

Initial Application Part I

Received 7/3/2018

This application is placed in file for record. It MAY or MAY NOT have been reviewed to be determined Administratively Complete

mm 07/03/2018
mm 07/02/2018

RECEIVED:	REVIEWER:	TYPE:	APP NO:
		SWD	DWAM1818432200

ABOVE THIS TABLE FOR EACH DIVISION USE ONLY

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



ADMINISTRATIVE APPLICATION CHECKLIST

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

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

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.

Sarah Presley

Print or Type Name

Signature

6.19.2018
Date

432-685-7005
Phone Number

s.presley@delawareenergy.com
e-mail Address

APPLICATION FOR AUTHORIZATION TO INJECT

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

II. OPERATOR: Delaware Energy, LLC

ADDRESS: 405 North Marienfeld, Suite 250, Midland TX 79701

CONTACT PARTY: Mike McCurdy PHONE: 432-312-5251

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? _____ Yes XXXX No
If yes, give the Division order number authorizing the project: _____

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

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

IX. Describe the proposed stimulation program, if any.

*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).

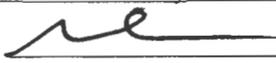
*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

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

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Mike McCurdy TITLE: Vice-President

SIGNATURE:  DATE: 06/19/2018

E-MAIL ADDRESS: m.mccurdy@delawareenergy.com

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

III. WELL DATA

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

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

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

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

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

XIV. PROOF OF NOTICE

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

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

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

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

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

INJECTION WELL DATA SHEET

OPERATOR: Delaware Energy, LLC

WELL NAME & NUMBER: Beard SWD # 1

WELL LOCATION: 200' FNL & 715' FWL D 26 25S 26E
FOOTAGE LOCATION UNIT LETTER SECTION TOWNSHIP RANGE

WELLBORE SCHEMATIC see attached wellbore sketch

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17.5" Casing Size: 13-3/8", 54.5#
Cemented with: 500 sx. or _____ ft³
Top of Cement: surface Method Determined: Plan to Circulate

Intermediate Casing

Hole Size: 12-1/4" Casing Size: 9-5/8", 47#, L-80
Cemented with: 2,500' sx. or _____ ft³
Top of Cement: surface Method Determined: Plan to Circulate

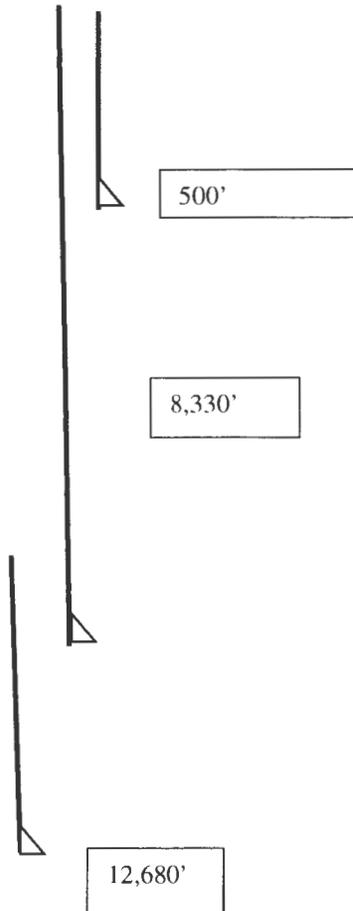
Production Casing

Hole Size: 8-1/2" Casing Size: 7-5/8", 39#, P-110
Cemented with: 650 sx. or _____ ft³
Top of Cement: Top of Liner Method Determined: Plan to Circulate
to liner top

Total Depth: 12,680'

Injection Interval

12,680' feet to 13,680'
(OPEN HOLE)



INJECTION WELL DATA SHEET

Tubing Size: 5.5" BTC x 5.5" Flush Joint Lining Material: Fiber Glass

Type of Packer: Weatherford Arrow Set 1X

Packer Setting Depth: 12,630'

Other Type of Tubing/Casing Seal (if applicable): none

Additional Data

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

2. Name of the Injection Formation: Devonian

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

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. N/A

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

Below: none

Next Higher: Delaware 1,830' - 5,180'; Bone Springs 5,180'-8,330'; Wolfcamp 8,330' - 10,180'; Strawn 10,180-10,280', Atoka 10,280'-11,130'; Morrow 11,130' - 12,680'

Additional Questions on C-108

VII.

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

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

2. Whether the system is open or closed;

Open System, Commercial SWD

3. Proposed average and maximum injection pressure;

Average 1,500-2,500 PSI, Max 2,536 PSI

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

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

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

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

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

The proposed disposal interval is in the Devonian formation 12,680'-13,680'. Devonian is an impermeable organic shale at the very top (12,580 ft, Woodford Shale) 100ft thick followed by permeable lime, dolomite, and small amount of shale 1000ft thick. There are no fresh water zones underlying the proposed injection zone. Usable water depth is from surface to +/- 150', the water source is older alluvium (Quaternary). All the fresh water wells in the area have an average depth to water of 182 ft per State Engineer.

IX. Describe the proposed stimulation program, if any.

60,000 gallons 20% HCL acid job with packer

X. Attach appropriate logging and test data on the well

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

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

Included in the application is a water well sample from section 26 of T25S R26E

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

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

Mike McCurdy Vice President 6/19/2018
 _____ Title _____ Date _____

III. WELL DATA

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

Beard SWD #1, Sec. 26-T25S-R26E, 200' FNL & 715' FWL, UL D, Eddy County, New Mexico

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

Casing Size	Setting Depth	Sacks of Cement	Hole Size	Top of Cement	Determined
13-3/8"	500'	500	17-1/2"	Surface	CIRC
9-5/8"	8,330'	2500	12-1/4"	Surface	CIRC
7-5/8"	8,130'-12,680'	650	8-1/2"	Surface	CIRC

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

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

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

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

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

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

Devonian Formation

Pool Name: SWD (Devonian)

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

12,680' to 13,680' (Open hole)

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

Well is a planned new drill for SWD

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

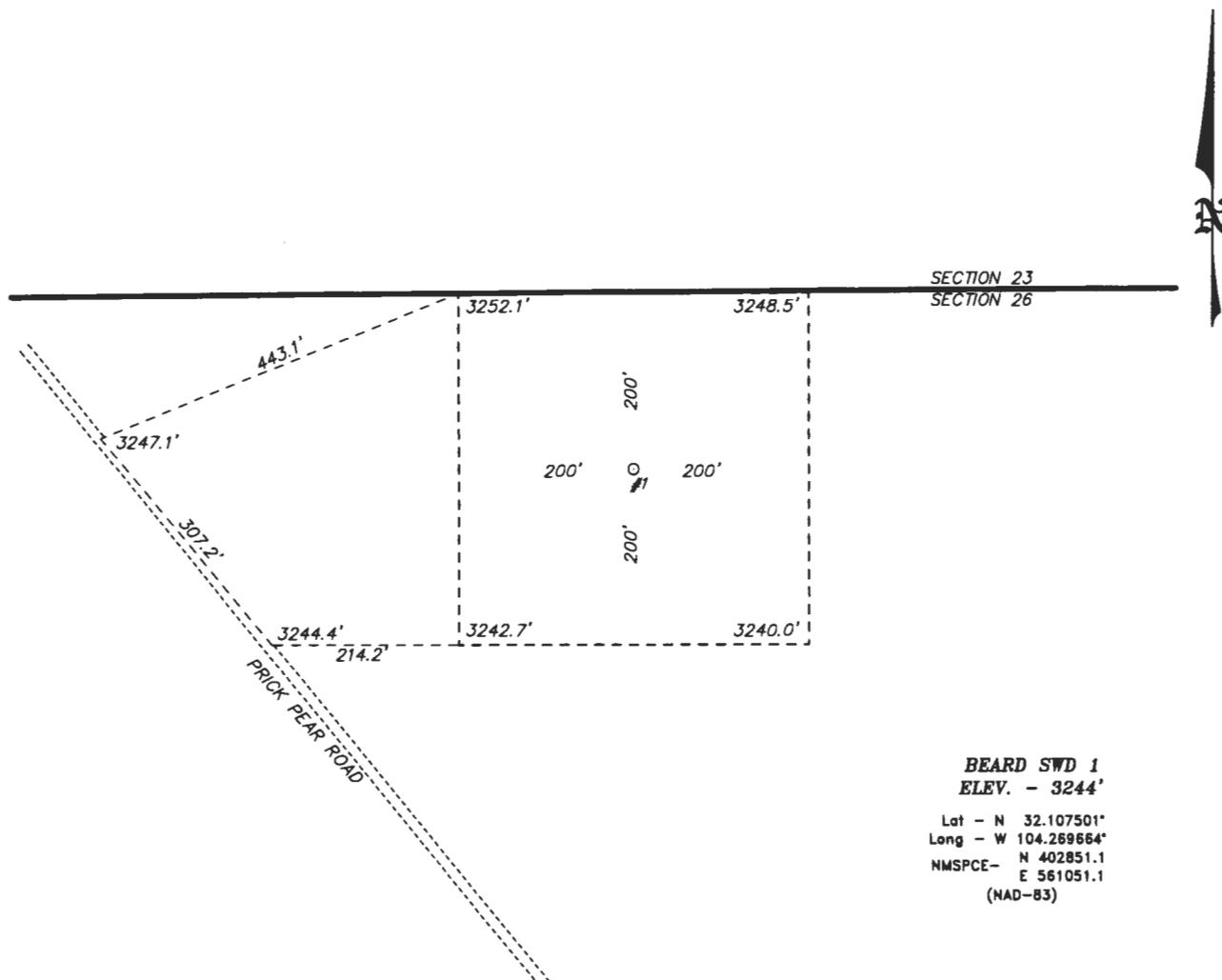
None, well is a planned new drill

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

Next Higher: Delaware 1,830' – 5,180'; Bone Springs 5,180'-8,330'; Wolfcamp 8,330'- 10,180'; Strawn 10,180-10,280', Atoka 10,280'-11,130'; Morrow 11,130' – 12,680'

