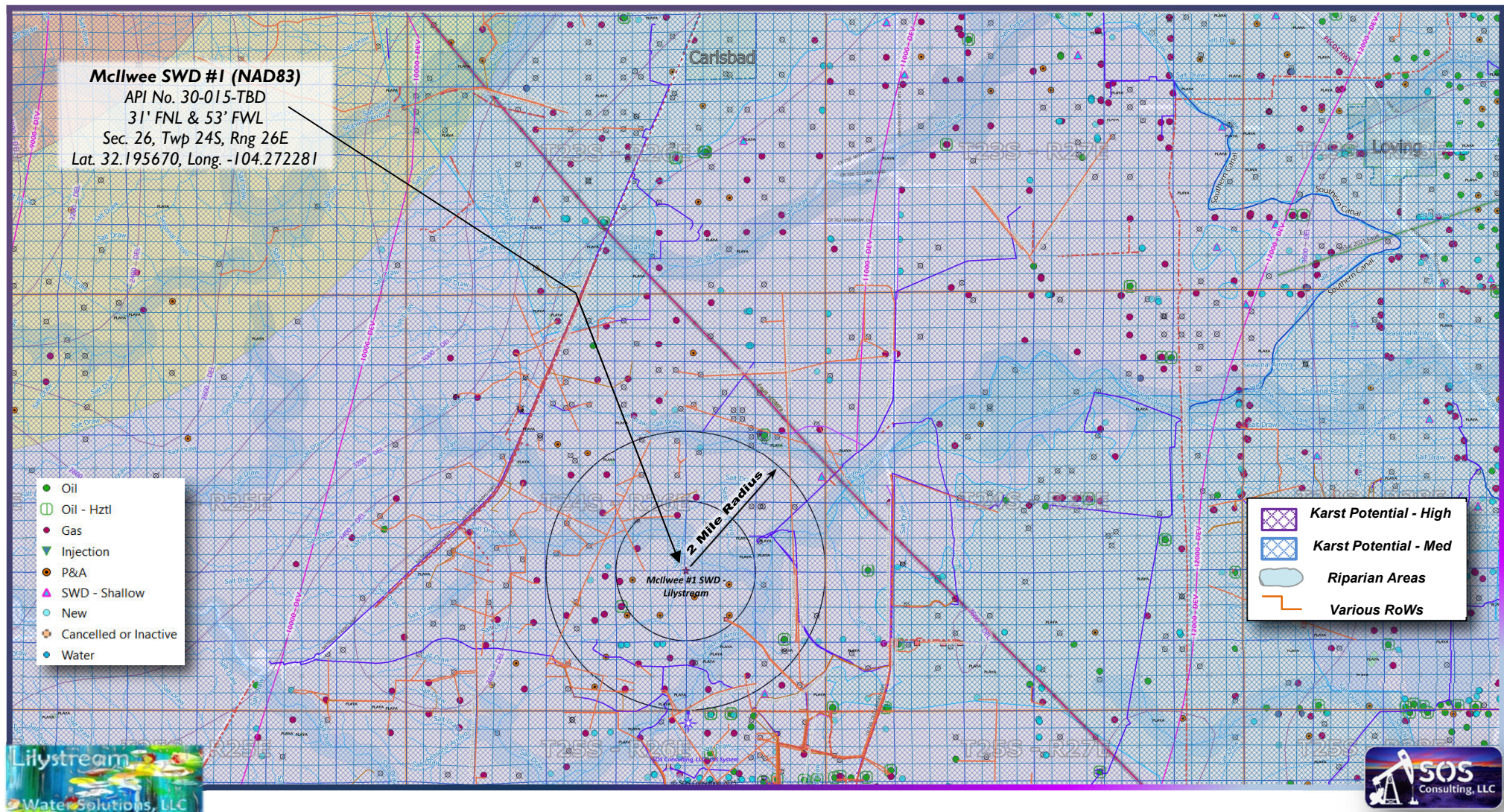
All required OCD forms will be filed as appropriate and in a timely manner.

McIlwee SWD #1 – Operational Regional Overview

(Attachment to NMOCD Form C-108 - Item VII)

This regional overview illustrates the operational setting surrounding the proposed McIlwee SWD No. 1. In addition to existing oil and gas development, the map depicts mapped cave/karst potential, riparian areas, nearby seismic-response considerations, and numerous existing surface-use corridors associated with pipelines, utilities, roads and other rights-of-way. The prospect lies within an area of established oilfield activity where current horizontal development is interspersed with numerous older vertical wellbores, many of which are now plugged and abandoned. Delaware and Devonian formation tops contours are also displayed.

The mapped features are provided to demonstrate the broader surface and subsurface constraints considered in site planning, drilling and future SWD operations. These conditions will be incorporated into operational planning through wellbore directional control, review of nearby well records, attention to karst-related drilling response, protection of shallow groundwater-bearing intervals, and avoidance or accommodation of existing surface-use corridors to the extent practicable.



C-108 - Item VIII

Geological Section

Primary Geological Narrative

The proposed injection interval comprises the regionally recognized Silurian–Devonian carbonate sequence, which commonly cannot be reliably subdivided into separate Silurian and Devonian units without detailed log correlation, sample examination or other supporting stratigraphic control. The interval consists primarily of light-colored dolomite, limestone and chert, with locally dense or tight limestone and massive chert intervals.

Injectivity within the Silurian–Devonian section is expected to occur principally within porous and permeable dolomite intervals. Reservoir capacity may be associated with intercrystalline dolomite porosity, secondary dissolution or vuggy porosity, natural fractures, and locally porous or brecciated chert intervals. The gross interval is not expected to contribute uniformly, and dense limestone and massive chert beds may exhibit comparatively low matrix permeability.

Depth control for the proposed well was inferred from deep wells located to the south and east. The estimated top of the Devonian is approximately 12,342 feet below ground level. At the proposed total depth of approximately 13,732 feet below ground level, the well will extend approximately 1,390 feet below the estimated Devonian top. If the base of the prospective Silurian–Devonian interval and the top of the underlying Ordovician section are encountered as expected, the well will be drilled only deep enough to provide adequate logging rathole below the proposed injection interval.

Mud logging, drill-cutting descriptions and open-hole log correlation will be used to confirm the base of the Woodford Shale, the Silurian–Devonian carbonate interval and the approach to underlying Ordovician strata. If the top of the Devonian is encountered deeper or shallower than estimated, appropriate drilling, casing and completion adjustments will be made and reported to the Oil Conservation Division as required.

A gyro survey will be conducted while drilling to verify that the wellbore remains within acceptable vertical tolerances*. Once the Silurian–Devonian interval has been confirmed, the production casing shoe will be set at an approximate maximum upper depth of 11,950 feet below ground level. Injection will occur through the resulting open-hole interval below the casing shoe. Should mud logs, drill cuttings, open-hole logs or other subsurface data indicate that a depth adjustment is necessary to adequately penetrate the intended injection interval, appropriate sundry notices and supporting data will be filed with the Oil Conservation Division.

The Silurian–Devonian carbonate sequence is immediately overlain by approximately 63 feet of Woodford Shale. The Woodford Shale is expected to provide the principal immediate upper confining unit because of its generally siliceous, organic-rich and relatively low-permeability character. The overlying Mississippian limestone section provides additional vertical separation between the injection interval and shallower formations.

The Silurian–Devonian section is underlain by older Ordovician carbonate, sandstone and shale units. These may include strata locally correlated with the Montoya, Simpson, McKee and Ellenburger intervals. Final identification of the lower stratigraphic boundary will be based on drilling response, sample descriptions and open-hole log correlation.

Fresh groundwater in the area occurs principally within shallow unconsolidated Quaternary deposits, including local alluvial and eolian sediments, and potentially within shallow bedrock units where suitable water-bearing intervals are present. Water-bearing dolomite intervals may also occur locally within the Rustler section, including the Culebra Dolomite; however, groundwater occurrence and quality within these units may be variable. The Salado is predominantly an evaporite sequence and is not presumed to constitute a regionally uniform freshwater aquifer.

New Mexico Office of the State Engineer records identify 12 water wells, including two listed as pending, within one mile of the proposed saltwater disposal well. Available records indicate reported well depths ranging from approximately 34 to 84 feet, with an average reported depth to groundwater of approximately 34 feet. A nearby well recorded by the U.S. Geological Survey was located and sampled. Available depth-to-groundwater information for freshwater wells of similar depth and proximity is included with the application. Two water wells were sampled and analyzed; results are contained herein.

The substantial vertical separation between the shallow groundwater-bearing intervals and the proposed Silurian–Devonian injection interval, together with the intervening casing and cement program and the presence of thick confining strata, is expected to provide protection of underground sources of drinking water.

** To accommodate offset operators and minimize the potential for encroachment upon horizontal lateral drilling lanes, LilyStream will employ a qualified drilling contractor and will incorporate directional-control considerations into the drilling and casing program. In addition to gyro monitoring, drilling speed, mud weight, drill-string weight, bit and bottomhole-assembly specifications, collar design and related operational parameters will be selected and managed to maintain the wellbore within acceptable vertical tolerances.*

C-108 Item VII.5

Produced Water Analysis Summary

McIlwee SWD #1 – Devonian Disposal Zone D-26-24S-26E, Eddy County, NM

SOS Engineering Conclusion: Representative analyses selected using adaptive formation matching and proximity and are consistent with expected produced-water chemistry for these intervals. Produced waters expected to be received by the McIlwee SWD #1 exhibit chemistry typical of Permian Basin produced brines and are considered generally compatible with disposal into the Devonian Formation under normal operating conditions.

Brushy Canyon

No representative Brushy Canyon analyses were identified within the initial search radius. Representative Cherry Canyon analyses may be utilized, where appropriate, as an analogous Delaware Mountain Group source interval.

Bone Spring (Source)

Distance (Miles)	Formation	Well	API	Field	TDS (mg/L)	Cl (mg/L)
15.4	Bone Spring	ROOKIE STATE	3001510060	HAPPY VALLEY SOUTH	67985	39150
16.8	Bone Spring	GAINES 21	3001528638	CEDAR CANYON;DELAWAR	8856	62858.2
18.1	Bone Spring	KNOLL AOK FEDERAL	3001528127	CEDAR CANYON		84981
19.2	Bone Spring	CORRAL DRAW AQH FEDERAL	3001529396	LIVINGSTON RIDGE		164963

Wolfcamp (Source)

Distance (Miles)	Formation	Well	API	Field	TDS (mg/L)	Cl (mg/L)
20.4	Wolfcamp	CONE BUTTE UT	3001510007	None	4104	932
25.5	Wolfcamp	FED UNION	3001502416	APACHE SPRINGS	297557	186000
25.6	Wolfcamp	STATE AC COM	3001522299	BURTON FLAT NORTH	144926	87600
29.0	Wolfcamp	MAHUN STATE	3001520138	ROCKY ARROYO	4568	426



Delaware (Source)

<i>Distance (Miles)</i>	<i>Formation</i>	<i>Well</i>	<i>API</i>	<i>Field</i>	<i>TDS (mg/L)</i>	<i>Cl (mg/L)</i>
2.3	Delaware	BRADLEY FEDERAL	3001500387	BLACK RIVER	230993	137300
10.9	Delaware	PARDUE	3001501114	CASS DRAW	129765	79570
12.5	Delaware	KIM	3001524589	None	202807	143136
13.2	Delaware	GUY A REED	3001510872	MALAGA	130273	78600

Glorieta (Source)

<i>Distance (Miles)</i>	<i>Formation</i>	<i>Well</i>	<i>API</i>	<i>Field</i>	<i>TDS (mg/L)</i>	<i>Cl (mg/L)</i>
2.3	San Andres	BRADLEY	3001500385	HOBBS	6811	2948
2.5	San Andres	BRADLEY FEDERAL	3001500386	HOBBS	10492	5070
25.3	San Andres	SEVEN RIVERS	3001505919	None	120793	68800
25.5	San Andres	FED UNION	3001502416	None	210774	123500

Pennsylvanian (Source)

<i>Distance (Miles)</i>	<i>Formation</i>	<i>Well</i>	<i>API</i>	<i>Field</i>	<i>TDS (mg/L)</i>	<i>Cl (mg/L)</i>
2.4	Morrow	ONEILL FEDERAL	3001520301	CARLSBAD SOUTH	123887	81000
2.9	Atoka	FED D	3001500389	BLACK RIVER	60623	
4.4	Morrow	MONA LISA	3001523094	None	92832.7	59225.4
9.4	Morrow	JURNEGAN POINT	3001510280	WILDCAT	176935	106800

Devonian (Disposal)

<i>Distance (Miles)</i>	<i>Formation</i>	<i>Well</i>	<i>API</i>	<i>Field</i>	<i>TDS (mg/L)</i>	<i>Cl (mg/L)</i>
9.4	Devonian	JURNEGAN POINT	3001510280	WILDCAT	203100	121100
12.5	Devonian	MCKITTRICK FED	3001500135	None	16200	8762
14.2	Devonian	CARNERO PEAK UT	3001510053	None	14601	7236
15.4	Devonian	TORTOISE ASB COM	3001510490	None	15601	7780

**Representative analyses were selected based on proximity to the proposed SWD, data completeness, and engineering judgment.
Where limited data were available, analogous formations were considered to characterize expected source-water chemistry.**

Data Source: NMT Octane / NM WAIDS database





NM Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, NM 87505

Re: Geology Statement
Lilystream Water Solutions LLC
McIlwee SWD #1
Section 26, T. 24S, R. 26E
Eddy County, New Mexico

To whom it may concern:

Publicly available geologic and engineering data related to the proposed well have been thoroughly reviewed, and no evidence for open faults or any other hydrologic connection between the proposed Silurian/Devonian injection zone and any underground sources of drinking water has been found. Please see the attached seismic risk assessment for additional information.

Sincerely,

A handwritten signature in black ink that reads "Cory Walk". The signature is written in a cursive, flowing style.

Cory Walk
Geologist

Seismic Risk Assessment
Lilystream Water Solutions
McIlwee SWD No. 1
Section 26, Township 24 South, Range 26 East
Eddy County, New Mexico

Cory Walk, M.S.

A handwritten signature in black ink that reads "Cory Walk". The signature is written in a cursive style with a large, stylized "C" and "W".

Geologist
Permits West Inc.

May 21, 2026

GENERAL INFORMATION

McIlwee SWD #1 is located in the NW 1/4, section 26, T.24S, R.26E, about 15 miles south of Carlsbad, NM in the Permian Basin. Lilystream Water Solutions proposes to dispose produced water within the Silurian/Devonian Formation through an open hole from 12,340'-13,740' below ground surface. This report assesses any potential concerns relating to induced seismicity along deep penetrating Precambrian faults or the connection between the injection zone and known underground potable water sources.

