

Application

Part IV

Application for Authorization to Inject

DJR Operating, LLC

Nageezi Unit WDW #1

Part VIII. Geologic Data

The proposed injection interval is the Entrada Sandstone from approximately 6775' to 6970' below the surface.

The proposed injection interval for the Nageezi water disposal well is the Entrada Sandstone from approximately 6775 ft to 6970 ft.

Point of diversion data (POD) obtained from the New Mexico Office of the State Engineer (NMOSE) on July 17, 2019 indicates that the closest water well (SJ-01712) to the Nageezi Unit water disposal well is 4,200 feet away. Well SJ-01712 is located in the NE1/4SE1/4 of Section 27, Township 24 North, Range 9 West, this well has a depth of 528 feet below ground surface (bgs) and is hydrologically separated from the Entrada formation by several confining layers above the Entrada Sandstone, including the Todilto Limestone, the Mancos Shale, and the Lewis Shale. Additionally, the underlying Chinle Formation acts as a confining unit below the Entrada Sandstone (Kernodle, 1996) and per the review of NMOSE well data, the Chinle Formation is not a regional source of water.

The NMOSE POD dataset also indicates that the closest surface water diversion to the Nageezi Unit water disposal well is SD 05187, which is located 10 miles to the north west of the Nageezi Unit water disposal well.

The National Hydrography Dataset indicates that the closest surface water feature to the Nageezi Unit water disposal well is an unnamed arroyo, which is located 1,580 feet to the west.

There are no known drinking water sources below the Mesaverde interval. The formation tops are as follows:

Formation Tops	TVD
Ojo Alamo	615
Kirtland	780
Fruitland	965
Pictured Cliffs	1335
Lewis	1445
Chacra	2015
Cliff House	2845
Menefee	2885
Point Lookout	3755
Mancos	3915
Gallup	4655
Greenhorn	5585
Dakota	5685
Todilto	6715
Entrada	6775
Total Depth	6970

Part IX. Stimulation Program

Following injection rate tests, it may be necessary to stimulate the Entrada Sandstone by acidizing or fracturing.

Part X. Logging and Test Data

All logs and test data for the injection well will be submitted to the New Mexico Oil & Gas Conservation Division in Aztec, NM.

Part XI. Fresh Water Samples

Point of diversion data (POD) obtained from the New Mexico Office of the State Engineer (NMOSE) on July 17, 2019 indicates that the closest water well (SJ-01712) to the Nageezi Unit WDW #1 is 4,200 feet away. Well SJ-01712 is located in the NE1/4SE1/4 of Section 27, Township 24 North, Range 9 West, this well has a depth of 528 feet bgs and is hydrologically separated from the Entrada formation by several confining layers above the Entrada Sandstone, including the Todilto Limestone, the Mancos Shale, and the Lewis Shale. Additionally, the underlying Chinle Formation acts as a confining unit below the Entrada Sandstone (Kernodle, 1996) and per the review of NMOSE well data, the Chinle Formation is not a regional source of water.

New Mexico Office of the State Engineer

Point of Diversion Summary

Well Tag	POD Number	(quarters are 1=NW 2=NE 3=SW 4=SE) (quarters are smallest to largest)					(NAD83 UTM in meters)		
		Q64	Q16	Q4	Sec	Tws	Rng	X	Y
	SJ 01712	2	4	27	24N	09W		251195	4018933*

Driller License:

Driller Company:

Driller Name: OREN KIRK DRILLING CO.

Drill Start Date: 06/10/1963

Drill Finish Date: 02/26/1964

Plug Date:

Log File Date:

PCW Rcv Date:

Source:

Pump Type: WINDMI

Pipe Discharge Size:

Estimated Yield:

Casing Size: 6.63

Depth Well: 528 feet

Depth Water:

*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.

8/18/19 8:50 PM

POINT OF DIVERSION
SUMMARY


Application for Authorization to Inject

DJR Operating, LLC

Nageezi Unit WDW #1

Part XII. Statement of Geologic and Engineering Data

I have examined all available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.



Ningning Li, Completions Manager

8/23/19
Date

Application for Authorization to Inject

DJR Operating, LLC

Nageezi Unit WDW #1

Part XIII. Proof of Notice

Attached are proofs of notice that this application has been sent by certified mail to the surface owner of the land which the injection well is to be located on and all leasehold operators within one-half mile of the well location. Also, proof of publication is enclosed showing the legal advertisement which was published in the Farmington Daily Times.

THE DAILY TIMES

AFFIDAVIT OF PUBLICATION

Ad No.
0001293749

ANIMAS PROPERTY LAW P.C.
858 MAIN, SUITE 204


DURANGO CO 81301

I, being duly sworn say: THE DAILY TIMES, a daily newspaper of general circulation published in English at Farmington, said county and state, and that the hereto attached Legal Notice was published in a regular and entire issue of the said DAILY TIMES, a daily newspaper duly qualified for the purpose within the State of New Mexico for publication and appeared in the internet at The Daily Times web site on the following days(s):

08/13/19


Legal Clerk

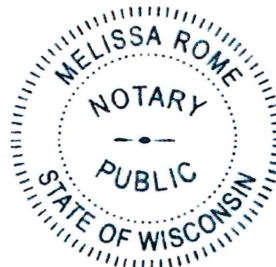
Subscribed and sworn before me this
13th of August 2019.