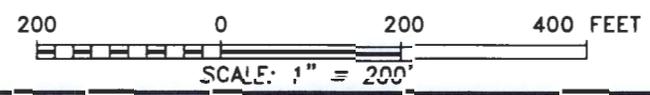
Next Lower: None

**SECTION 26, TOWNSHIP 25 SOUTH, RANGE 26 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**



BEARD SWD 1
ELEV. - 3244'
 Lat - N 32.107501°
 Long - W 104.269664°
 NMSPE- N 402851.1
 E 561051.1
 (NAD-83)

CARLSBAD, NM IS ±22 MILES TO THE NORTH OF LOCATION.



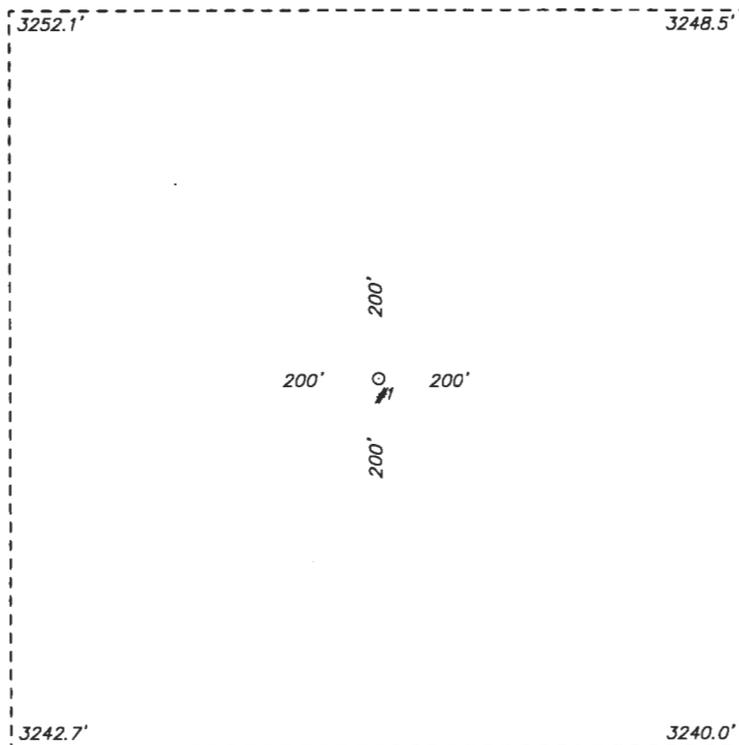
DELAWARE ENERGY

REF: BEARD SWD 1 / WELL PAD TOPO

THE BEARD SWD 1 LOCATED 200' FROM
 THE NORTH LINE AND 715' FROM THE WEST LINE OF
 SECTION 26, TOWNSHIP 25 SOUTH, RANGE 26 EAST.
 N.M.P.M., EDDY COUNTY, NEW MEXICO.



SECTION 26, TOWNSHIP 25 SOUTH, RANGE 26 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



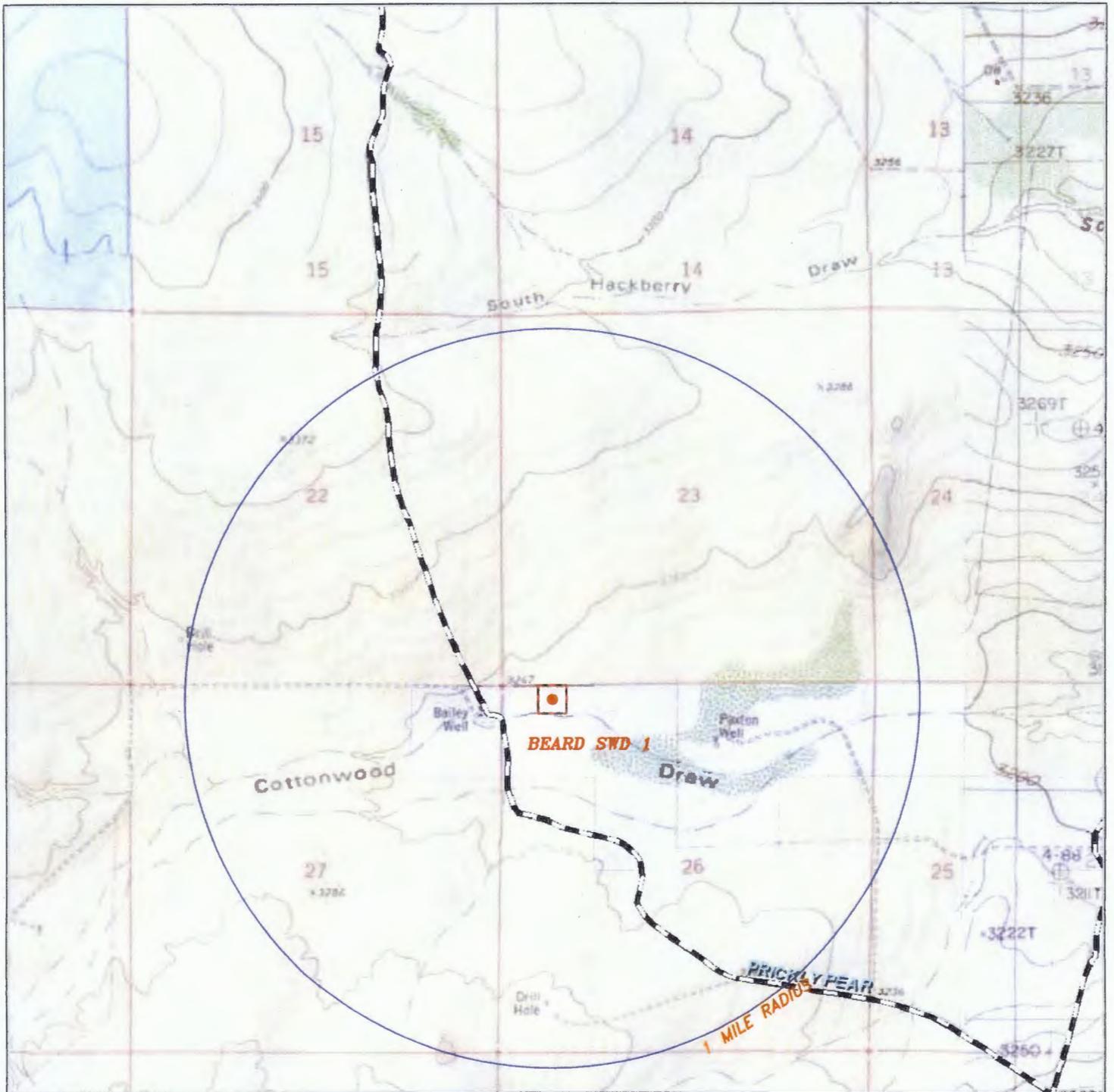
DELAWARE ENERGY

REF. BEARD SWD 1 / WELL PAD TOP

THE BEARD SWD 1 LOCATED 200' FROM
THE NORTH LINE AND 715' FROM THE WEST LINE OF
SECTION 26, TOWNSHIP 25 SOUTH, RANGE 26 EAST.

N.M.P.M., EDDY COUNTY, NEW MEXICO.





BEARD SWD 1

located 200' TNE and 715' TWE
 Section 20, Township 25 South, Range 26 East,
 N.M.P.M., Eddy County, New Mexico.