SEISMIC RISK ASSESSMENT

Historical Seismicity

Searching the USGS earthquake catalog resulted in no (0) earthquakes above a magnitude 2.5 within 6 miles (9.7 km) of the proposed deep disposal site since 1970 (Fig. 1). The nearest earthquake occurred on November 28, 1974 about 11.0 miles (17.7 km) northeast of the proposed SWD site and had a magnitude of 3.9.

Basement Faults and Subsurface Conditions

A structure contour map (Fig. 1) of the Precambrian basement shows the McIlwee SWD #1 is approximately 2.6 miles (4.2 km) from the nearest basement-rooted fault inferred by Horne et al (2021). **Information about known nearby faults based on GIS data from Horne et al. (2021) is listed in Table 1.**

Snee and Zoback (2018) state, "In the western part of Eddy County, New Mexico, S_{Hmax} is ~north-south (consistent with the state of stress in the Rio Grande Rift; Zoback and Zoback, 1980) but rotates to ~east-northeast-west-southwest in southern Lea County, New Mexico and the northernmost parts of Culberson and Reeves counties, Texas." **Around the McIlwee SWD #1 site, Snee and Zoback indicate a S_{Hmax} direction of N035°E and an A_ϕ of 0.52, indicating an extensional (normal) stress regime.**

Fault Slip Potential (FSP) Modeling

Induced seismicity is a growing concern of deep SWD wells. Software developed by the Stanford Center for Induced and Triggered Seismicity allows for the probabilistic screening of deeply penetrating faults near the proposed injection zone (Walsh et al., 2016; Walsh et al., 2017). This software uses parameters such as stress orientations, fault strike/dip, injection rates, fault friction coefficients, etc. to estimate the potential for fault slip. Using the best available data as input parameters (Table 2) including the subject well injecting at the proposed maximum of 30,000 bbls/day and all other existing SWDs within a 6 mile radius injecting at their individual historical peak annual volume (8 total SWD wells), the Fault Slip Potential (FSP) models suggest a four (0.04) percent chance of slip on a nearby fault, inferred by Horne et al. (2021), through the year 2046 (Fig. 2; Table 1). **This model also suggests a pore pressure increase of 95 psi on the nearest publicly known fault (Fault 12; Fig. 3; Table 1) by the year 2045.** Geomechanical modeling shows that the primary fault of concern (fault 21) would need a pressure increase of 2305 psi to reach a 100% probability of slip on the fault. A 50% probability requires an increase of 228 psi which is 45x greater than the modeled increase of 5 psi (Fig. 3).

The pressure through time plot in Figure 3A shows a large spike in pressure along Fault 12 in 2026. According to NMOCD data, three (3) nearby SWD wells have been approved in recent years but have yet to start injection. This model assumes all 3 of those new SWD wells, along with the proposed McIlwee SWD #1, start injecting 30,000 bbl/day in 2026. Even with this unlikely assumption, the model still suggests a zero (0) percent chance of slip on the closest fault (fault 12).

GROUNDWATER SOURCES

Quaternary Alluvium acts as the principal aquifer used for potable ground water near the McIlwee SWD #1 location (Hendrickson and Jones, 1952). Nicholson and Clebsch (1961) state, "Potable ground water is not available below the Permian and Triassic unconformity but, because this boundary is not easily defined, the top of the Rustler anhydrite formation is regarded as the effective lower limit of 'potable' ground water." Around the McIlwee SWD #1, the top of the Permian (Castile Formation) lies at an estimated depth of 100' bgs.

VERTICAL MIGRATION OF FLUIDS

Permeability barriers exist above (Woodford shale; 110 ft thick) and below (Simpson Group; 100 ft thick) the targeted Silurian/Devonian injection zone (Plate 2, Comer et al., 1991; Fig. 8, Frenzel et al., 1988). Precambrian structure contour data presented in Ruppel (2009) estimates the top of the Precambrian basement to be at a depth of approximately 15,110' in this area. Therefore, the injection zone lies approximately 1,370' above the Precambrian basement and approximately 12,240' below the previously stated lower limit of potable water at the top of the Rustler formation.

CONCLUDING STATEMENTS

After examination of publicly available geologic and engineering data, there is no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

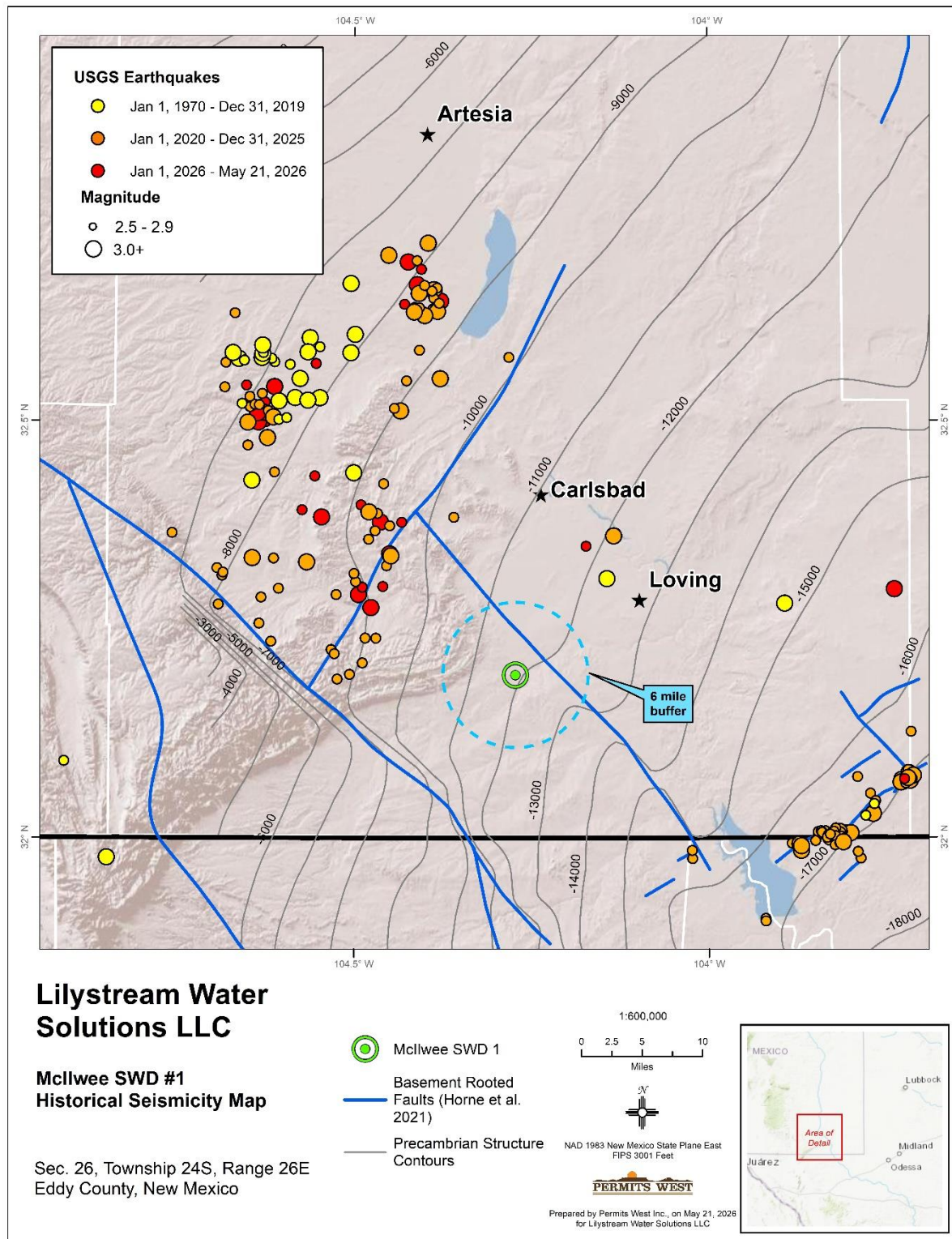


Figure 1. Structural contour map of the Precambrian basement in feet below sea level. Blue lines represent the locations of Precambrian basement-rooted faults (Horne et al., 2021). McIlwee SWD #1 well lies ~2.6 miles southwest of the closest deeply penetrating fault and 11 miles southwest from the closest historic earthquake.

Table 1: Nearby Basement Fault Model Results

Fault Number	Distance to proposed SWD (mi)	Strike (°)	Dip (°)	FSP (2044)	Δ Pore Pressure after 20 years (psi)	Δ Pore Pressure needed for 100% FSP (psi)	Δ Pore Pressure needed for 50% FSP (psi)
Fault 12	2.6	135	65	0.00	95	4515	2703
Fault 21	15.7	37	70	0.04	5	2305	228

Table 2: Fault Slip Potential model input parameters

Faults	Value	Notes
Friction Coefficient	0.58	Ikari et al. (2011)
Dip Angle (deg)	60-72	Horne et al. (2021)
Stress		
Vertical stress gradient (psi/ft)	1.1	Hurd and Zoback (2012)
Max Horizontal Stress Direction (deg)	35	Snee and Zoback (2018)
Depth for calculations (ft)	13700	Proposed injection zone
Initial Reservoir Pressure Gradient (psi/ft)	0.7	calculated from mud wt (ppg) used in drilling at these depths
A Phi Parameter	0.52	Snee and Zoback (2018)
Reference Friction Coefficient	0.58	Ikari et al. (2011)
Hydrology		
Aquifer thickness (ft)	1400	Proposed injection zone
Porosity (%)	6	
Permeability (mD)	150	
Injection Rate (bbl/day)	30000	Maximum proposed injection rate



Figure 2. Precambrian fault map of the McIlwee SWD #1 area as mapped by Horne et al. (2021). Faults are colored based on probability of fault slip as modeled using Fault Slip Potential software (Walsh and Zoback, 2016). Labeled values represent the calculated fault slip potential using the parameters indicated in Table 2. Contours show the top of the Precambrian basement in feet below sea level.

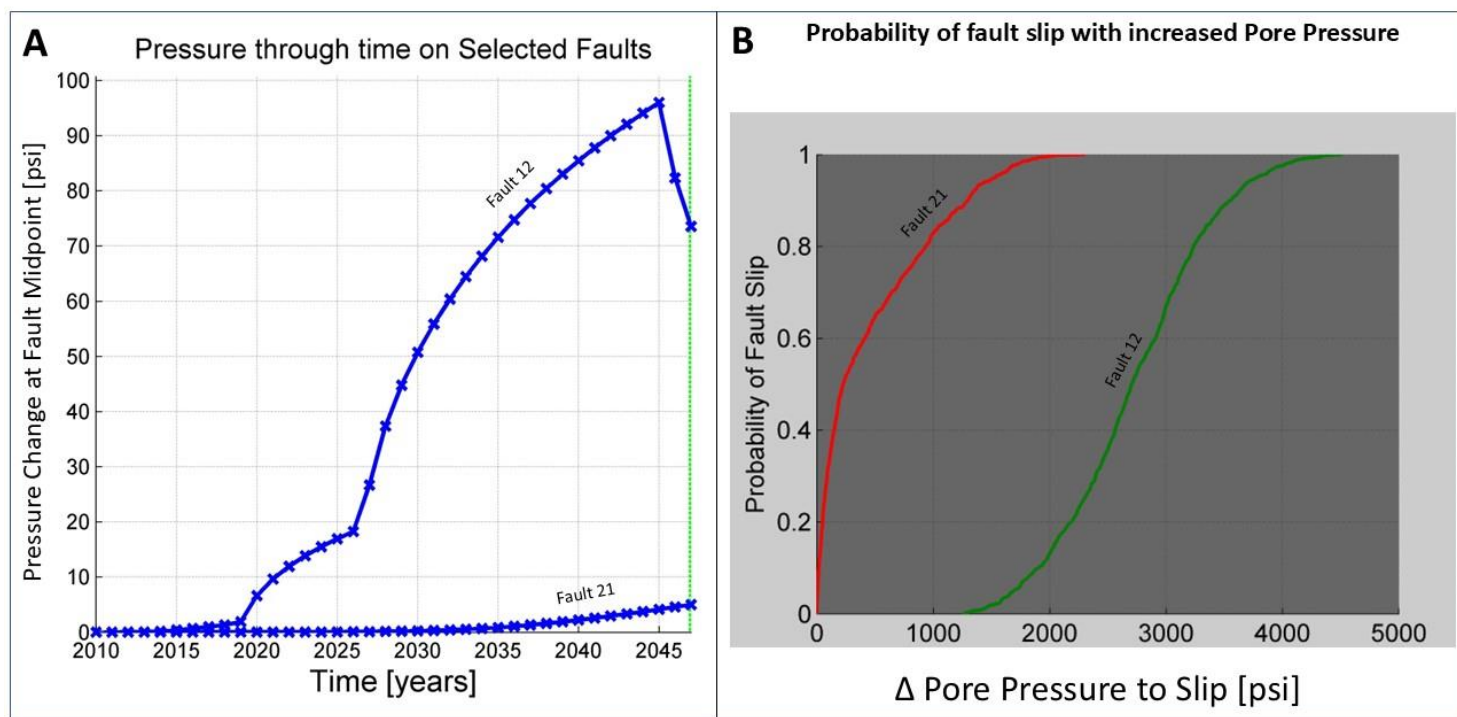


Figure 3. A) Plot showing the modeled change of pore pressure on nearby faults through time as a response to the proposed SWD well. B) Plot showing the required pore pressure increase needed to produce specific probabilities of fault slip on nearby faults.