State of WI, County of Brown
NOTARY PUBLIC

1-12-2021
My Commission Expires

DJR Operating, LLC, 1600 Broadway, Suite 1960, Denver, CO 80202 is making application for administrative approval to dispose of produced and flow-back water by underground injection. Contact person is Ningning Li, Phone 303-407-7390. The proposed disposal site is Nageezi Unit WDW #1, located 848' FNL & 1406' FWL, Sec 34 T24N R9W, San Juan Co NM. Water will be injected into the Entrada Sandstone between the depths of approximately 6775' to 6970' below the surface. Maximum anticipated injection pressure is 1300 psi. Maximum injection rate will be 6000 barrels of water per day. Any interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, NM 87505 within 15 days of the date of this publication.

Legal No. 1293749 published in The Daily Times on August 13, 2019.



Re: NOTICE OF FORM C-108 APPLICATION)
AUTHORIZATION TO INJECT) SS
NAGEEZI UNIT WDW 1)
SAN JUAN COUNTY, NEW MEXICO)

AFFIDAVIT OF MAILING

STATE OF COLORADO)
CITY & COUNTY OF DENVER) ss

Mona L. Binion, Land Negotiator for DJR Operating, LLC ("DJR") does hereby certify that on August 26, 2019, she transmitted the attached notice of the captioned matter by certified mail, return receipt requested, to those parties listed on the Notice List attached.

FURTHER AFFIANT SAYETH NOT

Mona L. Binion

Mona L. Binion
DJR Operating, LLC
1600 North Broadway, Suite 1960
Denver, CO 80202

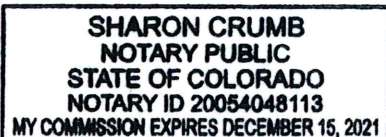
Subscribed and sworn to before me this 26th day of August, 2019 by Mona L. Binion.

Witness my hand and official seal.

My Commission Expires:

Sharon Crumb

Notary Public for State of Colorado





DELIVERED VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED

August 26, 2019

TO OWNERS ON ATTACHED NOTICE LIST

Re: Notice of Application
Form C-108 Authorization to Inject
Nageezi Unit WDW #1
San Juan County, New Mexico

Ladies and Gentlemen:

The purpose of this communication is to provide notice of the referenced application which DJR Operating, LLC ("DJR") intends to submit to New Mexico Oil Conservation Division ("NMOCD") in the near future.

Pursuant to the NMOCD notice requirement associated with this application, please find enclosed a copy of the completed C-108 application to be filed. Any objections or requests for hearing related to this application must be filed with NMOCD within fifteen (15) days from the date of mailing of this notice as noted above.

New Mexico Oil Conservation Division
1200 South St. Francis Drive
Santa Fe, NM 87505

Please do not hesitate to contact Mona Binion (303) 407-7399 or mbinion@djrlc.com if you have any questions regarding this notice.

Regards,

DJR Operating, LLC

Mona L. Binion

Mona L. Binion, CPL
Land Consultant

Encls.

NAGEEZI UNIT WDW #1
NOTICE OF APPLICATION
FORM C-108 FOR AUTHORIZATION TO INJECT
AFFIDAVIT OF MAILING

SURFACE OWNER UNDER WDW LOCATION

USA
Bureau of Land Management
301 Dinosaur Trail
Santa Fe, NM 87508

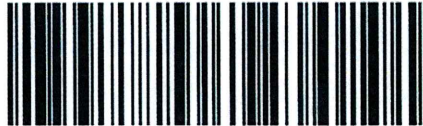
Bureau of Land Management
6251 College Blvd., Suite A
Farmington, NM 87402
Attention: Joe Kilins

LEASEHOLD OWNERS WITHIN ONE-HALF MILE RADIUS OF WDW LOCATION

Dugan Production Corp.
P. O. Box 420
Farmington, NM 87499
Attention: Ramon Hancock

DJR ENERGY
1600 BROADWAY STE 1960
DENVER CO 80202-4955

USPS CERTIFIED MAIL



9407 1108 9876 5042 7396 02

DUGAN PRODUCTION CORP.
ATTN RAMON HANCOCK
PO BOX 420
FARMINGTON NM 87499-0420



US POSTAGE AND FEES PAID

FIRST-CLASS

Aug 26 2019

Mailed from ZIP 80202

7 oz First-Class Mail Flats Rate

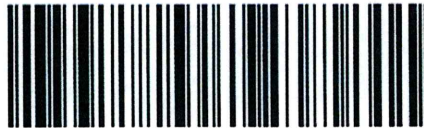


endicia

071S00777793

DJR ENERGY
1600 BROADWAY STE 1960
DENVER CO 80202-4955

USPS CERTIFIED MAIL



9407 1108 9876 5042 7335 63

BUREAU OF LAND MANAGEMENT
ATTN JOE KILINS
6251 COLLEGE BLVD STE A
FARMINGTON NM 87402-1738



US POSTAGE AND FEES PAID

FIRST-CLASS

Aug 26 2019

Mailed from ZIP 80202
7 oz First-Class Mail Flats Rate



endicia

071S00777793

DJR ENERGY
1600 BROADWAY STE 1960
DENVER CO 80202-4955

USPS CERTIFIED MAIL



9407 1108 9876 5042 7252 30

BUREAU OF LAND MANAGEMENT
USA
301 DINOSAUR TRL
SANTA FE NM 87508-1560



US POSTAGE AND FEES PAID

FIRST-CLASS

Aug 26 2019

Mailed from ZIP 80202

7 oz First-Class Mail Flats Rate



endicia

071S00777793