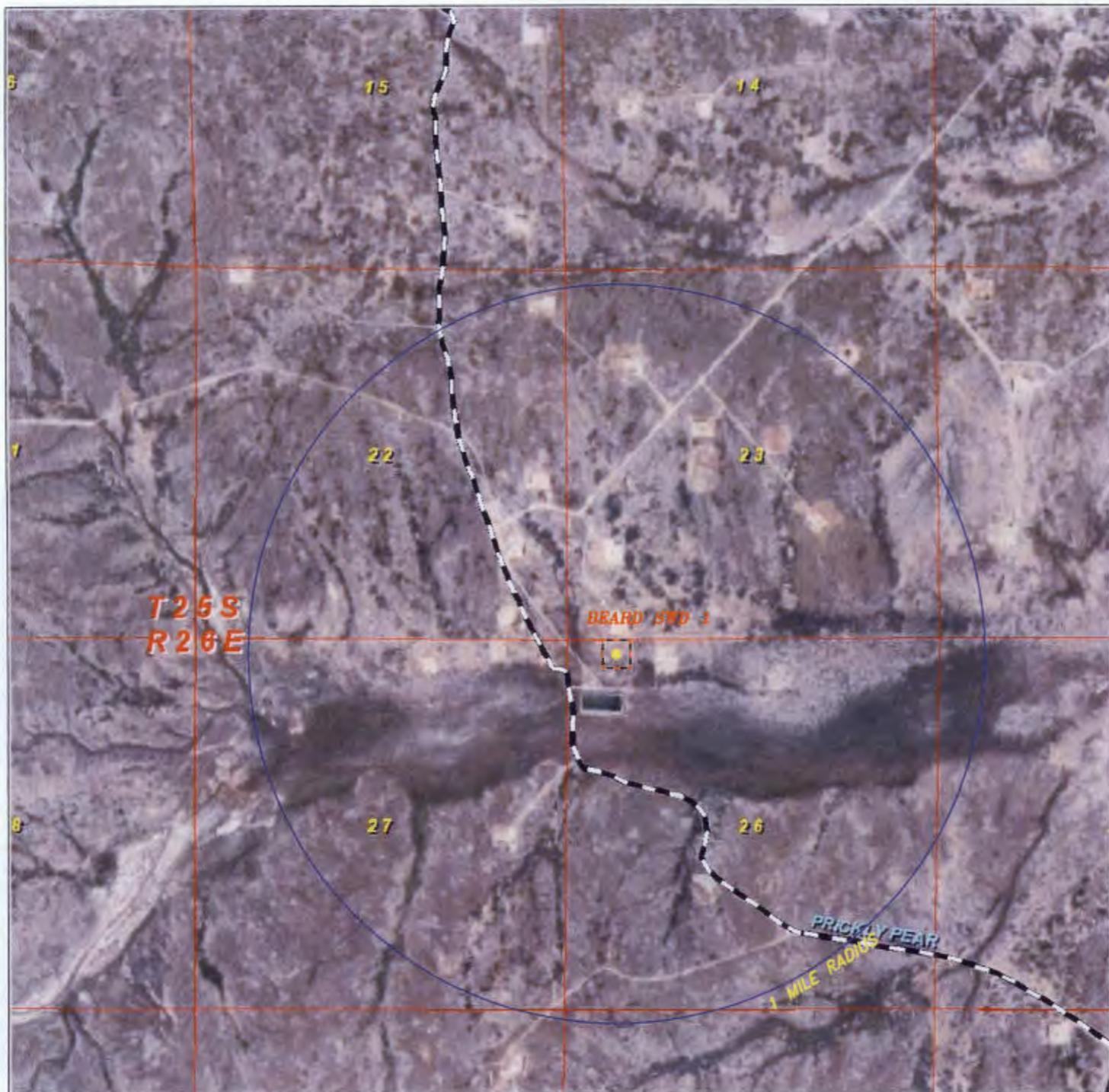


400 W. 11th St.
 100 N. West County Rd
 Moore, New Mexico 88241
 (575) 844-7512 - Office
 (575) 844-2000 - Fax
 505-272-4628 - Cell

Scale	1" = 2000'
North Arrow	30° 37' 50"
Survey Date	7-11-2018
Yellow Shaded	USA LAND
Blue Tint	STATE LAND
Natural Shaded	FEE LAND



DELAWARE ENERGY



BEARD SWD 1

Located 200' ENE and 710' FWD
 Section 26, Township 25 South, Range 26 East,
 N.M.P.M., Eddy County, New Mexico.

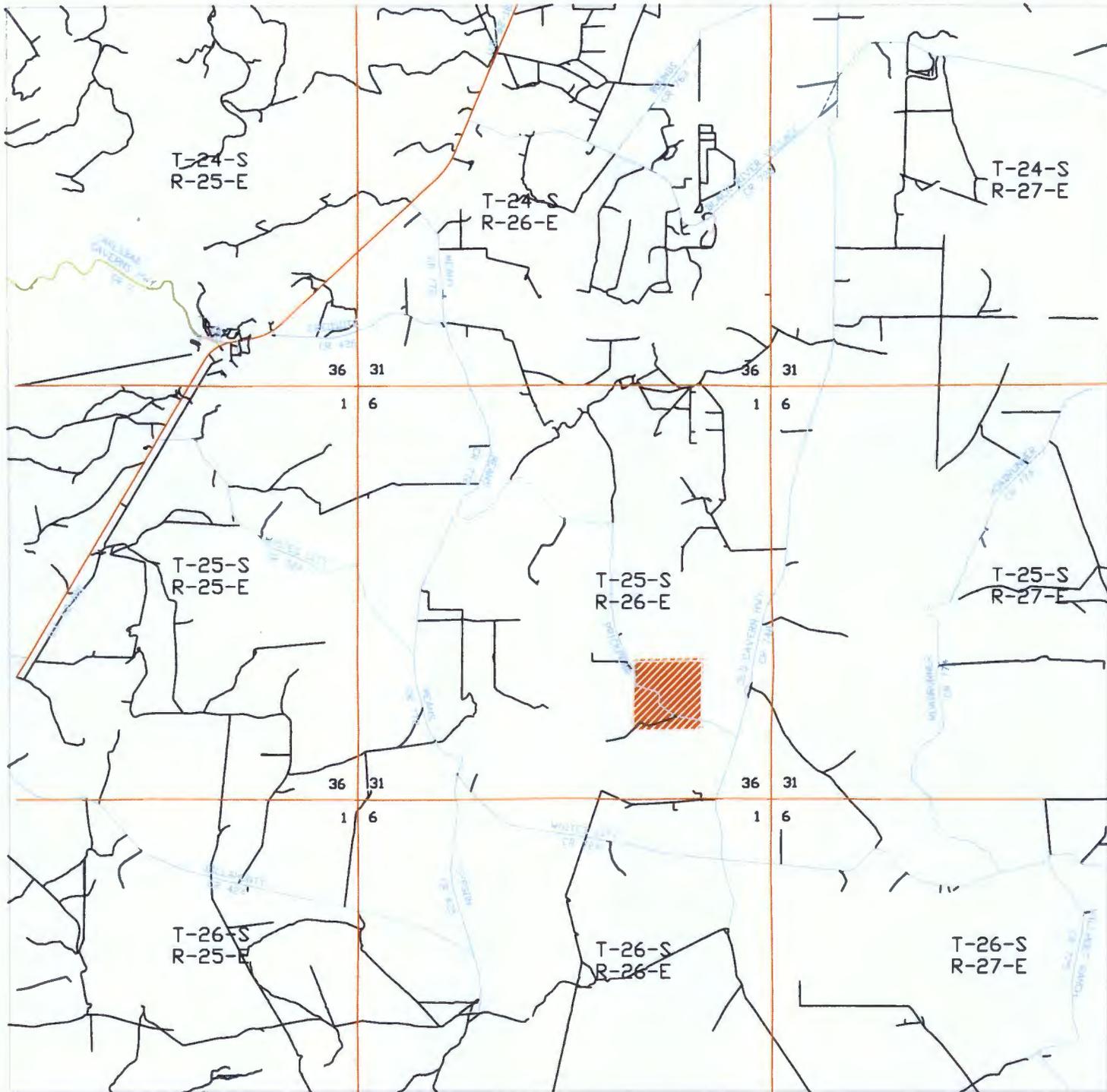


P.O. Box 1124
 1122 N. West Coast Rd.
 P.O. Box 814 Venice, AZ 85241
 (520) 541-7114 - Office
 (520) 542-1428 - Cell
 basinsurveys.com

Area	200' x 710'
Acres	142.81
Water	0.00
Oil	0.00
Gas	0.00
Other	0.00
Total	142.81



**DELAWARE
 ENERGY**



BEARD SWD 1

located 200' FW and 715' FWE
 Section 16, Township 25 South, Range 26 East,
 N.M.P.M., Eddy County, New Mexico.