References Cited

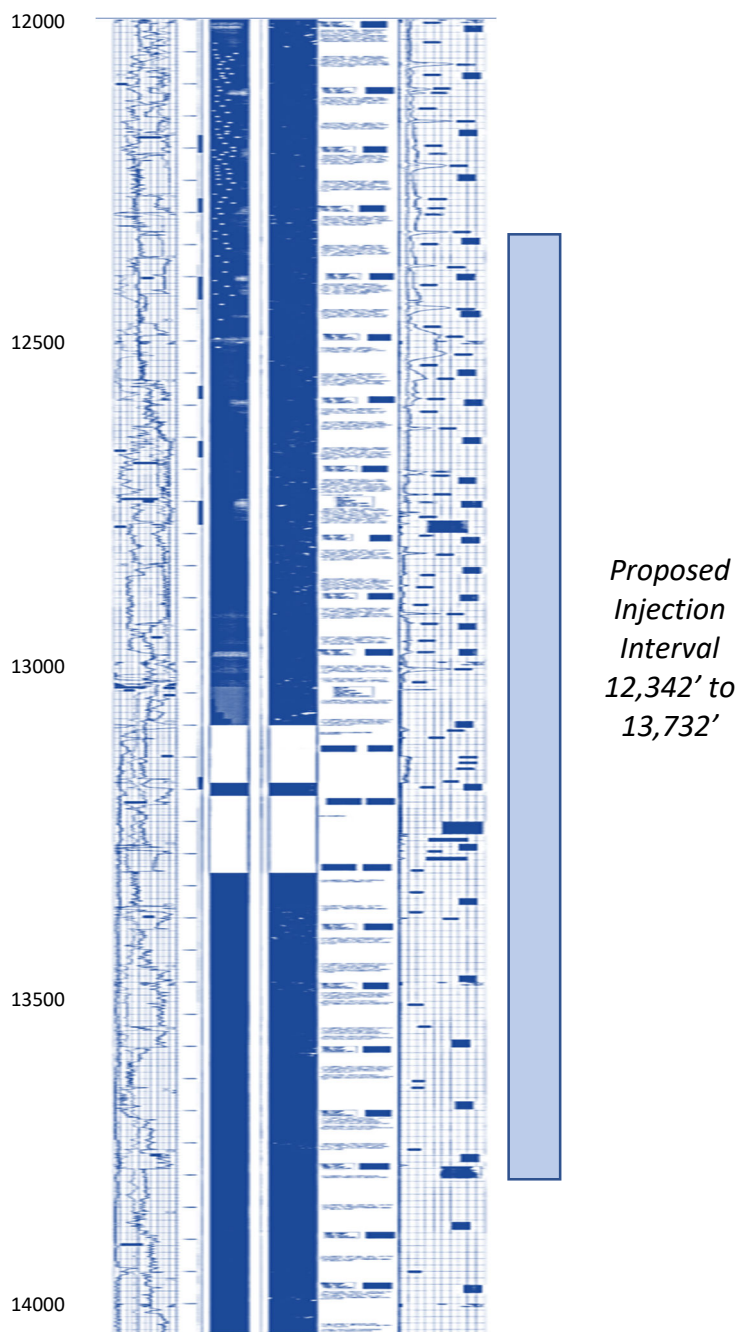
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C-108 - Item X

Logs & Available Test Data

**Mud Log Strip from offset well with zone identified.
(Hood SWD #1, API 30-015-44851, 2.36 Miles NW of Subject)**

New logs will be run to upon drilling and completion to positively identify
the target intervals within the described maximum top and bottom depths.



C-108 Item XI

Water Wells Within One Mile

McIlwee SWD No.1 - Water Well Locator Map

There are 11 water well PODs (Likely Domestic and/or Ag/Irrigation) within a one-mile radius of the proposed SWD.

Two (2) wells are being samples – analyses will be forward upon receipt.



Sourced from NM Office of the State Engineer 2026 GIS Data.





New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(A CLW#### in the POD suffix indicates the POD has been replaced & no longer serves a water right file.)

(R=POD has been replaced, O=orphaned, C=the file is closed)

(quarters are smallest to largest)

(In feet)

POD Number	Code	Sub basin	County	Q64	Q16	Q4	Sec	Tws	Range	X	Y	Map	Well Depth	Depth Water	Water Column
C 00369	C	CUB	ED		NE	NW	23	24S	26E	569207.0	3563757.0 *				
C 00396	C	CUB	ED		NE	NE	23	24S	26E	570003.0	3563758.0 *		2032		
C 00517		C	ED	NW	SW	NE	23	24S	26E	569498.0	3563456.0 *		80	31	49
C 00792		C	ED		SE	NE	27	24S	26E	568397.0	3561747.0 *		70	30	40
C 00819		C	ED		SE	SE	26	24S	26E	570022.0	3560935.0 *		62	42	20
C 00829		C	ED		NW	SE	23	24S	26E	569591.0	3562957.0 *		50	19	31
C 00883		C	ED	SW	NE	SE	23	24S	26E	569887.0	3562855.0 *		60	14	46
C 00928		C	ED		NW	NW	23	24S	26E	568806.0	3563757.0 *		91	7	84
C 01085		C	ED		SE	NE	23	24S	26E	569990.0	3563356.0 *		127	60	67
C 01616		C	ED		NE	SE	23	24S	26E	569988.0	3562956.0 *		84	84	0
C 01869	R	C	ED	NE	SW	SE	23	24S	26E	569753.1	3562679.9		110	30	80
C 01869 POD2		C	ED	NE	SW	SE	23	24S	26E	569753.1	3562679.9		111	50	61
C 03110		C	ED	SE	NW	SE	23	24S	26E	569690.0	3562856.0 *		35	12	23
C 03526 POD1		C	ED	NW	SE	SE	23	24S	26E	569787.7	3562666.2		200		
C 03675		C	ED	NE	NE	NE	23	24S	26E	570134.0	3563860.3		59	38	21

Average Depth to Water: **34 feet**

Minimum Depth: **7 feet**

Maximum Depth: **84 feet**

Record Count: 15

PLSS Search:

Range: 26E

Township: 24S

Section: 22,23,27,26

* UTM location was derived from PLSS - see Help

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.

PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

July 31, 2026

JOEL LOWRY

LILY STREAM OPERATING

6814 76TH

LUBBOCK, TX 79424

RE: EDDY CO SWDS

Enclosed are the results of analyses for samples received by the laboratory on 07/16/26 15:22.

Cardinal Laboratories is accredited through Texas NELAP under certificate number TX-C26-00106. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (*). For a complete list of accredited analytes and matrices visit the TCEQ website at www.tceq.texas.gov/field/qa/lab_accred_certif.html.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Total Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.4	Regulated VOCs (V1, V2, V3)

Cardinal Laboratories is accredited through the State of New Mexico Environment Department for:

Method SM 9223-B	Total Coliform and E. coli (Colilert MMO-MUG)
Method EPA 524.2	Regulated VOCs and Total Trihalomethanes (TTHM)
Method EPA 552.2	Total Haloacetic Acids (HAA-5)

Accreditation applies to public drinking water matrices for State of Colorado and New Mexico.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

Celey D. Keene

Lab Director/Quality Manager



PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

Analytical Results For:

LILY STREAM OPERATING
6814 76TH
LUBBOCK TX, 79424

Project: EDDY CO SWDS
Project Number: RURAL EDDY
Project Manager: JOEL LOWRY
Fax To:

Reported:
31-Jul-26 14:42

Sample ID	Laboratory ID	Matrix	Date Sampled	Date Received
WILSON PRIVATE	H264012-01	Water	15-Jul-26 10:00	16-Jul-26 15:22
C-01869	H264012-02	Water	15-Jul-26 10:30	16-Jul-26 15:22
322117104183501	H264012-03	Water	15-Jul-26 13:00	16-Jul-26 15:22

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*=Accredited Analyte

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A handwritten signature in cursive script, appearing to read "Celey D. Keene".

Celey D. Keene, Lab Director/Quality Manager



PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

Analytical Results For:

LILY STREAM OPERATING
6814 76TH
LUBBOCK TX, 79424

Project: EDDY CO SWDS
Project Number: RURAL EDDY
Project Manager: JOEL LOWRY
Fax To:

Reported:
31-Jul-26 14:42

WILSON PRIVATE
H264012-01 (Water)

Analyte	Result	MDL	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Notes
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Cardinal Laboratories**Inorganic Compounds**

Chloride*	44.0		4.00	mg/L	1	6071712	AC	17-Jul-26	4500-Cl-B	
TDS*	1830		5.00	mg/L	1	6071735	HM	20-Jul-26	160.1	

Green Analytical Laboratories**Total Recoverable Metals by ICP (E200.7)**

Arsenic*	<0.500		0.500	mg/L	5	B262456	AWG	30-Jul-26	EPA 200.7	D2
Barium*	<0.250		0.250	mg/L	5	B262456	AWG	30-Jul-26	EPA 200.7	D2
Cadmium*	<0.250		0.250	mg/L	5	B262456	AWG	30-Jul-26	EPA 200.7	D2
Chromium*	<0.250		0.250	mg/L	5	B262456	AWG	30-Jul-26	EPA 200.7	D2
Lead*	<0.500		0.500	mg/L	5	B262456	AWG	30-Jul-26	EPA 200.7	D2
Selenium*	<0.500		0.500	mg/L	5	B262456	AWG	30-Jul-26	EPA 200.7	D2
Silver*	<0.050		0.050	mg/L	5	B262456	AWG	30-Jul-26	EPA 200.7	D2

Total Mercury by CVAFS

Mercury	<100		100	ng/L	1	B262389	JDA	24-Jul-26	EPA 245.7	
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Celey D. Keene, Lab Director/Quality Manager



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Analytical Results For:

LILY STREAM OPERATING
6814 76TH
LUBBOCK TX, 79424

Project: EDDY CO SWDS
Project Number: RURAL EDDY
Project Manager: JOEL LOWRY
Fax To:

Reported:
31-Jul-26 14:42

C-01869**H264012-02 (Water)**

Analyte	Result	MDL	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Notes
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Cardinal Laboratories**Inorganic Compounds**

Chloride*	12.0		4.00	mg/L	1	6071712	AC	17-Jul-26	4500-Cl-B	
TDS*	1720		5.00	mg/L	1	6071735	HM	20-Jul-26	160.1	

Green Analytical Laboratories**Total Recoverable Metals by ICP (E200.7)**

Arsenic*	<0.500		0.500	mg/L	5	B262456	AWG	29-Jul-26	EPA 200.7	D2
Barium*	<0.250		0.250	mg/L	5	B262456	AWG	29-Jul-26	EPA 200.7	D2
Cadmium*	<0.250		0.250	mg/L	5	B262456	AWG	29-Jul-26	EPA 200.7	D2
Chromium*	<0.250		0.250	mg/L	5	B262456	AWG	29-Jul-26	EPA 200.7	D2
Lead*	<0.500		0.500	mg/L	5	B262456	AWG	29-Jul-26	EPA 200.7	D2
Selenium*	<0.500		0.500	mg/L	5	B262456	AWG	29-Jul-26	EPA 200.7	D2
Silver*	<0.050		0.050	mg/L	5	B262456	AWG	29-Jul-26	EPA 200.7	

Total Mercury by CVAFS

Mercury	<100		100	ng/L	1	B262389	JDA	24-Jul-26	EPA 245.7	
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Celey D. Keene, Lab Director/Quality Manager



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Analytical Results For:

LILY STREAM OPERATING
6814 76TH
LUBBOCK TX, 79424

Project: EDDY CO SWDS
Project Number: RURAL EDDY
Project Manager: JOEL LOWRY
Fax To:

Reported:
31-Jul-26 14:42

Inorganic Compounds - Quality Control**Cardinal Laboratories**

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC Limits	RPD	RPD Limit	Notes
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Batch 6071712 - General Prep - Wet Chem**Blank (6071712-BLK1)**

Prepared & Analyzed: 17-Jul-26

Chloride	ND	4.00	mg/L
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LCS (6071712-BS1)

Prepared & Analyzed: 17-Jul-26

Chloride	104	4.00	mg/L	100	104	80-120
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LCS Dup (6071712-BSD1)

Prepared & Analyzed: 17-Jul-26

Chloride	104	4.00	mg/L	100	104	80-120	0.00	20
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Batch 6071735 - Filtration**Blank (6071735-BLK1)**

Prepared: 17-Jul-26 Analyzed: 21-Jul-26

TDS	ND	5.00	mg/L
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LCS (6071735-BS1)

Prepared: 17-Jul-26 Analyzed: 21-Jul-26

TDS	995		mg/L	1000	99.5	80-120
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Duplicate (6071735-DUP1)

Source: H263932-01

Prepared: 17-Jul-26 Analyzed: 20-Jul-26

TDS	11000	5.00	mg/L	10900		1.15	20
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Celey D. Keene, Lab Director/Quality Manager



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Analytical Results For:

LILY STREAM OPERATING
6814 76TH
LUBBOCK TX, 79424

Project: EDDY CO SWDS
Project Number: RURAL EDDY
Project Manager: JOEL LOWRY
Fax To:

Reported:
31-Jul-26 14:42

Total Recoverable Metals by ICP (E200.7) - Quality Control**Green Analytical Laboratories**

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
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Batch B262456 - Total Recoverable by ICP**Blank (B262456-BLK1)**

Prepared: 27-Jul-26 Analyzed: 29-Jul-26

Arsenic	ND	0.100	mg/L
Cadmium	ND	0.050	mg/L
Selenium	ND	0.100	mg/L
Lead	ND	0.100	mg/L
Chromium	ND	0.050	mg/L
Barium	ND	0.050	mg/L
Silver	ND	0.010	mg/L

LCS (B262456-BS1)

Prepared: 27-Jul-26 Analyzed: 29-Jul-26

Selenium	4.20	0.100	mg/L	4.00	105	85-115
Chromium	1.00	0.050	mg/L	1.00	100	85-115
Cadmium	0.999	0.050	mg/L	1.00	99.9	85-115
Barium	1.01	0.050	mg/L	1.00	101	85-115
Silver	0.049	0.010	mg/L	0.0500	97.0	85-115
Lead	0.981	0.100	mg/L	1.00	98.1	85-115
Arsenic	2.11	0.100	mg/L	2.00	105	85-115

LCS Dup (B262456-BSD1)

Prepared: 27-Jul-26 Analyzed: 29-Jul-26

Chromium	0.966	0.050	mg/L	1.00	96.6	85-115	3.89	20
Barium	0.971	0.050	mg/L	1.00	97.1	85-115	3.77	20
Lead	0.968	0.100	mg/L	1.00	96.8	85-115	1.34	20
Arsenic	2.08	0.100	mg/L	2.00	104	85-115	1.13	20
Cadmium	0.955	0.050	mg/L	1.00	95.5	85-115	4.48	20
Selenium	3.81	0.100	mg/L	4.00	95.3	85-115	9.64	20
Silver	0.047	0.010	mg/L	0.0500	94.2	85-115	2.96	20

Matrix Spike (B262456-MS1)

Source: 2607274-01

Prepared: 27-Jul-26 Analyzed: 29-Jul-26

Barium	0.986	0.050	mg/L	1.00	0.033	95.3	70-130
Cadmium	0.943	0.050	mg/L	1.00	ND	94.3	70-130
Arsenic	2.02	0.100	mg/L	2.00	ND	101	70-130
Selenium	4.06	0.100	mg/L	4.00	ND	102	70-130
Chromium	0.951	0.050	mg/L	1.00	ND	95.1	70-130
Silver	0.050	0.010	mg/L	0.0500	ND	101	70-130

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Celey D. Keene, Lab Director/Quality Manager



