

November 27, 2017

Michael McMillan  
New Mexico Oil Conservation District 4  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

RE: Fikes SWD #1 – SWD 1689 – Surface Location Change

Mr. McMillan,

Please see attached agreement (pages 2-6 redacted) with the surface owner of the N/2 (North Half) of Section 17, Township 24 South, Range 28 East. This is the new location of the Fikes SWD #1.



Best Regards,

Jason Goss | VP Drilling  
Delaware Energy Services  
405 N Marienfeld, Suite 250  
Midland, Texas 79701  
O: 432-685-7005  
C: 512-784-2613

*Joe*  
*J*

**SALTWATER DISPOSAL AGREEMENT**

**THIS SWD AGREEMENT** (this "**Agreement**") dated effective as of the 20 day of November, 2017 (the "**Effective Date**") is by and between Joseph Owen Carleton, Jr. and wife, Doris Bruton Carleton, joint tenants, whose address is P.O. Box 14, Malaga, NM 88263 ("**Lessor**"), and Delaware Energy, LLC, whose address is 405 North Marienfeld, Suite 250, Midland, Texas 79701 ("**Lessee**"). Lessee and Lessor are sometimes individually referred to herein as a "**Party**" and collectively referred to herein as, the "**Parties.**"

**RECITALS:**

A. Lessor is the owner of the surface estate in those certain lands situated in **Eddy County, New Mexico** described herein below (collectively the "**Subject Lands**");

**Section 9 and Section 17 of Township 24 South, Range 28 East,**

B. Lessee wishes to construct and install the Injection Facilities, as defined below, on the Subject Lands and to use and operate: (i) the Injection Facilities to dispose of salt water and other non-hazardous oil and gas waste produced and collected in connection with oil and gas exploration and production operations (collectively, the "**Produced Water**"), (ii) the reclamation, storage and sale of hydrocarbons (including but not limited to skim oil) transported to the Subject Lands in association with the Produced Water (collectively the "**Hydrocarbons**").

C. Lessor is agreeable to such construction, installation, use and operation by Lessee, subject to the following terms, conditions and provisions.

NOW, THEREFORE, for and in consideration of the rentals payable by Lessee hereunder and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee agree as follows:

**ARTICLE ONE: LEASE AND OTHER COVENANTS.**

- 1.1 Lessor hereby GRANTS, LEASES and LETS exclusively to Lessee a five (5.0) acre site in the form of a square on the Subject Lands surrounding the borehole for each Subject Disposal Well (as defined below), hereinafter the "**Leased Premises**" for: (a) the drilling, construction and installation of a disposal well, or wells hereinafter referred to as a "**Subject Disposal Well**"), with "drilling" defined herein as actual drilling, re-entering or conversion of existing wellbores, (b) the construction, installation and use of a gathering and collection facility, tank batteries, an off-load station, roads, truck turn around, fencing, berms, caliche pads, disposal lines, and other related disposal equipment and improvements, including the equipment and improvements related to the reclamation, storage and sale of Hydrocarbons (the Subject Disposal Well, the equipment and improvements related to the storage and sale of Hydrocarbons, and the other foregoing items are collectively referred to herein as the "**Injection Facilities**"), and (c) the use and operation of the Injection Facilities to dispose of Produced Water, which use and operation

get

SIGNED this 20 day of November, 2017 but effective for all purpose as of the Effective Date.

LESSOR: Joseph Owen Carleton, Jr. & Doris Bruton Carleton LESSEE: DELAWARE ENERGY, LLC

Joseph Owen Carleton, Jr.  
Joseph Owen Carleton, Jr.

Doris Bruton Carleton  
Doris Bruton Carleton

By: [Signature]

Print: Mike McCurdy

Its: VP Operations

*Joe*

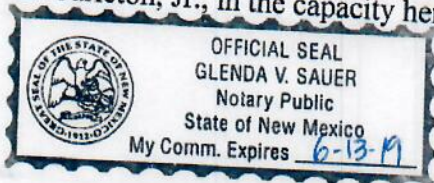
ACKNOWLEDGMENTS

STATE OF NEW MEXICO

COUNTY OF Eddy

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This instrument was acknowledged before me on the 20 of November, 2017 by Joseph Owen Carleton, Jr., in the capacity herein stated.



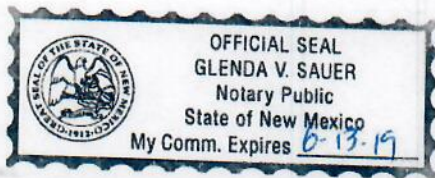
Glenda V. Sauer  
Notary Public, State of New Mexico  
Glenda V. SAUER

STATE OF NEW MEXICO

COUNTY OF Eddy

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This instrument was acknowledged before me on the 20 of November, 2017 by Doris Bruton Carleton, in the capacity herein stated.



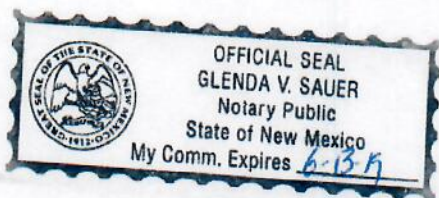
Glenda V. Sauer  
Notary Public, State of New Mexico  
Glenda V. SAUER

STATE OF NEW MEXICO

COUNTY OF Eddy

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This instrument was acknowledged before me on the 20 day of November, 2017 by Mike McCurdy, \_\_\_\_\_ of Delaware Energy, on behalf of said LLC.



My Commission Expires: 6-13-19

Glenda V. Sauer  
Notary Public, State of ~~Texas~~ New Mexico  
Glenda V. SAUER