basin
surveys

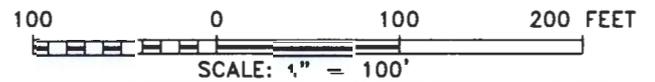
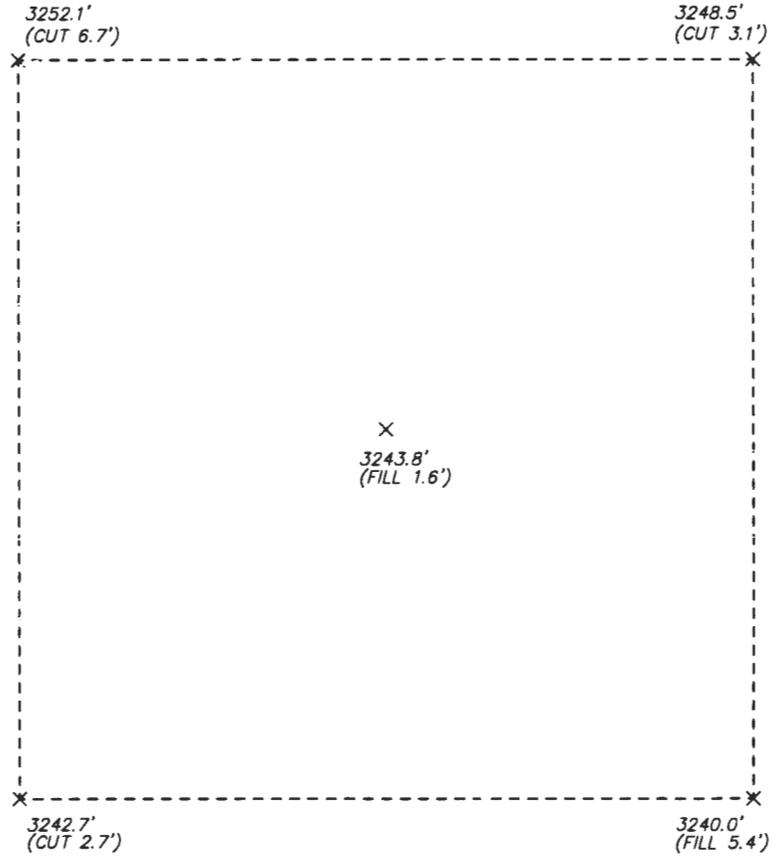
1200 N. 2nd Street, Suite 100
 Hobbs, New Mexico 88240
 (505) 325-1111
 (505) 325-1112
 (505) 325-1113
 (505) 325-1114
 (505) 325-1115
 (505) 325-1116
 (505) 325-1117
 (505) 325-1118
 (505) 325-1119
 (505) 325-1120

1	2	3	4
5	6	7	8
9	10	11	12
13	14	15	16
17	18	19	20
21	22	23	24
25	26	27	28
29	30	31	32
33	34	35	36



DELAWARE
ENERGY

**SECTION 26, TOWNSHIP 25 SOUTH, RANGE 26 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**



DELAWARE ENERGY

REF: BEARD SWD 1 / CUT & FILL •

THE BEARD SWD 1 LOCATED 200' FROM
THE NORTH LINE AND 715' FROM THE WEST LINE OF
SECTION 26, TOWNSHIP 25 SOUTH, RANGE 26 EAST.

N.M.P.M., EDDY COUNTY, NEW MEXICO.



Sec 22, T25S, R28E

North Permian Basin Region
P.O. Box 740
Sundown, TX 79372-0740
(806) 229-8121
Lab Team Leader - Sheila Hernandez
(432) 495-7240

Bone Spring

Water Analysis Report by Baker Petrolite

Company:		Sales RDT:	33514.1
Region:	PERMIAN BASIN	Account Manager:	TONY HERNANDEZ (575) 910-7135
Area:	ARTESIA, NM	Sample #:	534665
Lease/Platform:	PINOCHLE 'BPN' STATE COM	Analysis ID #:	106795
Entity (or well #):	2 H	Analysis Cost:	\$90.00
Formation:	UNKNOWN		
Sample Point:	WELLHEAD		

Summary		Analysis of Sample 534665 @ 75 F					
Sampling Date:	03/10/11	Anions	mg/l	meq/l	Cations	mg/l	meq/l
Analysis Date:	03/18/11	Chloride:	109618.0	3091.92	Sodium:	70275.7	3058.82
Analyst:	SANDRA GOMEZ	Bicarbonate:	2135.0	34.99	Magnesium:	195.0	16.04
TDS (mg/l or g/m3):	184911.1	Carbonate:	0.0	0.	Calcium:	844.0	42.12
Density (g/cm3, tonne/m3):	1.113	Sulfate:	747.0	15.55	Strontium:	220.0	5.02
Anion/Cation Ratio:	1	Phosphate:			Barium:	0.8	0.01
Carbon Dioxide:	0.50 PPM	Borate:			Iron:	6.5	0.23
Oxygen:		Silicate:			Potassium:	889.0	22.22
Comments:		Hydrogen Sulfide:		0 PPM	Aluminum:		
		pH at time of sampling:		7	Chromium:		
		pH at time of analysis:			Copper:		
		pH used in Calculation:		7	Lead:		
					Manganese:	0.100	0.
					Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ ·2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
		Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	
80	0	1.08	188.52	-1.20	0.00	-1.18	0.00	-0.11	0.00	0.56	0.29	1.72
100	0	1.10	208.05	-1.28	0.00	-1.20	0.00	-0.15	0.00	0.35	0.29	2.35
120	0	1.12	224.17	-1.36	0.00	-1.19	0.00	-0.17	0.00	0.16	0.00	3.17
140	0	1.13	243.17	-1.42	0.00	-1.18	0.00	-0.18	0.00	0.00	0.00	4.21

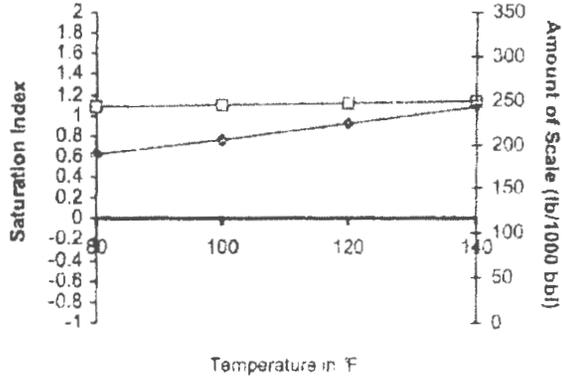
Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.
Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.
Note 3: The reported CO₂ pressure is actually the calculated CO₂ fugacity. It is usually nearly the same as the CO₂ partial pressure.