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Analytical Results For:

LILY STREAM OPERATING
6814 76TH
LUBBOCK TX, 79424

Project: EDDY CO SWDS
Project Number: RURAL EDDY
Project Manager: JOEL LOWRY
Fax To:

Reported:
31-Jul-26 14:42

Total Recoverable Metals by ICP (E200.7) - Quality Control**Green Analytical Laboratories**

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
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Batch B262456 - Total Recoverable by ICP

Matrix Spike (B262456-MS1)		Source: 2607274-01		Prepared: 27-Jul-26 Analyzed: 29-Jul-26						
Lead	0.987	0.100	mg/L	1.00	ND	98.7	70-130			
Matrix Spike (B262456-MS2)		Source: 2607300-01		Prepared: 27-Jul-26 Analyzed: 29-Jul-26						
Silver	0.048	0.010	mg/L	0.0500	ND	97.0	70-130			
Chromium	0.986	0.050	mg/L	1.00	ND	98.6	70-130			
Barium	1.04	0.050	mg/L	1.00	0.059	98.5	70-130			
Selenium	4.24	0.100	mg/L	4.00	ND	106	70-130			
Cadmium	0.973	0.050	mg/L	1.00	ND	97.3	70-130			
Lead	0.987	0.100	mg/L	1.00	ND	98.7	70-130			
Arsenic	2.10	0.100	mg/L	2.00	0.068	101	70-130			
Matrix Spike Dup (B262456-MSD1)		Source: 2607274-01		Prepared: 27-Jul-26 Analyzed: 29-Jul-26						
Silver	0.055	0.050	mg/L	0.0500	ND	109	70-130	8.14	20	
Selenium	3.92	0.500	mg/L	4.00	ND	98.0	70-130	3.59	20	R1
Lead	1.05	0.500	mg/L	1.00	ND	105	70-130	5.75	20	
Chromium	1.02	0.250	mg/L	1.00	ND	102	70-130	6.89	20	
Cadmium	1.02	0.250	mg/L	1.00	ND	102	70-130	7.46	20	
Arsenic	1.94	0.500	mg/L	2.00	ND	96.9	70-130	3.86	20	
Barium	1.07	0.250	mg/L	1.00	ND	107	70-130	7.72	20	
Matrix Spike Dup (B262456-MSD2)		Source: 2607300-01		Prepared: 27-Jul-26 Analyzed: 29-Jul-26						
Silver	0.048	0.050	mg/L	0.0500	ND	95.3	70-130	1.75	20	
Arsenic	1.72	0.500	mg/L	2.00	ND	86.2	70-130	19.4	20	
Chromium	1.00	0.250	mg/L	1.00	ND	100	70-130	1.80	20	
Cadmium	1.01	0.250	mg/L	1.00	ND	101	70-130	3.49	20	
Barium	1.07	0.250	mg/L	1.00	0.059	101	70-130	2.61	20	
Selenium	3.45	0.500	mg/L	4.00	ND	86.3	70-130	20.6	20	
Lead	1.01	0.500	mg/L	1.00	ND	101	70-130	2.40	20	

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Celey D. Keene, Lab Director/Quality Manager



PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

Analytical Results For:

LILY STREAM OPERATING
6814 76TH
LUBBOCK TX, 79424

Project: EDDY CO SWDS
Project Number: RURAL EDDY
Project Manager: JOEL LOWRY
Fax To:

Reported:
31-Jul-26 14:42

Total Mercury by CVAFS - Quality Control**Green Analytical Laboratories**

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
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Batch B262389 - EPA 245.7**Blank (B262389-BLK1)**

Prepared: 20-Jul-26 Analyzed: 24-Jul-26

Mercury	ND	100	ng/L							
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LCS (B262389-BS1)

Prepared: 20-Jul-26 Analyzed: 24-Jul-26

Mercury	769	100	ng/L	1000		76.9	76-113			
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LCS Dup (B262389-BSD1)

Prepared: 20-Jul-26 Analyzed: 24-Jul-26

Mercury	817	100	ng/L	1000		81.7	76-113	5.96	20	
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Matrix Spike (B262389-MS1)

Source: 2607206-01

Prepared: 20-Jul-26 Analyzed: 24-Jul-26

Mercury	809	100	ng/L	1000	ND	80.9	63-111			
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Matrix Spike (B262389-MS2)

Source: H264012-01

Prepared: 20-Jul-26 Analyzed: 24-Jul-26

Mercury	805	100	ng/L	1000	ND	80.5	63-111			
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Matrix Spike Dup (B262389-MSD1)

Source: 2607206-01

Prepared: 20-Jul-26 Analyzed: 24-Jul-26

Mercury	806	100	ng/L	1000	ND	80.6	63-111	0.336	200	
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Matrix Spike Dup (B262389-MSD2)

Source: H264012-01

Prepared: 20-Jul-26 Analyzed: 24-Jul-26

Mercury	796	100	ng/L	1000	ND	79.6	63-111	1.14	200	
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Celey D. Keene, Lab Director/Quality Manager

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Notes and Definitions

R1	Duplicate sample RPD exceeded laboratory acceptance criteria. Sample(s) may be difficult to homogenize.
D2	The sample was diluted due to matrix interference.
ND	Analyte NOT DETECTED at or above the reporting limit
RPD	Relative Percent Difference
**	Samples not received at proper temperature of 6°C or below.
***	Insufficient time to reach temperature.
-	Chloride by SM4500Cl-B does not require samples be received at or below 6°C Samples reported on an as received basis (wet) unless otherwise noted on report

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A handwritten signature in black ink, appearing to read "Coley D. Keene".

Celey D. Keene, Lab Director/Quality Manager



101 East Marland, Hobbs, NM 88240
(575) 393-2326 FAX (575) 393-2476

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Pg _____ of _____

[illegible]

C-108 ITEM XIII

Proof of Notification

IDENTIFICATION AND NOTIFICATION OF AFFECTED PARTIES

Exhibits for Section

Affected Parties Map

List of Affected Parties

Notification Letter to Affected Parties

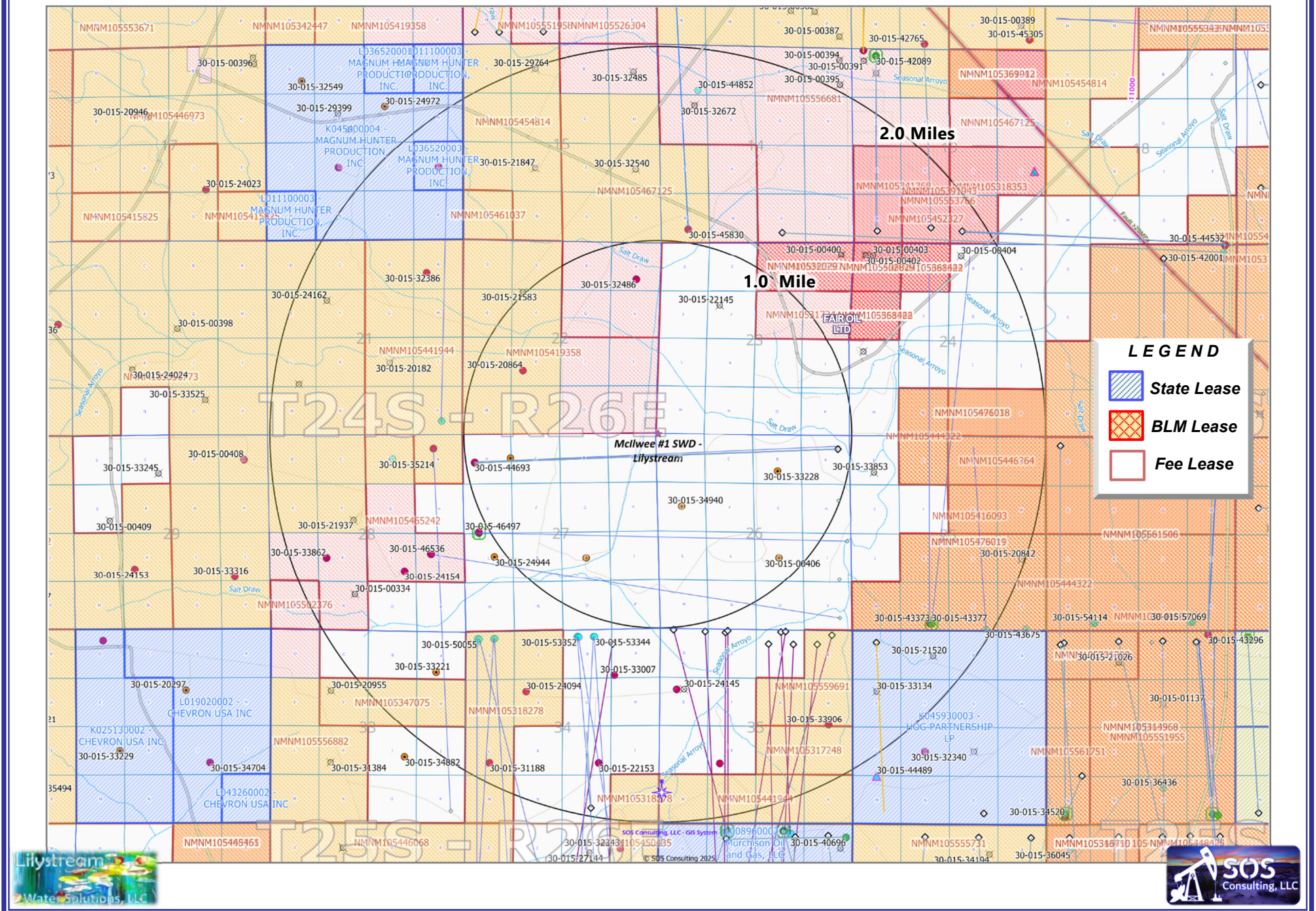
Instructions for PDF Document Access

Proof of Certified Mailing

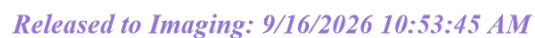
Affidavit Published Legal Notice

McIlwee SWD #1 – 2-Mile Lease Plat

(Attachment to NMOCD Form C-108, Application for Authority to Inject.)



(Attachment to NMOCD Form C-108, Application for Authority to Inject.)



C-108 ITEM XIII – PROOF OF NOTIFICATION AFFECTED PARTIES LIST

ALL AFFECTED PARTIES ARE PROVIDED A NOTICE LETTER VIA US CERTIFIED MAIL CONTAINING UNIQUE 6 CHARACTER DOCUMENT ACCESS CODES FOR SECURE DOWNLOAD OF A PDF COPY OF THE SUBJECT C-108 APPLICATION. AFFECTED PARTIES MAY ALSO REQUEST A PDF COPY VIA SENT EMAIL.

"AFFECTED PERSON" MEANS THE DIVISION DESIGNATED OPERATOR; IN THE ABSENCE OF AN OPERATOR, A LESSEE WHOSE INTEREST IS EVIDENCED BY A WRITTEN CONVEYANCE DOCUMENT EITHER OF RECORD OR KNOWN TO THE APPLICANT AS OF THE DATE THE APPLICANT FILES THE APPLICATION; OR IN THE ABSENCE OF AN OPERATOR OR LESSEE, A MINERAL INTEREST OWNER WHOSE INTEREST IS EVIDENCED BY A WRITTEN CONVEYANCE DOCUMENT EITHER OF RECORD OR KNOWN TO THE APPLICANT AS OF THE DATE THE APPLICANT FILED THE APPLICATION FOR PERMIT TO INJECT.; PER OCD RULES NMAC 19.15.26.7, A. AND 19.15.26.8, B.2.

SURFACE OWNER

NOTICE #	ENTITY	US CERTIFIED TRACKING	SOS DOC ACCESS CODE
1	U.S. DEPARTMENT OF INTERIOR Bureau of Land Management Oil & Gas Division 620 E. Greene St. Carlsbad, NM 88220	7018 2290 0001 2038 9835	☒

OFFSET MINERALS LESSEES and/ or OPERATORS

2	ConocoPhillips Company Attn: Owner Relations / Land Administration <i>(Heritage Marathon Lease)</i> P.O. Box 5050 Bartlesville, OK 74005	7018 2290 0001 2038 9842	☒
3	Eagle Oil & Gas Co. Attn: Land Department 5949 Sherry Lane, Suite 1850 Dallas, TX 75225	7018 2290 0001 2038 9859	☒
4	Alliance Land & Mineral P.O. Box 809 Artesia, NM 88211-0809	7018 2290 0001 2038 9866	☒
5	Khody Land & Minerals Company 333 West Sheridan Avenue Oklahoma City, OK 73102	7018 2290 0001 2038 9873	☒
6	Estate of Dean Smith <i>c/o Alliance Land and Minerals, LLC</i> P.O. Box 809 Artesia, NM 88211-0809	7018 2290 0001 2038 9880	☒
7	Chase Oil Corporation Attn: Land Department P.O. Box 960 Artesia, NM 88211-0960	7018 2290 0001 2038 9897	☒
8	MRC Permian Company Attn: Land Department 5400 LBJ Freeway, Suite 1500 Dallas, TX 75240	7018 2290 0001 2038 9903	☐

AFFECTED PARTIES LIST (Cont.)

NOTICE #	ENTITY	US CERTIFIED TRACKING	SOS DOC ACCESS CODE
9	Murchison Oil & Gas, LLC P.O. Box 670127 Dallas, TX 75367-0127	7018 2290 0001 2038 9910	☒
10	Cimarex Energy Co. c/o Coterra Energy Inc. Attn: NM Engineering P.O. Box 4544 Houston, TX 77210-4544	7018 2290 0001 2038 9927	☒
11	Texas Redhand LLC Attn: Land Department 410 W. Ohio Avenue Midland, TX 79701-4331	7018 2290 0001 2038 9934	☒

REGULATORY

OIL CONSERVATION DIVISION
Engineering Bureau – UIC Group
1220 S. St. Francis Drive
Santa Fe, NM 87505

Filed via OCD Online

U.S. DEPARTMENT OF INTERIOR
Bureau of Land Management
Oil & Gas Division
620 E. Greene St.
Carlsbad, NM 88220

US CERTIFIED TRACKING

SOS DOC
ACCESS CODE

☒



August 31, 2026

NOTIFICATION TO INTERESTED PARTIES
via U.S. Certified Mail – Return Receipt Requested

To Whom It May Concern:

LilyStream Water Solutions, Lovington, New Mexico, has made application to the New Mexico Oil Conservation Division to permit for salt water disposal the McIlwee #1 SWD. The SWD operation will be for commercial water disposal from area operators. As indicated in the notice below, the well is located in Section 26, Township 24 South, Range 26 East in Eddy County, New Mexico.

The published notice states that the interval will be from 12,342 feet to 13,732 feet into the Devonian and Silurian formations. Following is the notice published in the Artesia Daily Press, Artesia, New Mexico on or about August 19, 2026.

LEGAL NOTICE

LilyStream Water Solutions LLC, 1308 West Ave N, Lovington, NM 88260, is filing Form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for commercial saltwater injection into its McIlwee SWD #1. The proposed well will be located 31' FNL & 53' FWL in Section 26, Township 24 South, Range 26 East, Eddy County, New Mexico; approximately 12 miles SW of Loving, NM.

Produced water from area production will be commercially disposed via injection into the Devonian-Silurian formations at depths of 12,342'–13,732', with a maximum surface injection pressure of 2,468 psi (0.2 psi/ ft). Maximum daily injection rate will be 30,000 bwpd and an average rate of 17,500 bwpd.

Interested parties wishing to object to the proposed application must file with the New Mexico Oil Conservation Division, 1220 St. Francis Dr., Santa Fe, NM 87505, (505)476-3460 within 15 days of the date of this notice or when the application is filed to OCD's e-Permitting system (pursuant to rules and regs) or otherwise, when OCD posts the application to its online system and deemed 'Administratively Complete'. Additional information may be obtained from the applicant's agent, SOS Consulting, LLC, (936) 367-5950, info@sosconsulting.us.

You have been identified as a party who may be interested as an offset lessee or operator.

You are entitled to a full copy of the application. SOS Consulting has deployed a new app for the explicit secure delivery of a full PDF copy of the application. Any user employed with **Affected Party** may log into the system and when prompted for a *Document Access Code*, enter **0000XX** to View or Download the document as desired. Using the *SOS Client and Affected Party Document Access* app takes about one minute, start to finish - instructions are included, and only name, email and company name are needed to access the system.

Thank you for your attention in this matter.

Best regards,

Ben Stone, SOS Consulting, LLC
Agent for LilyStream Water Solutions, LLC
Cc: Application File

User Information for the SOS Client & Affected Party Portal

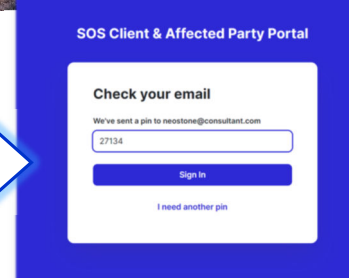
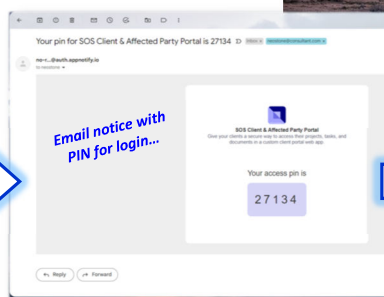
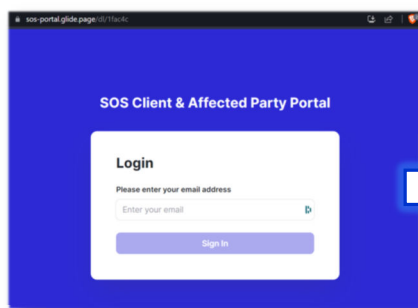
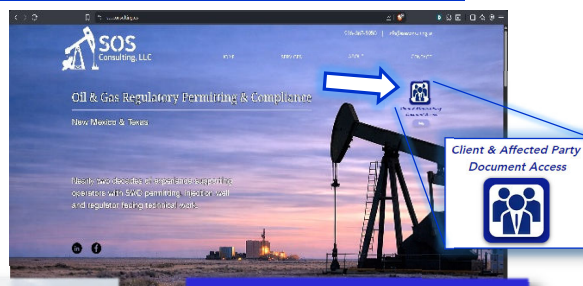
Thank you for using the new SOS Document Portal. This system allows for the **secure delivery of all types of applications and any resulting permits**. The system is built in and stored in the cloud using the best available platforms and code for a secure and robust app. We hope you appreciate our efforts to reduce printed paper copies and deliver pertinent documents in a much more efficient way. If you're a client, you may use the portal to view all the applications that SOS Consulting, LLC has generated on behalf of you or your organization.

1

Open the SOS Consulting website at: www.sosconsulting.us

Click the **App Icon** in the upper right corner of the screen...

The secure **SOS Client & Affected Party Portal** site will open...



2

Become a user of the site by entering your email address and basic info for your profile – minimal information is required although we ask that you provide your company name so we may view who and which companies have reviewed a particular document.

(Please note that nothing is done with your information – it is only for access to this portal.)

Each time you log into the SOS Portal, you will be sent a pin code for **2-Step Verification** to your email within 10 seconds. Enter the code for access to the portal.

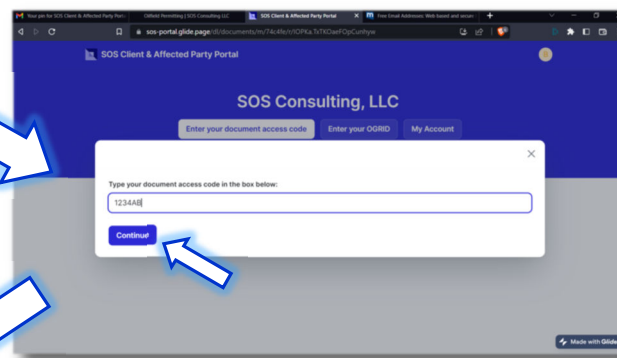
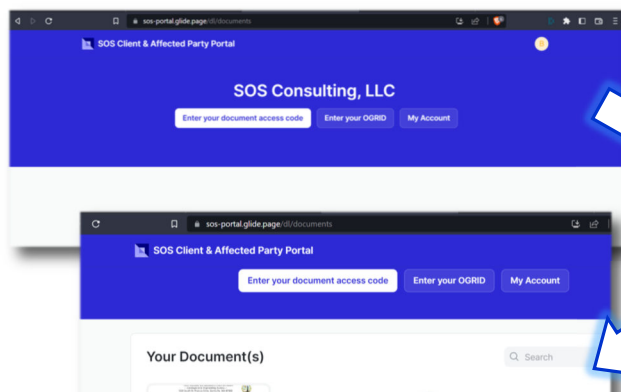


MOBILE ACCESS

3

The SOS portal will open to your user page or the portal home. If you don't see this screen, simply click on the SOS Client & Affected Party title and the home page will open. This page allows you to enter a '**Document Access Code**' or if a client, '**Enter your OGRID**'. (When entering an OGRID, you will also be prompted for a Client ID for security – SOS Consulting will have already provided this to its clients.)

Note: The unique **Document Access Code** is provided in your '**Notice Letter to Affected Parties**'.



4

Click the '**Continue**' button and your document will open – click on the thumbnail image and you can '**View**' or '**Download**' the document.



Any number of users in your organization may use the same Document Access Code after signing in with their email address!

C-108 - Item XIV

Proof of Notice (Certified Mail Receipts)

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Carlsbad, NM 88220

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Eagle Oil & Gas Co.
5949 Sherry Lane, Suite 1850
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Khody Land & Minerals Company
333 West Sheridan Avenue
Oklahoma City, OK 73102

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ConocoPhillips Company
Attn: Owner / Land Administration
P.O. Box 5050
Bartlesville, OK 74005

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Alliance Land & Mineral
P.O. Box 809
Artesia, NM 88211-0809

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Estate of Dean Smith
c/o Alliance Land and Minerals, LLC
P.O. Box 809
Artesia, NM 88211-0809

C-108 - Item XIV

Proof of Notice (Certified Mail Receipts - cont.)

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Postage	\$0.87
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Chase Oil Corporation
Attn: Land Department
P.O. Box 960
Artesia, NM 88211-0960

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Murchison Oil & Gas, LLC
P.O. Box 670127
Dallas, TX 75367-0127

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Postage	\$0.87
Total Postage and Fees	\$11.07

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Street and
City, State

MRC Permian Company
Attn: Land Department
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

PS Form 3800, June 2015

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Total Postage and Fees	\$11.07

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Cimarex Energy Co.
c/o Coterra Energy Inc.
P.O. Box 4544
Houston, TX 77210-4544

PS Form 3800, June 2015

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Texas Redhand LLC
410 W. Ohio Avenue
Midland, TX 79701-4331

PS Form 3800, June 2015

Affidavit of PublicationNo. 123930

State of New Mexico

County of Eddy:

Adrian Hedden

being duly sworn, says that he is the

Publisher

of the Artesia Daily Press, a weekly newspaper of General
circulation, published in English at Artesia,
said county and state, and that the hereto attached

Legal Ad

was published in a regular and entire issue of the said
Artesia Daily Press, a weekly newspaper duly qualified
for that purpose within the meaning of Chapter 167 of
the 1937 Session Laws of the state of New Mexico for
1 Consecutive weeks/day on the same

day as follows:

First Publication August 19, 2026

Second Publication _____

Third Publication _____

Fourth Publication _____

Fifth Publication _____

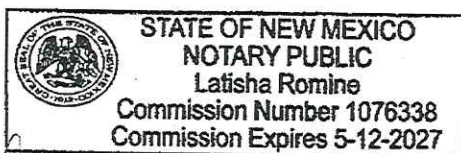
Sixth Publication _____

Seventh Publication _____

Eighth Publication _____

Subscribed and sworn before me this

19th day of August 2026



Latisha Romine

Latisha Romine

Notary Public, Eddy County, New Mexico

Copy of Publication:**LEGAL NOTICE**

LilyStream Water Solutions LLC, 3219 E. Avenue D, Lovington, NM 88260, is filing Form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for commercial saltwater injection into its McIlwee SWD #1. The proposed well will be located 31' FNL & 53' FWL in Section 26, Township 24 South, Range 26 East, Eddy County, New Mexico; approximately 12 miles SW of Loving, NM. Produced water from area production will be commercially disposed via injection into the Devonian-Silurian formations at depths of 12,342' to 13,732', with a maximum surface injection pressure of 2,468 psi (0.2 psi/ ft). Maximum daily injection rate will be 30,000 bwpd and an average rate of 17,500 bwpd. Interested parties wishing to object to the proposed application must file with the New Mexico Oil Conservation Division, 1220 St. Francis Dr., Santa Fe, NM 87505, (505) 476-3460 within 15 days of the date of this notice or when the application is filed to OCD's e-Permitting system (pursuant to rules and regs) or otherwise, when OCD posts the application to its online system and deemed Administratively Complete. Additional information may be obtained from the applicant's agent, SOS Consulting, LLC, (936) 367-5950, info@sosconsulting.us. 123930-Published in Artesia Daily Press Aug. 19, 2026.

C-102 Submit Electronically Via OCD Permitting	State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION	Revised July 9, 2024	
		Submittal Type:	☐ Initial Submittal
			☐ Amended Report
		☐ As Drilled	

WELL LOCATION INFORMATION

API Number	Pool Code 97869	Pool Name SWD; Devonian-Silurian
Property Code	Property Name McIIWEE SWD	Well Number #1
OGRID No. 373500	Operator Name LILYSTREAM WATER SOLUTIONS LLC	Ground Level Elevation 3,299'
Surface Owner: ☐ State ☒ Fee ☐ Tribal ☐ Federal		Mineral Owner: ☐ State ☒ Fee ☐ Tribal ☐ Federal

Surface Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County
D	26	24S	26E		31' FNL	53' FWL	32.195670°	-104.272281°	EDDY

Bottom Hole Location

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County

Dedicated Acres	Infill or Defining Well	Defining Well API	Overlapping Spacing Unit (Y/N)	Consolidation Code
Order Numbers.			Well setbacks are under Common Ownership: ☐ Yes ☐ No	

Kick Off Point (KOP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County

First Take Point (FTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County

Last Take Point (LTP)

UL	Section	Township	Range	Lot	Ft. from N/S	Ft. from E/W	Latitude	Longitude	County

Unitized Area or Area of Uniform Interest	Spacing Unit Type ☐ Horizontal ☐ Vertical	Ground Floor Elevation:

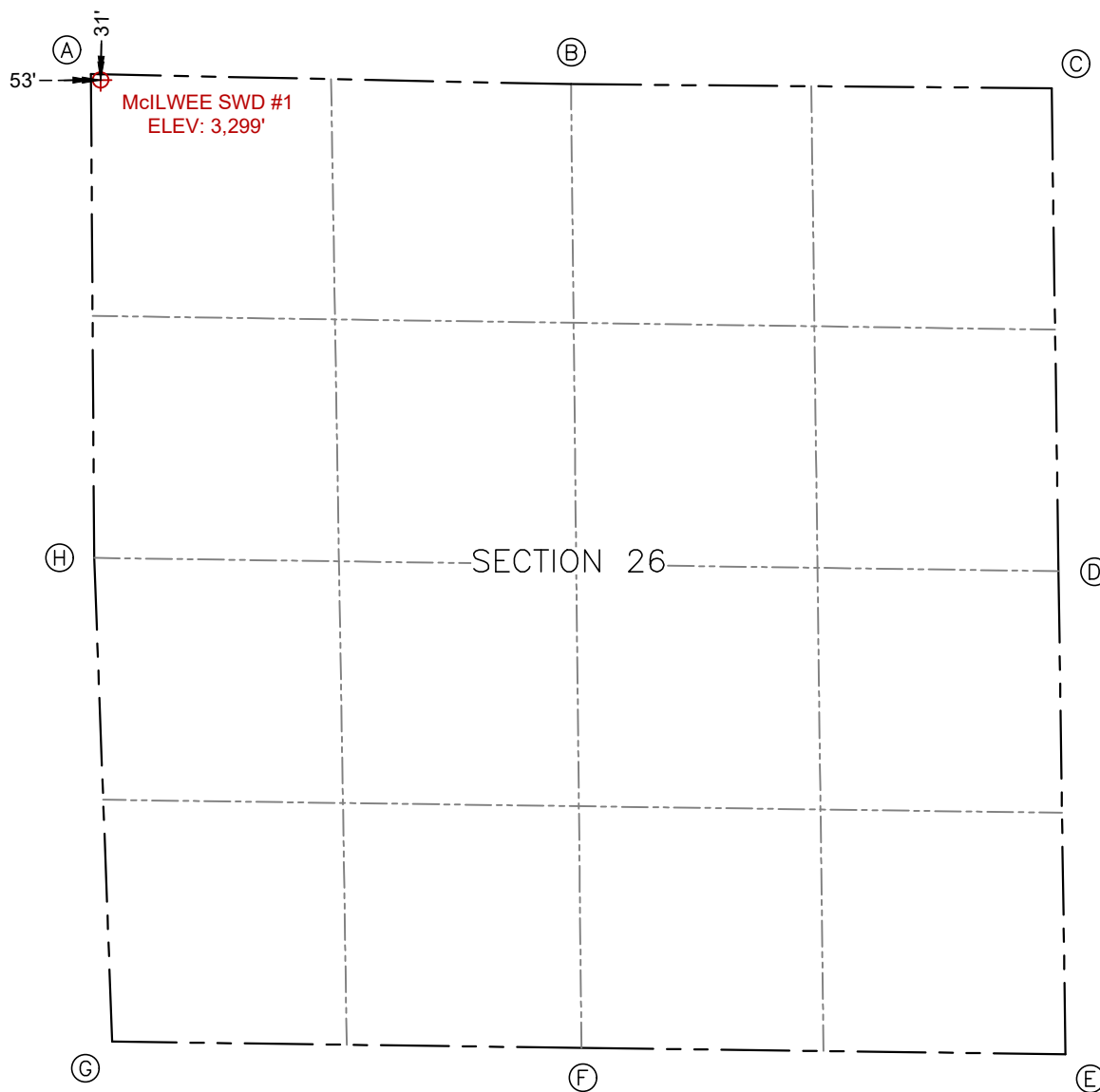
OPERATOR CERTIFICATIONS I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and, if the well is a vertical or directional well, that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of a working interest or unleased mineral interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. If this well is a horizontal well, I further certify that this organization has received the consent of at least one lessee or owner of a working interest or unleased mineral interest in each tract (in the target pool or formation) in which any part of the well's completed interval will be located or obtained a compulsory pooling order from the division.  9/02/2026		SURVEYOR CERTIFICATIONS 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.  Date: 10/20/2025	
Signature Ben Stone		Signature and Seal of Professional Surveyor	
Printed Name ben@sosconsulting.us		Certificate Number 12177	Date of Survey 10/20/2025
Email Address		Revision Number 0	

Note: 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.