Scale Predictions from Baker Petrolite

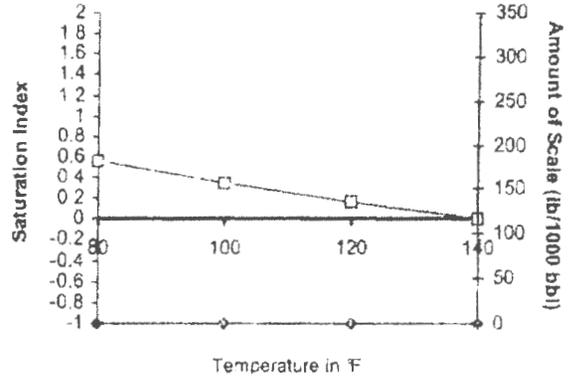
Analysis of Sample 534665 @ 75 °F for

03/18/11

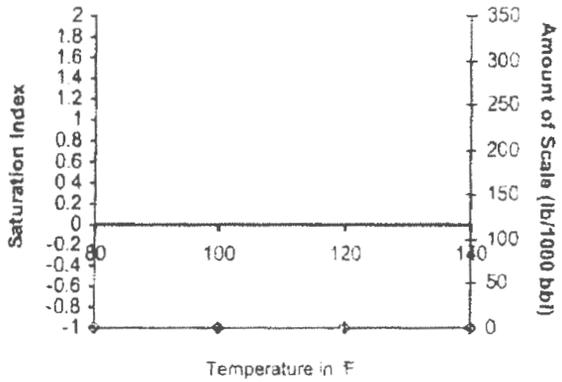
Calcite - CaCO₃



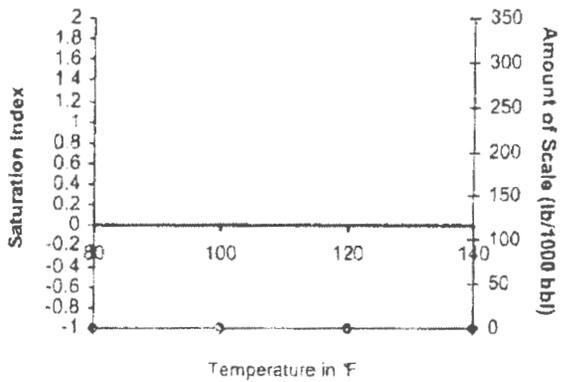
Barite - BaSO₄



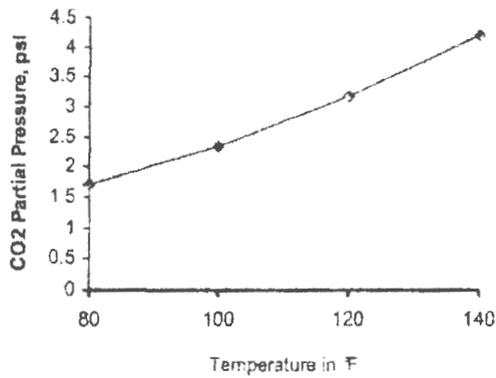
Gypsum - CaSO₄*2H₂O



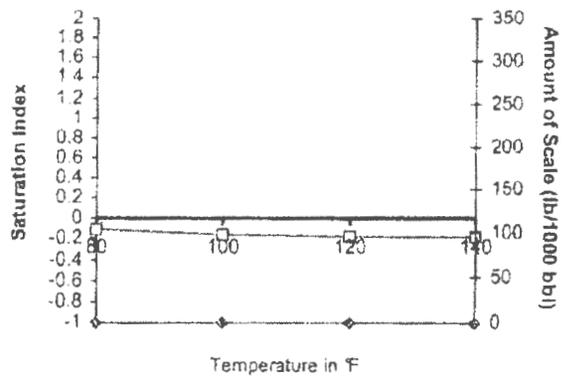
Anhydrite - CaSO₄



Carbon Dioxide Partial Pressure



Celestite - SrSO₄



Wolfcamp



Water Analysis

Date: 23-Aug-11

2708 West County Road, Hobbs NM 88240
Phone (575) 392-5556 Fax (575) 392-7307

Analyzed For

Brushy Draw #1

Company	Well Name	County	State
	BD	Lea	New Mexico

Sample Source	Swab Sample	Sample #	
		Eddy	1-265-29c
			1

Formation	Depth
-----------	-------

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

Cations

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

Anions

Chlorides	in Mg/L	130,000	in PPM	110,922
Sulfates	in Mg/L	250	in PPM	213
Bicarbonates	in Mg/L	127	in PPM	108
Total Hardness (as CaCO3)	in Mg/L	15,000	in PPM	12,799
Total Dissolved Solids (Calc)	in Mg/L	213,549	in PPM	182,209
Equivalent NaCl Concentration	in Mg/L	182,868	in PPM	158,031

Scaling Tendencies

*Calcium Carbonate Index 507,520
Below 500,000 Remote / 500,000 - 1,000,000 Possible / Above 1,000,000 Probable

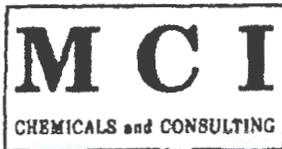
*Calcium Sulfate (Gyp) Index 1,000,000
Below 500,000 Remote / 500,000 - 10,000,000 Possible / Above 10,000,000 Probable

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

Remarks RW=.048@70F

Report # 3188

see 16, T23S R28E



PRODUCTION DEPARTMENT

MILLER CHEMICALS, INC.

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

Delaware Brushy Canyon

WATER ANALYSIS REPORT

Company : Date : MARCH 17, 2008
 Address : Date Sampled : MARCH 17, 2008
 Lease : LOVING "AIB" Analysis No. :
 Well : #15
 Sample Pt. : WELLHEAD

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

PROBABLE MINERAL COMPOSITION

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

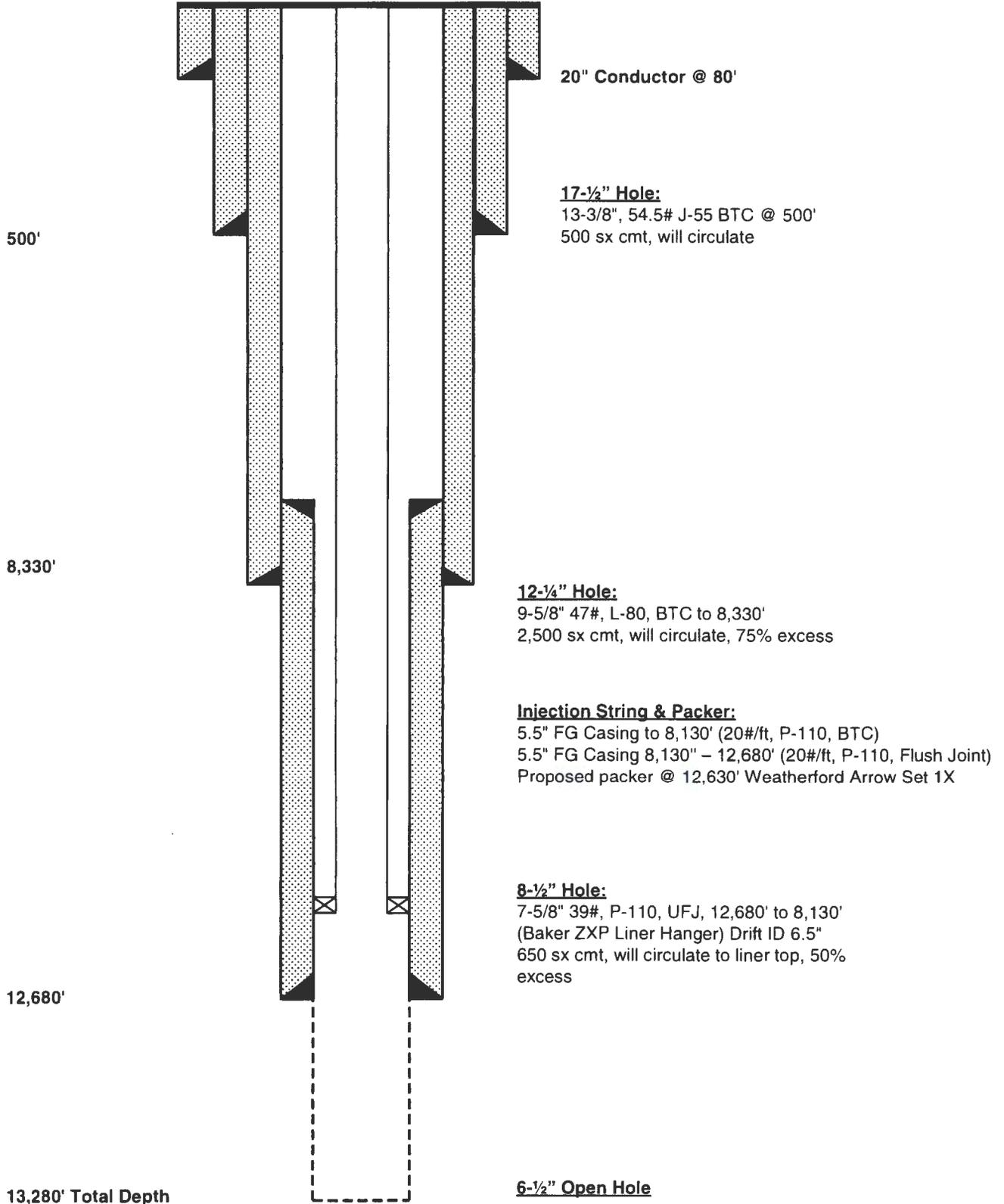
REMARKS:

Beard SWD # 1

API # PENDING
200' FNL & 715' FWL, Sec. 26, T25S, R26E
EDDY COUNTY, NEW MEXICO

ELEVATION:
GL: 3,244'

PROPOSED WELLBORE





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

206776

SAMPLE ANALYSIS FORM

Company	Delaware Energy		Date	06/14/2018
State	New Mexico	County Eddy	Date in Lab	06/14/2018
Lease	Beard	Well Type	Well	SWD #1
Sample Date	06/11/2018	Sample Pt	Fresh Water Well	Sales Rep
Number of Yrs Old		Top Perf		Derrick Boutwell

Production

Fluids:	Oil(bpd)	0	Gravity API	Color of Oil
	Water(bpd)	NA	Estimated Chlorides	Water Produced
	Gas(mcf)	NA	Working Pressure(psi)	Shut in Pressure(psi)

Well Class and Type Lift:	Iron Count(mg/l)
Equipment:	Temperature(F)

Chemicals in Use

Product	Amount	Unit	Treatment
---------	--------	------	-----------

Problem:

Location:

Recommendations: No

Details:

ASAP. This is for freshwater analysis on new disposal permit.