ACREAGE DEDICATION PLATS

This grid represents a standard section. You may superimpose a non-standard section, or larger area, over this grid. Operators must outline the dedicated acreage in a red box, clearly show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. If this is a horizontal wellbore show on this plat the location of the First Take Point and Last Take Point, and the point within the Completed interval (other than the First Take Point or Last Take Point) that is closest to any outer boundary of the tract.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed, contact the OCD Engineering Bureau. Independent subdivision surveys will not be acceptable.



SURFACE HOLE LOCATION

31' FNL & 53' FWL
ELEV. = 3,299'

NAD 83 X = 560,222.68'
NAD 83 Y = 434,924.65'
NAD 83 LAT = 32.195670°
NAD 83 LONG = -104.272281°
NAD 27 X = 519,040.18'
NAD 27 Y = 434,867.07'
NAD 27 LAT = 32.195552°
NAD 27 LONG = -104.271781°

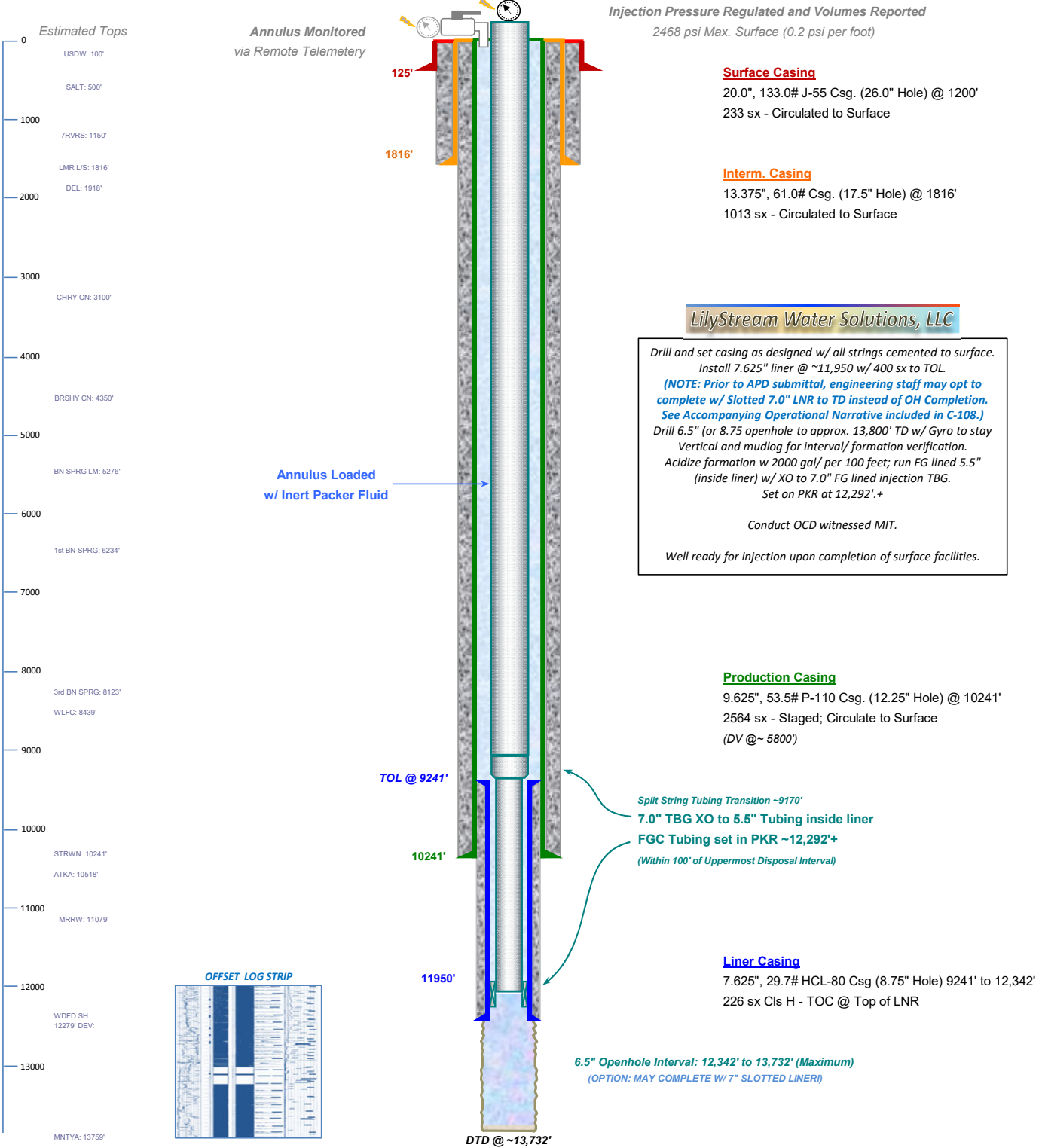
CORNER COORDINATES NEW MEXICO EAST - NAD 83	
POINT	NORTHING/EASTING
A	N:434,957.12' E:560,169.77'
B	N:434,901.69' E:562,814.02'
C	N:434,879.48' E:565,461.01'
D	N:432,217.44' E:565,499.18'
E	N:429,555.40' E:565,537.35'
F	N:429,590.13' E:562,871.58'
G	N:429,624.70' E:560,286.10'
H	N:432,290.98' E:560,187.79'



WELL SCHEMATIC - PROPOSED
McIlwee SWD Well No.1

API 30-015-xxxxx
31' FNL & 53' FWL, SEC. 26-T24S-R26E
EDDY COUNTY, NEW MEXICO

SWD; Devonian-Silurian (97869)
Spud Date: 4/01/2027
SWD Config Dt: 5/15/2027



String		Size (in)	Weight (lb/ft)	Grade	Hole Size	Set Depth (ft)	Cement
Surface	1	20.0	94.0	J-55	26.0	125'	233 sx
Intermediate	2	13.325	40.50	J-55	17.5	1816'	1013 sx
Production	3	10.75	26.4	P-110	12.25	10241'	2564 sx
Liner	4	7.625	26.4	HCL-80	8.75	9241'-12342'	226 sx
Tubing	5	5.5	9.5	N-80	6.844 Drft	3775'	PKR

C-108 ITEM XIII

Proof of Notification

IDENTIFICATION AND NOTIFICATION OF AFFECTED PARTIES

Exhibits for Section

Affected Parties Map

List of Affected Parties

Notification Letter to Affected Parties

Instructions for PDF Document Access

Proof of Certified Mailing

Affidavit Published Legal Notice

C-108 - Items III, IV, V

WELL DATA Section Header

Item III - Subject Well Data

1. Wellbore Diagram – CURRENT
2. Wellbore Diagram – PROPOSED
3. Packer Info and Specs

Item IV – Tabulation of AOR Wells

Tabulation includes all construction data for all wells within a one-mile radius.

NO wells penetrate the proposed injection interval.

Item V – Area of Review Maps

1. Two Mile AOR Map with One-Mile Fresh Water Well Radius
2. One-Mile AOR Map

All Above Exhibits follow this page...

Form C-108 Item VI - Tabulation of AOR Wells

Top of Proposed DEVONIAN Interval 12,342'

NO Wells Penetrate Proposed Interval.

API	Current Operator	Well Name	Type	Status	Lease	ULSTR	Spud Dt.	Depth (V)	Plug Dt.
<u>Subject Well</u>									
30-015-TBD	LILYSTREAM WATER SOLUTIONS, LLC	McILWEE SWD #1	SWD	New	Private	D-26-24S-26E	TBD	13780'	
SWD; DEVONIAN; Perfs: 12400'-13732' ; 13-3/8' (17.5" hole) @ 1867' w/ 1425 sx circ; 9-5/8" (10.25" hole) @ 10241' w/ 3500 sx circ; 7-5/8" LNR (8.25" hole) @ 13780' w/ 525 sx cmt to 9-5/8" tie-back.									

AOR Wells

30-015-20864	MARATHON OIL PERMIAN LLC	FEDERAL 22 COM #004	Gas	Active	Federal	22-24S-26E	11/13/2003	11700'	
30-015-32486	MARATHON OIL PERMIAN LLC	FEDERAL 22 COM #002	Gas	Active	Federal	A-22-24S-26E	11/7/2002	11930'	
30-015-58069	Flat Creek Resources, LLC	JURNEGAN BS FEDERAL COM #011H	Oil	New		M-22-24S-26E	12/31/1999	0'	
30-015-58068	Flat Creek Resources, LLC	JURNEGAN BS FEDERAL COM #010H	Oil	New		M-22-24S-26E	12/31/1999	0'	
30-015-58066	Flat Creek Resources, LLC	JURNEGAN BS FEDERAL COM #004H	Oil	New		M-22-24S-26E	12/31/1999	0'	
30-015-58065	Flat Creek Resources, LLC	JURNEGAN BS FEDERAL COM #003H	Oil	New		M-22-24S-26E	12/31/1999	0'	
30-015-34940	Coterra Energy Operating Co.	CRAWFORD 26 #003	Oil	P&A-NR	Private	E-26-24S-26E	10/6/2006	11825'	12/11/2015
30-015-00406	Coterra Energy Operating Co.	CRAWFORD 26 #001	Gas	P&A-NR	Private	J-26-24S-26E	7/30/1957	11522'	1/31/2019
30-015-32806	Coterra Energy Operating Co.	CRAWFORD 27 #004	Gas	P&A-NR	Private	D-27-24S-26E	8/7/2003	11690'	5/7/2019
30-015-44693	Coterra Energy Operating Co.	CRAWFORD 27 26 FEE #001H	Gas	Active	Private	D-27-24S-26E	6/27/2018	9573'	
30-015-44694	Coterra Energy Operating Co.	CRAWFORD 27 26 FEE #002H	Gas	Active	Private	D-27-24S-26E	6/15/2018	8756'	

SUMMARY: NO (0) wells penetrate the proposed disposal interval.



C-108 Item VII.5

Produced Water Analysis Summary

McIlwee SWD #1 – Devonian Disposal Zone D-26-24S-26E, Eddy County, NM

SOS Engineering Conclusion: Representative analyses selected using adaptive formation matching and proximity and are consistent with expected produced-water chemistry for these intervals. Produced waters expected to be received by the McIlwee SWD #1 exhibit chemistry typical of Permian Basin produced brines and are considered generally compatible with disposal into the Devonian Formation under normal operating conditions.

Brushy Canyon

No representative Brushy Canyon analyses were identified within the initial search radius. Representative Cherry Canyon analyses may be utilized, where appropriate, as an analogous Delaware Mountain Group source interval.

Bone Spring (Source)

Distance (Miles)	Formation	Well	API	Field	TDS (mg/L)	Cl (mg/L)
15.4	Bone Spring	ROOKIE STATE	3001510060	HAPPY VALLEY SOUTH	67985	39150
16.8	Bone Spring	GAINES 21	3001528638	CEDAR CANYON;DELAWAR	8856	62858.2
18.1	Bone Spring	KNOLL AOK FEDERAL	3001528127	CEDAR CANYON		84981
19.2	Bone Spring	CORRAL DRAW AQH FEDERAL	3001529396	LIVINGSTON RIDGE		164963

Wolfcamp (Source)

Distance (Miles)	Formation	Well	API	Field	TDS (mg/L)	Cl (mg/L)
20.4	Wolfcamp	CONE BUTTE UT	3001510007	None	4104	932
25.5	Wolfcamp	FED UNION	3001502416	APACHE SPRINGS	297557	186000
25.6	Wolfcamp	STATE AC COM	3001522299	BURTON FLAT NORTH	144926	87600
29.0	Wolfcamp	MAHUN STATE	3001520138	ROCKY ARROYO	4568	426



Delaware (Source)

<i>Distance (Miles)</i>	<i>Formation</i>	<i>Well</i>	<i>API</i>	<i>Field</i>	<i>TDS (mg/L)</i>	<i>Cl (mg/L)</i>
2.3	Delaware	BRADLEY FEDERAL	3001500387	BLACK RIVER	230993	137300
10.9	Delaware	PARDUE	3001501114	CASS DRAW	129765	79570
12.5	Delaware	KIM	3001524589	None	202807	143136
13.2	Delaware	GUY A REED	3001510872	MALAGA	130273	78600

Glorieta (Source)

<i>Distance (Miles)</i>	<i>Formation</i>	<i>Well</i>	<i>API</i>	<i>Field</i>	<i>TDS (mg/L)</i>	<i>Cl (mg/L)</i>
2.3	San Andres	BRADLEY	3001500385	HOBBS	6811	2948
2.5	San Andres	BRADLEY FEDERAL	3001500386	HOBBS	10492	5070
25.3	San Andres	SEVEN RIVERS	3001505919	None	120793	68800
25.5	San Andres	FED UNION	3001502416	None	210774	123500

Pennsylvanian (Source)

<i>Distance (Miles)</i>	<i>Formation</i>	<i>Well</i>	<i>API</i>	<i>Field</i>	<i>TDS (mg/L)</i>	<i>Cl (mg/L)</i>
2.4	Morrow	ONEILL FEDERAL	3001520301	CARLSBAD SOUTH	123887	81000
2.9	Atoka	FED D	3001500389	BLACK RIVER	60623	
4.4	Morrow	MONA LISA	3001523094	None	92832.7	59225.4
9.4	Morrow	JURNEGAN POINT	3001510280	WILDCAT	176935	106800

Devonian (Disposal)

<i>Distance (Miles)</i>	<i>Formation</i>	<i>Well</i>	<i>API</i>	<i>Field</i>	<i>TDS (mg/L)</i>	<i>Cl (mg/L)</i>
9.4	Devonian	JURNEGAN POINT	3001510280	WILDCAT	203100	121100
12.5	Devonian	MCKITTRICK FED	3001500135	None	16200	8762
14.2	Devonian	CARNERO PEAK UT	3001510053	None	14601	7236
15.4	Devonian	TORTOISE ASB COM	3001510490	None	15601	7780

**Representative analyses were selected based on proximity to the proposed SWD, data completeness, and engineering judgment.
Where limited data were available, analogous formations were considered to characterize expected source-water chemistry.**

Data Source: NMT Octane / NM WAIDS database





NM Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, NM 87505

Re: Geology Statement
Lilystream Water Solutions LLC
McIlwee SWD #1
Section 26, T. 24S, R. 26E
Eddy County, New Mexico

To whom it may concern:

Publicly available geologic and engineering data related to the proposed well have been thoroughly reviewed, and no evidence for open faults or any other hydrologic connection between the proposed Silurian/Devonian injection zone and any underground sources of drinking water has been found. Please see the attached seismic risk assessment for additional information.