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

Water Analysis

Code	206776	Sample Information	
Client Information		Lease/Well: Beard/SWD #1	
Delaware Energy County:	Eddy	Sample Point:	Fresh Water Well
Rep:	Derrick Boutwell	Date Sampled:	06/11/2018
		Date Reported:	06/14/2018

Results

Cations

Ion	Concentration(mg/L)
Barium (as Ba)	0
Calcium (as Ca)	638
Iron (as Fe)	0
Sodium (as Na)	1
Magnesium (as Mg)	0

Other Measurements

Measurement	Value
pH	7.30
SG	1.0028
Turbidity	19
CO ₂	
Total Dissolved Solids	1831.000

Anions

Ion	Concentration(mg/L)
Chlorides (as Cl)	78
Sulfate (as SO ₄)	992
Carbonate (as CO ₃)	0
Bicarbonates (as HCO ₃)	122
Sulfide (as S ²⁻)	0

Scaling Indices

Temp(F)	CaCO ₃	CaSO ₄ *2H ₂ O	CaSO ₄	BaSO ₄
80	0.6502	0.0000	0.0000	-27.9979
120	0.9842	0.0000	0.0000	-28.2094
160	1.3675	0.0000	0.0000	-28.3332
200	1.7152	0.0000	0.0000	-28.3849
250	2.0338	0.0000	0.0000	-28.3488

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

Comments



SAMPLE ANALYSIS FORM

36476

2018-06-19914

Approved by _____ Date _____
 Sent to _____
 Date sent _____
 Office use only

S. O. A. R. _____

Sales Representative Derrick Bontwell Code # _____
 Company Delaware Energy Date 6-14-18
 City Malaga State NM County Eddy
 Field Beard Lease Beard
 Well No. 1 SWD #1
 Sampling Point Fresh Water Tank Sample Date 6-11-18
 Casing Size _____ (in.) Tubing Size _____ (in.) Rod String Size _____ (in.) _____ (in.) _____ (in.)
 Depth of Hole _____ (ft.) Formation _____ Width of Perfs _____ (ft.) _____ (ft.)
 Standing Fluid Level _____ (ft.) Number of Years Produced _____

PRODUCTION

FLUIDS: Oil 0 BPD Gravity _____ Coloration: Green (CIRCLE ONE) Black Yellow Condensate
 Water NA BPD Estimated Chlorides _____ Fresh _____ Brine _____
 Gas NA MCF or _____ MMCF Working Pressure _____ lbs. RECEIVED JUN 14 2018
 WELL: Gas Oil Water Pumping Flowing Injection Other: _____
 Gas Lift Kobe Pump Hydraulic Lift Reda Pump Beam Pump SWD Other: _____
 EQUIPMENT Heater Treater Pit Separator Gun Barrel Stock Tank Lact Free Water Knock Out Temp. _____ F
 Chemelectric Other _____

CHEMICALS IN USE

Brand/Product _____ Qty _____
 Brand/Product _____ Qty _____
 Brand/Product _____ Qty _____

Problem Location _____

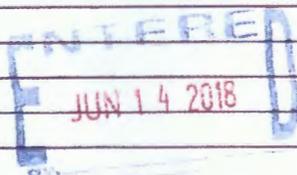
Problem: Corrosion Emulsion Reverse Foam Oil-Carry-Over Paraffin Scale Tank Bottom Iron Sulfide Water Quality
 Other: _____

Need Analysis Need Recommendations Send All Copies to Me Send Customer Copy

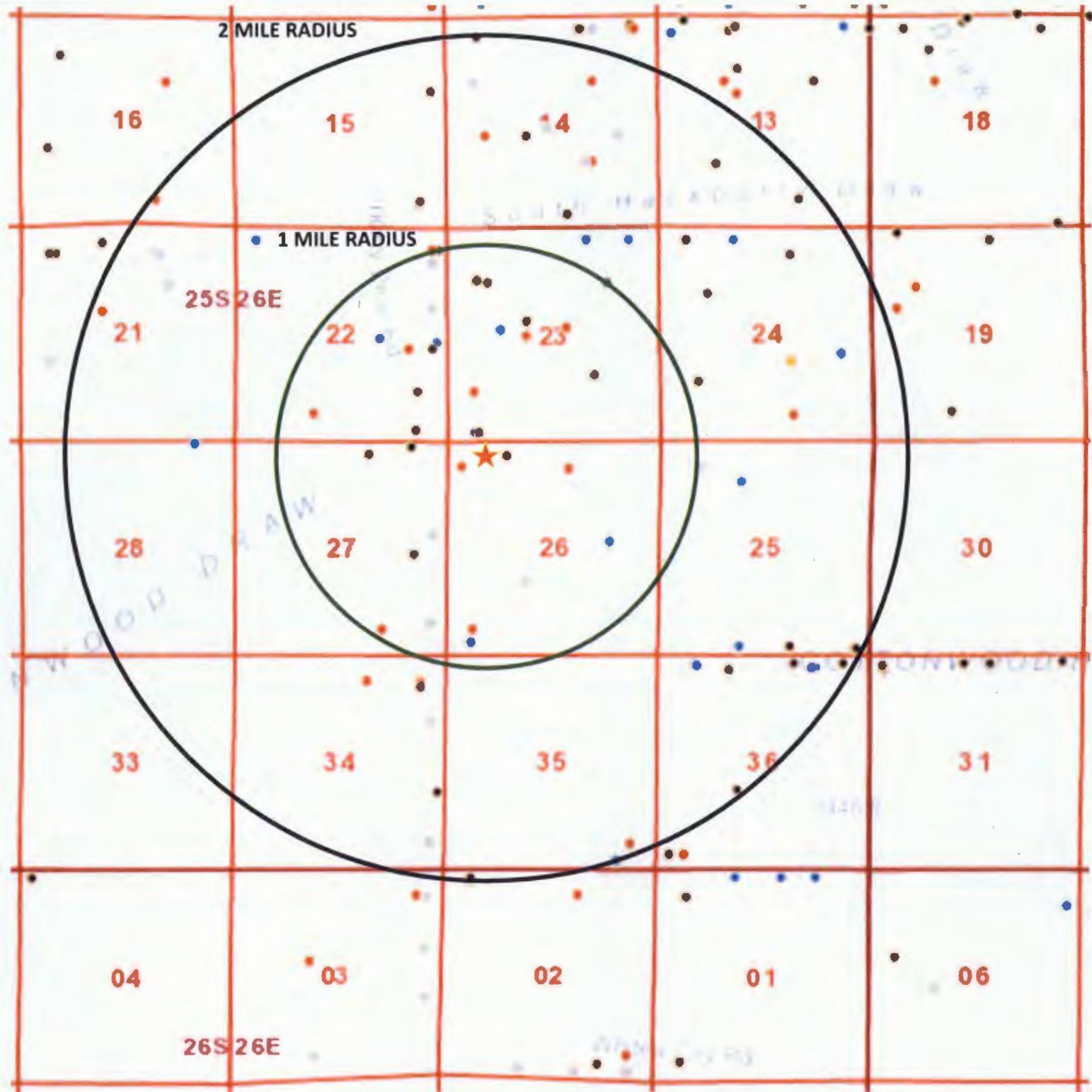
Details: ASAP

This is for Fresh Water Analysis on New Disposal Permit

Derrick Bontwell



Please Use Back For Further Details and Drawings

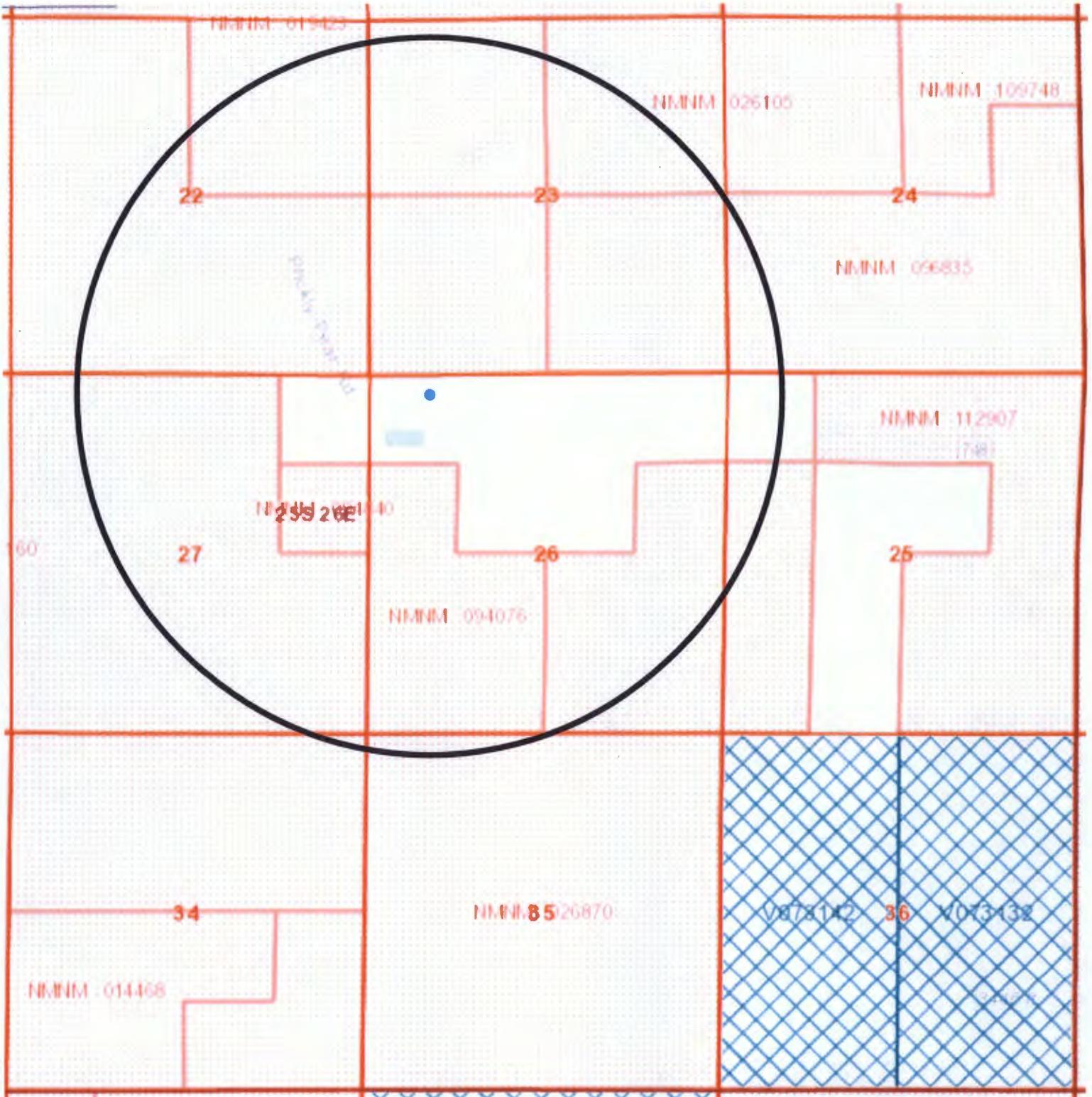


WELLS – ONE MILE RADIUS

NO WELLS PENETRATE THE DEVONIAN FORMATION IN THE AOR

SECTION 26-T25S-R26E

- ★ Beard SWD #1
(Proposed Location)
Delaware Energy, LLC



LEASES – ONE MILE RADIUS

SECTION 22, 23 & 24-T25S-R26E

- FEDERAL

SECTION 34 & 35-T25S-R26E

- FEDERAL

SECTION 25, 26 & 27-T25S-R26E

- FEDERAL & FEE

SECTION 22-T25S-R26E

- Chevron USA Inc.
6301 Deauville Blvd.
Midland, TX 79706
- Cimarex Energy Co.
600 N. Marienfeld, Suite 600
Midland, TX 79701

SECTION 23-T25S-R26E

- Chevron USA Inc.
6301 Deauville Blvd.
Midland, TX 79706
- EOG Resources, Inc.
5509 Champions Dr.
Midland, TX 79706
- Cimarex Energy Co.
600 N. Marienfeld, Suite 600
Midland, TX 79701

SECTION 24-T25S-R26E

- EOG Resources, Inc.
5509 Champions Dr.
Midland, TX 79706
- Cimarex Energy Co.
600 N. Marienfeld, Suite 600
Midland, TX 79701
- Concho Resources
600 W. Illinois Ave
Midland, TX 79701

SECTION 25-T25S-R26E

- Concho Resources
600 W. Illinois Ave
Midland, TX 79701
- Featherstone Development Corp.
1801 West 2nd Street
Roswell, NM 88201

SECTION 26-T25S-R26E

- Chevron USA Inc.
6301 Deauville Blvd.
Midland, TX 79706
- Featherstone Development Corp.
1801 West 2nd Street
Roswell, NM 88201
- BlueRidge Mountain Resources
122 W. John Carpenter Fwy, Suite 300
Irving, TX 75039

SECTION 27-T25S-R26E

- Chevron USA Inc.
6301 Deauville Blvd.
Midland, TX 79706
- BlueRidge Mountain Resources
122 W. John Carpenter Fwy, Suite 300
Irving, TX 75039

SECTION 34-T25S-R26E

- Cimarex Energy Co.
600 N. Marienfeld, Suite 600
Midland, TX 79706

SECTION 35-T25S-R26E

- OXY Permian
6001 Deauville Blvd.
Midland, TX 79706

Delaware Energy, L.L.C.
405 N. Marienfeld, Suite 200
Midland, TX 79701
Office: (432) 685-7005

June 19, 2018

Surface Owner / Offset Operators

Re: Notification of Application for Authorization to Inject
Beard SWD #1 Well

Ladies and Gentlemen:

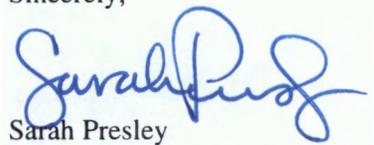
Delaware Energy, LLC is seeking administrative approval to utilize the proposed Beard SWD #1 as a commercial Salt Water Disposal well. As required by the New Mexico Oil Conservation Division Rules, we are notifying you of the following proposed salt water disposal well. This letter is a notice only.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

<u>Well:</u>	Beard SWD #1
<u>Proposed Disposal Zone:</u>	Devonian Formation (from 12,680' - 13,680')
<u>Location:</u>	200' FNL & 715' FWL, UL D, Sec. 26, T25S, R26E, Eddy Co., NM
<u>Applicants Name:</u>	Delaware Energy, L.L.C.
<u>Applicants Address:</u>	405 N. Marienfeld, Suite 200, Midland, TX 79701

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

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

Sincerely,



Sarah Presley

DISTRIBUTION LIST

Surface Owner:

Fred & Deborah Beard
185 Means Road
Carlsbad, NM 88220

Offset Operators/Leasehold Owners:

Chevron USA Inc
6301 Deauville Blvd.
Midland, TX 79706

Cimarex Energy Co.
600 N. Marienfeld, Suite 600
Midland, TX 79701

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

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

Featherstone Development Corp.
1801 West 2nd Street
Roswell, NM 88201

BlueRidge Mountain Resources
122 W. John Carpenter Fwy, Suite 300
Irving, TX 75039

OXY Permian
6001 Deauville Blvd.
Midland, TX 79706

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

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

7017 2620 0000 8001 0358

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MIDLAND, TX 79706

Certified Mail Fee \$3.45

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

<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00

Postage \$2.05

Total Postage and Fees \$8.25

06/20/2018

Beard SWD #1

Sent To: **Chevron USA Inc.**
 Street and Apt. No. or PO Box No. **6301 Deauville Blvd.**
 City, State, ZIP+4® **Midland, TX 79706**

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7017 2620 0000 8001 0341

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IRVING, TX 75039

Certified Mail Fee \$3.45

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

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<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00

Postage \$2.05

Total Postage and Fees \$8.25

06/20/2018

Beard SWD #1

Sent To: **BlueRidge Mountain Resources**
 Street and Apt. No. or PO Box No. **122 W. John Carpenter Fwy. Suite 300**
 City, State, ZIP+4® **Irving, TX 75039**

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7017 2620 0000 8001 0334

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MIDLAND, TX 79701

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

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<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00

Postage \$2.05

Total Postage and Fees \$8.25

06/20/2018

Beard SWD #1

Sent To: **COG Operating, LLC**
 Street and Apt. No. or PO Box No. **600 W. Illinois**
 City, State, ZIP+4® **Midland, TX 79701**

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7017 2620 0000 8001 0369

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MIDLAND, TX 79706

Certified Mail Fee \$3.45

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

<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00

Postage \$2.05

Total Postage and Fees \$8.25

06/20/2018

Beard SWD #1

Sent To: **OXY Permian**
 Street and Apt. No. or PO Box No. **6001 Deauville Blvd.**
 City, State, ZIP+4® **Midland, TX 79706**

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7017 2620 0000 8001 0372

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ROSWELL, NM 88201

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

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<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00

Postage \$2.05

Total Postage and Fees \$8.25

06/20/2018

Beard SWD #1

Sent To: **Featherstone Development Corp.**
 Street and Apt. No. or PO Box No. **1501 West 2nd Street**
 City, State, ZIP+4® **Roswell, NM 88201**

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7017 2620 0000 8001 0365

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<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00

Postage \$2.05

Total Postage and Fees \$8.25

06/20/2018

Beard SWD #1

Sent To: **EOG Resources, Inc.**
 Street and Apt. No. or PO Box No. **5509 Champions Dr.**
 City, State, ZIP+4® **Midland, TX 79706**

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7017 2620 0000 8001 0303

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CARLSBAD, NM 88220

Certified Mail Fee \$3.45

Extra Services & Fees (check box, add fees as appropriate)	\$2.75
<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00

Postage \$2.05

Total Postage and Fees \$8.25



Sent To: Fred + Deborah Beard
 Street and Apt. No. or PO Box No.: 185 Means Road
 City, State, ZIP+4®: Carlsbad, NM 88220

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7017 2620 0000 8001 0327

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MIDLAND, TX 79701

Certified Mail Fee \$3.45

Extra Services & Fees (check box, add fees as appropriate)	\$2.75
<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00

Postage \$2.05

Total Postage and Fees \$8.25



Sent To: Cimarex Energy Co.
 Street and Apt. No. or PO Box No.: 600 N. Marienfeld, Suite 600
 City, State, ZIP+4®: Midland, Tx 79701

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

CARLSBAD
CURRENT-ARGUS

AFFIDAVIT OF PUBLICATION

**Ad No.
0001250540**

DELAWARE ENERGY
405 N. MARIENFELD, STE 200

MIDLAND TX 79701

LEGAL NOTICE

Delaware Energy, L.L.C., 405 N. Marienfeld St. Suite 250, Midland, TX 79701, has filed a form C-108 (Application for Authorization to Inject) with the Oil Conservation Division seeking administrative approval to drill the Beard SWD #1 as a Commercial Salt Water Disposal well. The Beard SWD #1 is located at 200' FNL and 715' FWL, Unit Letter D, Section 26, Township 25 South, Range 26 East, Eddy County, New Mexico. The well will dispose of water produced from oil and gas wells into the Devonian Formation from 12,680' to 13,680' at a maximum rate of 25,000 barrels of water per day at a maximum pressure of 2,536 psi.