Sincerely,

A handwritten signature in black ink that reads "Cory Walk". The signature is written in a cursive, flowing style.

Cory Walk
Geologist

Seismic Risk Assessment
Lilystream Water Solutions
McIlwee SWD No. 1
Section 26, Township 24 South, Range 26 East
Eddy County, New Mexico

Cory Walk, M.S.

A handwritten signature in black ink that reads "Cory Walk". The signature is written in a cursive, flowing style.

Geologist
Permits West Inc.

May 21, 2026

GENERAL INFORMATION

McIlwee SWD #1 is located in the NW 1/4, section 26, T.24S, R.26E, about 15 miles south of Carlsbad, NM in the Permian Basin. Lilystream Water Solutions proposes to dispose produced water within the Silurian/Devonian Formation through an open hole from 12,340'-13,740' below ground surface. This report assesses any potential concerns relating to induced seismicity along deep penetrating Precambrian faults or the connection between the injection zone and known underground potable water sources.

SEISMIC RISK ASSESSMENT

Historical Seismicity

Searching the USGS earthquake catalog resulted in no (0) earthquakes above a magnitude 2.5 within 6 miles (9.7 km) of the proposed deep disposal site since 1970 (Fig. 1). The nearest earthquake occurred on November 28, 1974 about 11.0 miles (17.7 km) northeast of the proposed SWD site and had a magnitude of 3.9.

Basement Faults and Subsurface Conditions

A structure contour map (Fig. 1) of the Precambrian basement shows the McIlwee SWD #1 is approximately 2.6 miles (4.2 km) from the nearest basement-rooted fault inferred by Horne et al (2021). **Information about known nearby faults based on GIS data from Horne et al. (2021) is listed in Table 1.**

Snee and Zoback (2018) state, "In the western part of Eddy County, New Mexico, S_{Hmax} is ~north-south (consistent with the state of stress in the Rio Grande Rift; Zoback and Zoback, 1980) but rotates to ~east-northeast-west-southwest in southern Lea County, New Mexico and the northernmost parts of Culberson and Reeves counties, Texas." **Around the McIlwee SWD #1 site, Snee and Zoback indicate a S_{Hmax} direction of N035°E and an A_ϕ of 0.52, indicating an extensional (normal) stress regime.**

Fault Slip Potential (FSP) Modeling

Induced seismicity is a growing concern of deep SWD wells. Software developed by the Stanford Center for Induced and Triggered Seismicity allows for the probabilistic screening of deeply penetrating faults near the proposed injection zone (Walsh et al., 2016; Walsh et al., 2017). This software uses parameters such as stress orientations, fault strike/dip, injection rates, fault friction coefficients, etc. to estimate the potential for fault slip. Using the best available data as input parameters (Table 2) including the subject well injecting at the proposed maximum of 30,000 bbls/day and all other existing SWDs within a 6 mile radius injecting at their individual historical peak annual volume (8 total SWD wells), the Fault Slip Potential (FSP) models suggest a four (0.04) percent chance of slip on a nearby fault, inferred by Horne et al. (2021), through the year 2046 (Fig. 2; Table 1). **This model also suggests a pore pressure increase of 95 psi on the nearest publicly known fault (Fault 12; Fig. 3; Table 1) by the year 2045.** Geomechanical modeling shows that the primary fault of concern (fault 21) would need a pressure increase of 2305 psi to reach a 100% probability of slip on the fault. A 50% probability requires an increase of 228 psi which is 45x greater than the modeled increase of 5 psi (Fig. 3).

The pressure through time plot in Figure 3A shows a large spike in pressure along Fault 12 in 2026. According to NMOCD data, three (3) nearby SWD wells have been approved in recent years but have yet to start injection. This model assumes all 3 of those new SWD wells, along with the proposed McIlwee SWD #1, start injecting 30,000 bbl/day in 2026. Even with this unlikely assumption, the model still suggests a zero (0) percent chance of slip on the closest fault (fault 12).

GROUNDWATER SOURCES

Quaternary Alluvium acts as the principal aquifer used for potable ground water near the McIlwee SWD #1 location (Hendrickson and Jones, 1952). Nicholson and Clebsch (1961) state, "Potable ground water is not available below the Permian and Triassic unconformity but, because this boundary is not easily defined, the top of the Rustler anhydrite formation is regarded as the effective lower limit of 'potable' ground water." Around the McIlwee SWD #1, the top of the Permian (Castile Formation) lies at an estimated depth of 100' bgs.

VERTICAL MIGRATION OF FLUIDS

Permeability barriers exist above (Woodford shale; 110 ft thick) and below (Simpson Group; 100 ft thick) the targeted Silurian/Devonian injection zone (Plate 2, Comer et al., 1991; Fig. 8, Frenzel et al., 1988). Precambrian structure contour data presented in Ruppel (2009) estimates the top of the Precambrian basement to be at a depth of approximately 15,110' in this area. Therefore, the injection zone lies approximately 1,370' above the Precambrian basement and approximately 12,240' below the previously stated lower limit of potable water at the top of the Rustler formation.

CONCLUDING STATEMENTS

After examination of publicly available geologic and engineering data, there is no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

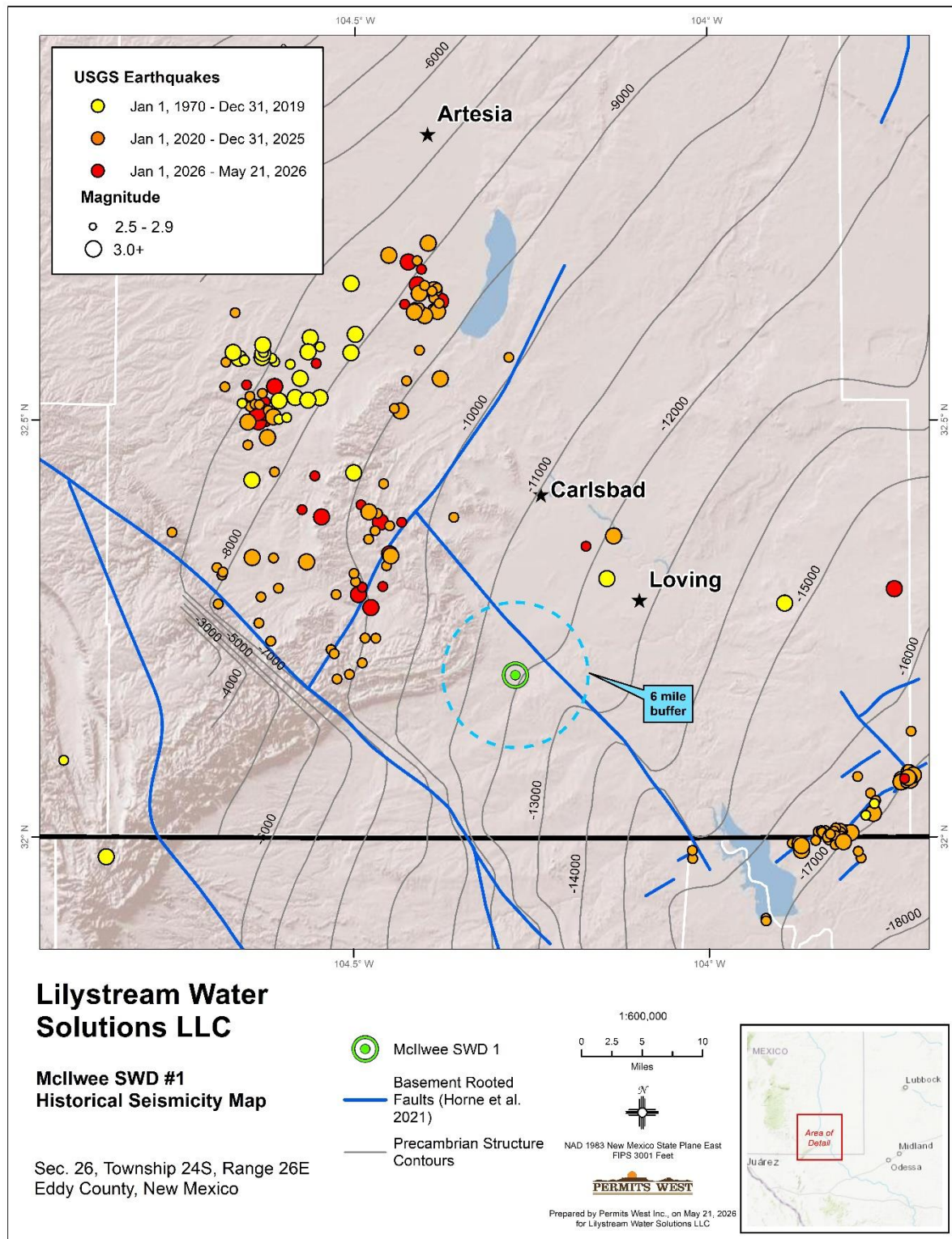


Figure 1. Structural contour map of the Precambrian basement in feet below sea level. Blue lines represent the locations of Precambrian basement-rooted faults (Horne et al., 2021). McIlwee SWD #1 well lies ~2.6 miles southwest of the closest deeply penetrating fault and 11 miles southwest from the closest historic earthquake.

Table 1: Nearby Basement Fault Model Results

Fault Number	Distance to proposed SWD (mi)	Strike (°)	Dip (°)	FSP (2044)	Δ Pore Pressure after 20 years (psi)	Δ Pore Pressure needed for 100% FSP (psi)	Δ Pore Pressure needed for 50% FSP (psi)
Fault 12	2.6	135	65	0.00	95	4515	2703
Fault 21	15.7	37	70	0.04	5	2305	228

Table 2: Fault Slip Potential model input parameters

Faults	Value	Notes
Friction Coefficient	0.58	Ikari et al. (2011)
Dip Angle (deg)	60-72	Horne et al. (2021)
Stress		
Vertical stress gradient (psi/ft)	1.1	Hurd and Zoback (2012)
Max Horizontal Stress Direction (deg)	35	Snee and Zoback (2018)
Depth for calculations (ft)	13700	Proposed injection zone
Initial Reservoir Pressure Gradient (psi/ft)	0.7	calculated from mud wt (ppg) used in drilling at these depths
A Phi Parameter	0.52	Snee and Zoback (2018)
Reference Friction Coefficient	0.58	Ikari et al. (2011)
Hydrology		
Aquifer thickness (ft)	1400	Proposed injection zone
Porosity (%)	6	
Permeability (mD)	150	
Injection Rate (bbl/day)	30000	Maximum proposed injection rate

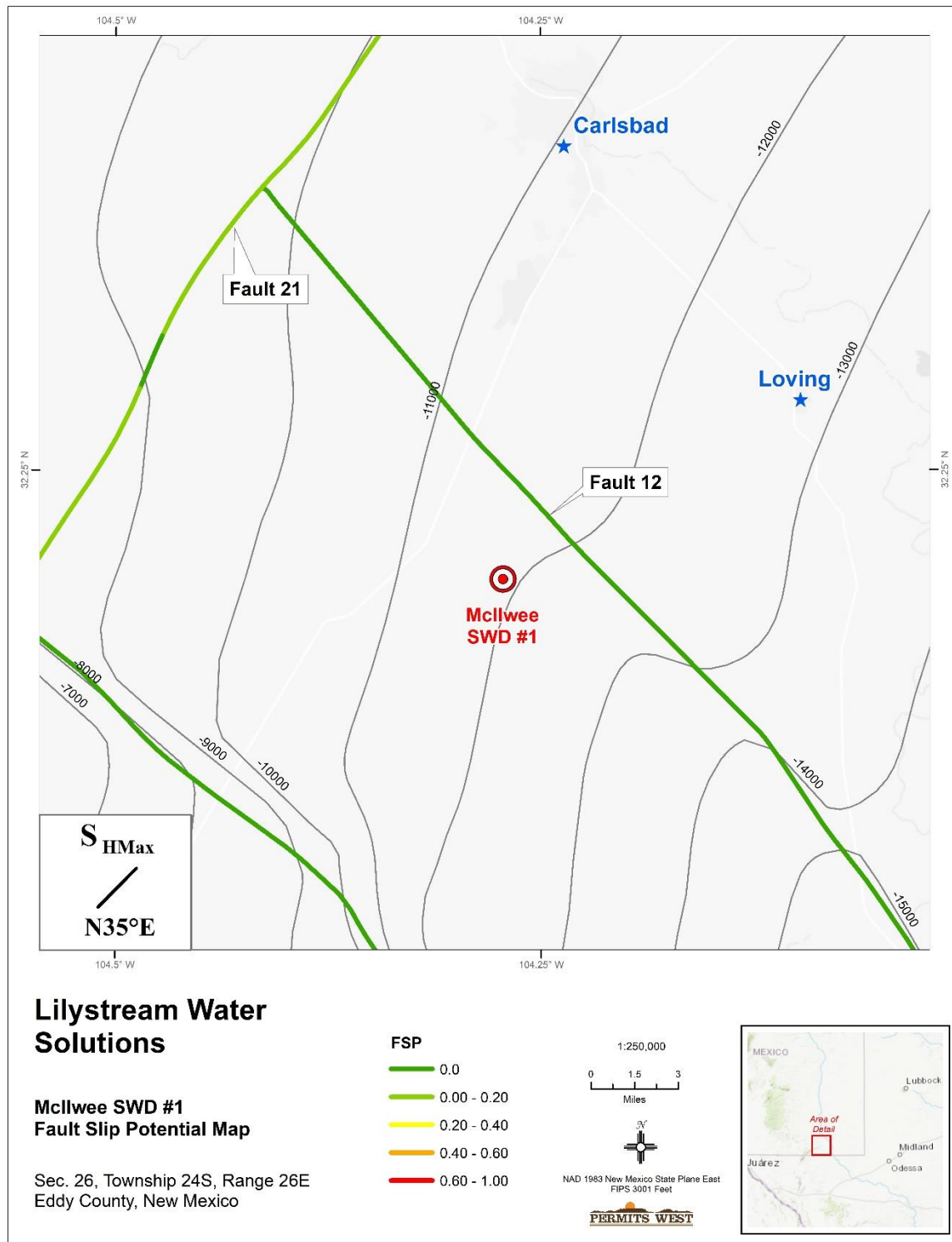


Figure 2. Precambrian fault map of the McIlwee SWD #1 area as mapped by Horne et al. (2021). Faults are colored based on probability of fault slip as modeled using Fault Slip Potential software (Walsh and Zoback, 2016). Labeled values represent the calculated fault slip potential using the parameters indicated in Table 2. Contours show the top of the Precambrian basement in feet below sea level.

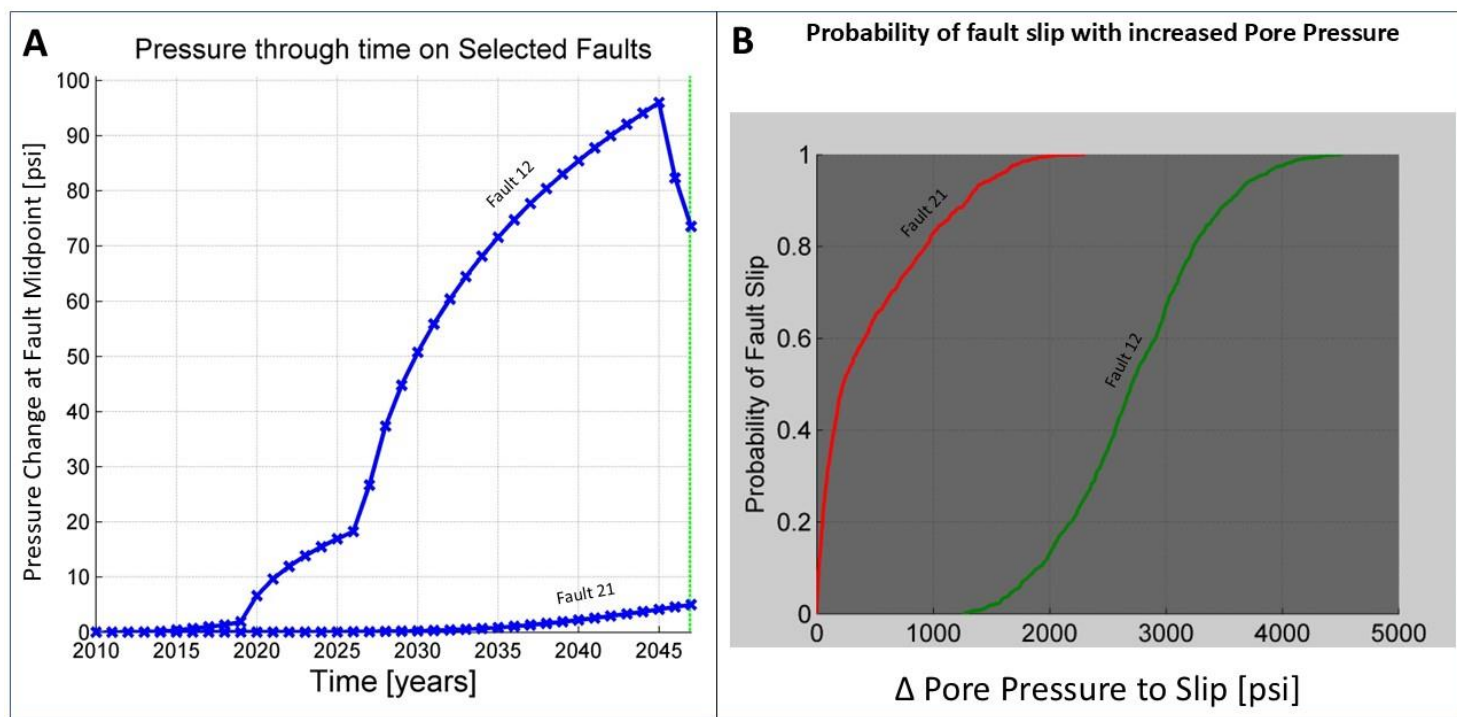


Figure 3. A) Plot showing the modeled change of pore pressure on nearby faults through time as a response to the proposed SWD well. B) Plot showing the required pore pressure increase needed to produce specific probabilities of fault slip on nearby faults.

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C-108 - Item VII

Proposed Operation

Narrative

Mcllwee SWD No.1

General Setting

The proposed Mcllwee SWD is located within an area identified as having high cave/karst potential (*see following map*). Accordingly, drilling and completion operations will be conducted with enhanced attention to indications of subsurface voids, lost circulation, abnormal drilling response, sudden fluid losses, bit drops, or other conditions potentially indicative of karst development. Mud returns, circulation losses and drilling parameters will be continuously monitored through the shallow and intermediate section. If significant voids or anomalous karst features are encountered, drilling operations will be suspended as appropriate, the condition evaluated, and applicable OCD notification and mitigation requirements followed before proceeding.

The casing and cementing program will be designed to provide positive isolation of shallow groundwater-bearing and potentially karsted intervals from the deeper Silurian–Devonian injection zone. Cement volumes will include appropriate excess to account for potential irregular hole conditions and losses, and lost-circulation materials or other remedial cementing measures will be employed if necessary to obtain adequate zonal isolation. Mechanical integrity will be demonstrated prior to injection, and annular pressure will be monitored during operation for indications of loss of integrity.

The area also contains substantial existing oil and gas development, including horizontal wells and numerous older vertical wellbores, many of which have been plugged and abandoned. The operator will review available well construction and plugging records for wells within the applicable Area of Review to evaluate potential conduits for fluid migration. Particular attention will be given to older wells that penetrate, or approach, the proposed injection interval and to wells having incomplete or uncertain cement and plugging records. Any well identified as presenting a potential migration pathway will be further evaluated and, where necessary, appropriate mitigation or other protective measures will be coordinated with OCD prior to commencement of injection.

Directional control during drilling will also be maintained to minimize the potential for encroachment upon nearby horizontal wellbores and lateral drilling corridors. Gyro surveys and routine directional monitoring will be used to confirm wellbore position, and drilling practices will be adjusted as necessary to maintain the planned vertical trajectory. (*Further detailed in accompanying Item VIII – Geologic Section.*)

Commercial SWD Well and Facility

Upon approval of all permits for SWD including the OCD APD Form C-101, planning for drilling and other scheduling operations would begin within 30 days. The prospect is far removed from

the 4-String requirement or other potash areas. During drilling, a gyro survey will be run to make sure the wellbore stays within vertical tolerance and the data and reports shall be furnished to offset operators that desire to confirm the results.

Completion of the well is expected to take approximately 6–8 weeks and would be followed closely by facility construction. Whatever ancillary operations that could commence during the same interval without access conflicts may also take place. This would include installation of the tank battery, berms, plumbing and other associated equipment. In any event, it is not expected for the construction phase of the project to last more than 90 days, depending on availability of contractors and equipment.

Configure for Salt Water Disposal

Prior to commencing and during all work, NOI sundry(ies) will be submitted to configure the well for SWD and will detail the completion workover including all work otherwise described above, any change to the procedure noted herein and to perform mechanical integrity pressure test per OCD (and BLM) test procedures. (Notify NMOCD 24 hours prior.) The casing/tubing annulus will be monitored for communication with injection fluid or loss of casing integrity.

Operational Summary

Surface facilities will be operated to minimize the potential for releases, with secondary containment and prompt response to any spill or loss of produced water near the wellsite.

The well and injection equipment will be a closed system and equipped with pressure limiting devices and volume meters. The annulus, loaded with an inert, anti-corrosion packer fluid, will be monitored for pressure.

The tanks will be equipped with telemetry devices and visual alarms to alert the operator and customers of full tanks or an overflow situation.

The SWD facility is not proposed to be fenced so that trucks may access for load disposal 24/7.

Anticipated daily maximum volume is 30,000 bpd and an average of 17,500 bpd at a maximum surface injection pressure of 2468 psi (.2 psi/ft gradient – maximum pressure will be adjusted if the top of interval is modified after well logs are run).

Potential releases will be contained and cleaned up immediately. The operator shall repair or otherwise correct the situation within 48 hours before resuming operations. OCD will be notified within 24 hours of any release greater than 5 bbls. If required, remediation will start as soon as practicable. Operator shall comply with 19.15.29 NMAC and 19.15.30 NMAC; as necessary and appropriate and OCD form C-141 will be submitted promptly.

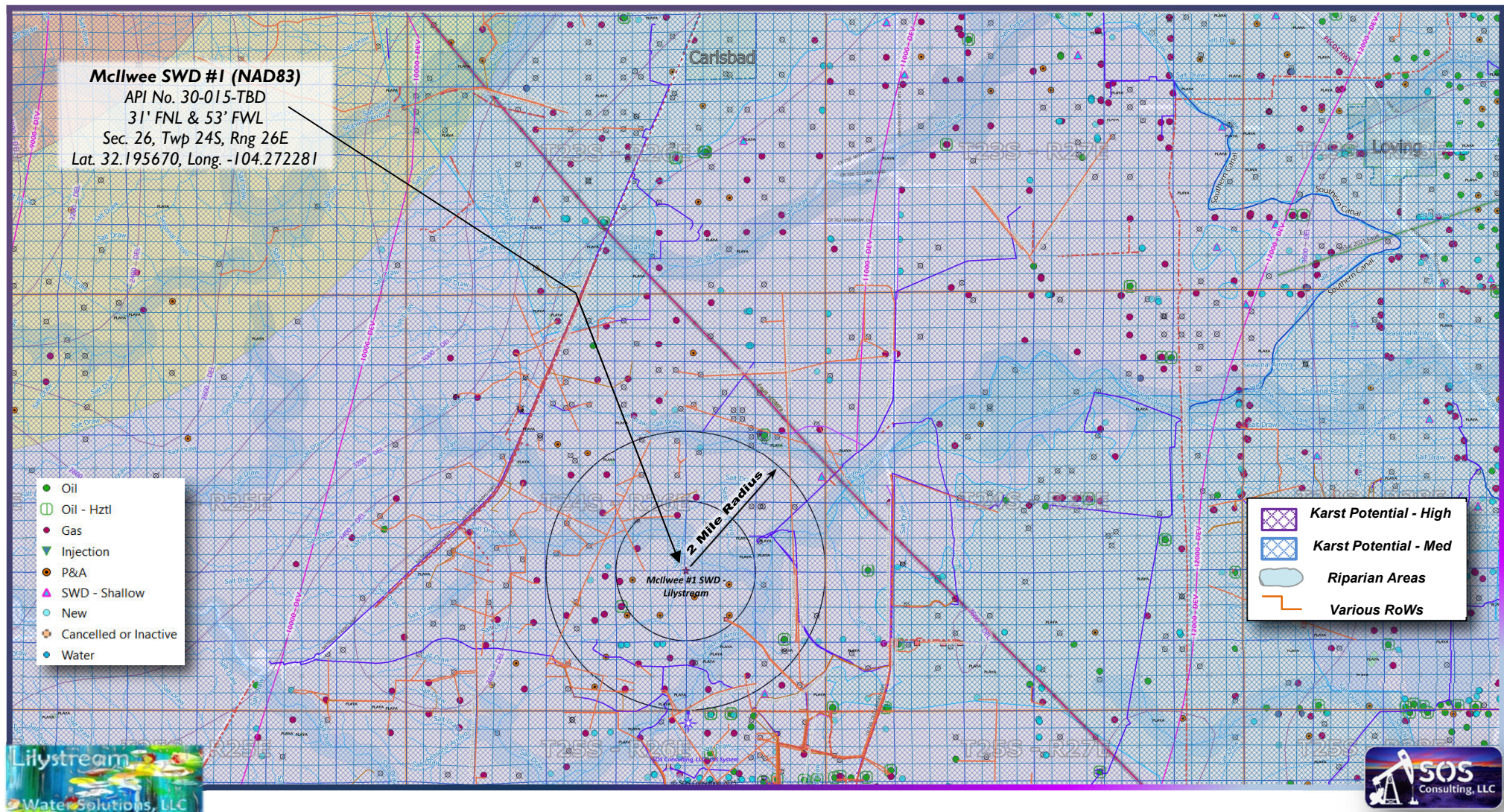
All required OCD forms will be filed as appropriate and in a timely manner.

McIlwee SWD #1 – Operational Regional Overview

(Attachment to NMOCD Form C-108 - Item VII)

This regional overview illustrates the operational setting surrounding the proposed McIlwee SWD No. 1. In addition to existing oil and gas development, the map depicts mapped cave/karst potential, riparian areas, nearby seismic-response considerations, and numerous existing surface-use corridors associated with pipelines, utilities, roads and other rights-of-way. The prospect lies within an area of established oilfield activity where current horizontal development is interspersed with numerous older vertical wellbores, many of which are now plugged and abandoned. Delaware and Devonian formation tops contours are also displayed.

The mapped features are provided to demonstrate the broader surface and subsurface constraints considered in site planning, drilling and future SWD operations. These conditions will be incorporated into operational planning through wellbore directional control, review of nearby well records, attention to karst-related drilling response, protection of shallow groundwater-bearing intervals, and avoidance or accommodation of existing surface-use corridors to the extent practicable.



Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 621101

CONDITIONS

Operator: LilyStream Water Solutions LLC 1308 West Ave. N Lovington, NM 88260	OGRID: 373500
	Action Number: 621101
	Action Type: [C-108] Fluid Injection Well (C-108)

CONDITIONS

Created By	Condition	Condition Date
delilah.dougi	None	9/16/2026