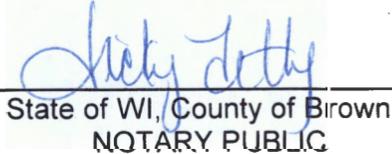
Interested parties must file objections or requests for hearing with the Oil Conservations Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days. Additional information can be obtained by contacting Delaware Energy, L.L.C., at (432) 685-7005. June 12, 2018

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

06/12/18

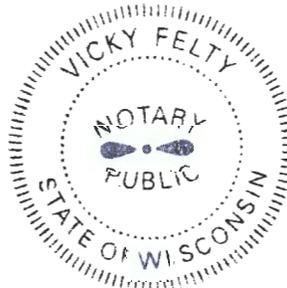

Legal Clerk

Subscribed and sworn before me this
12th of June 2018.


State of WI, County of Brown
NOTARY PUBLIC

9/9/21

My Commission Expires



Beard SWD #1

Location: Sec. 26, T-25S, R-26E, UL D

Estimated Pre-Drill Formation Tops

Top of Salt	380'
Base Salt	1,580'
Lamar	1,780'
Delaware – Bell Canyon	1,830'
Cherry Canyon	2,630'
Brushy Canyon	3,680'
Bone Spring	5,180'
Wolfcamp	8,330'
Strawn	10,180'
Atoka	10,280'
Morrow	11,130'
Mississippian	12,280'
Woodford	12,580'
Devonian	12,680'

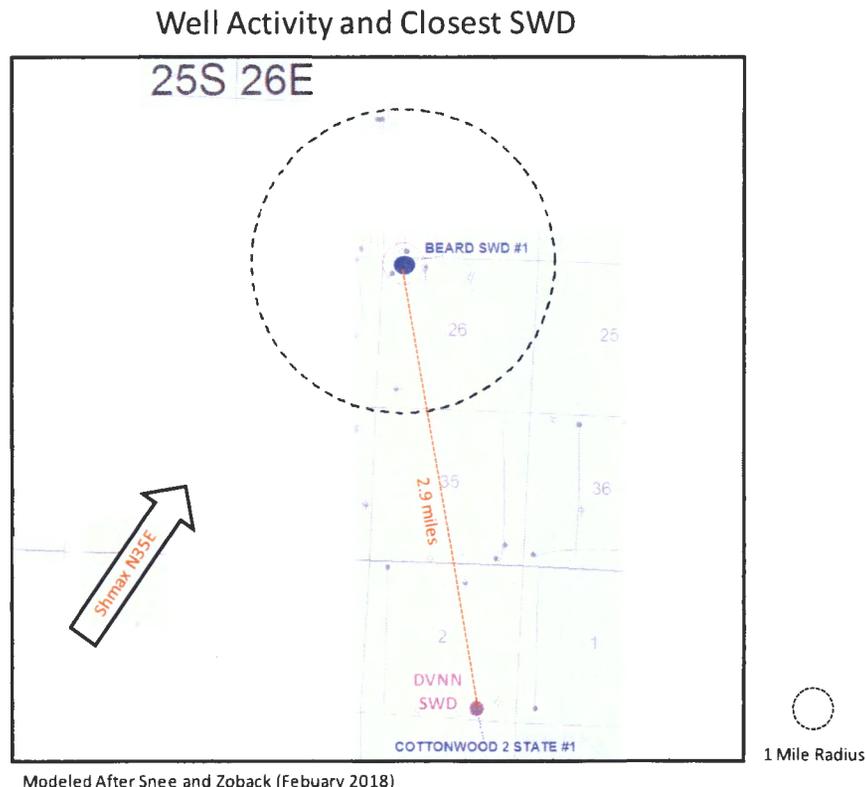
Statement Regarding Seismicity and Well Location (Beard SWD #1)

Historically, the area near the proposed Beard SWD #1 has not seen any major seismic activity. There have been two seismic events (as per public data available on the USGS database) in the area. All events are over 15 miles from the proposed SWD location. The closest activity (16 miles to the NE) measured 3.9 on November 24, 1978

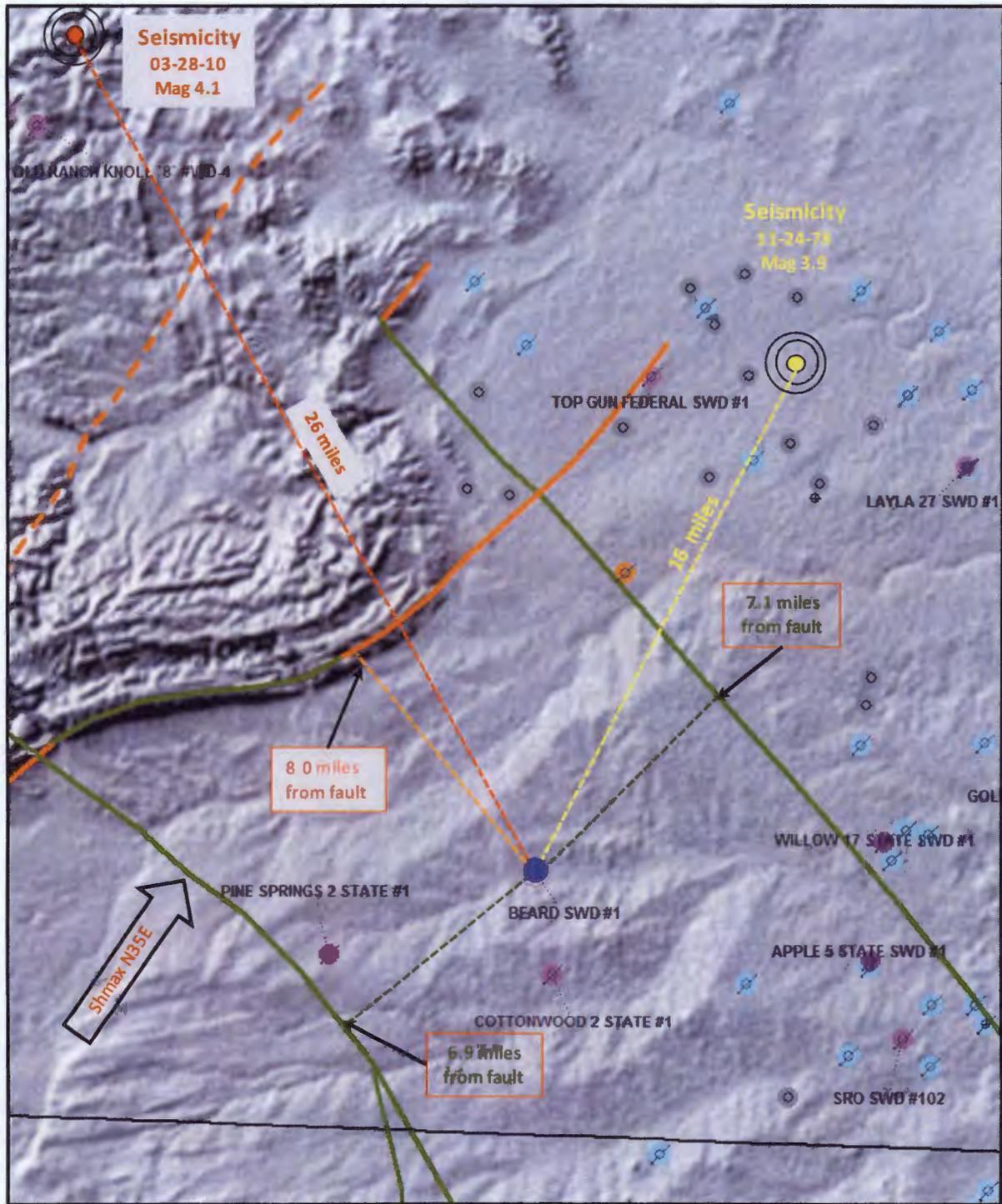
Delaware Energy does not own 2D or 3D seismic data near the proposed SWD location therefore the fault interpretations are based on data obtained from the USGS New Mexico Faults Database (2005) and other published data. Based on these sources the closest faults would be approximately 6.9 miles southwest, 7.1 miles northeast, and 8.0 miles northwest of the location. A recent technical paper written by Snee and Zoback, "State of Stress in the Permian Basin, Texas and New Mexico: Implications for induced seismicity", was published in the February 2018 edition of The Leading Edge. The study evaluates the strike-slip probability of known faults using FSP analysis. The study predicts that the NW-SE trending faults SW and NE of the location (green) should have a very low probability of being critically stressed resulting in an induced seismicity event. The SW-NE trending fault NW and closest to the location (orange) would have a higher probability of being critically stressed, resulting in potential slip, due to the relationship of the strike of the fault and the regional Shmax orientation (approx. N 35 deg E) in the area. The exact position of this fault relative to the proposed location, and depth of the target formation, is unknown. Risk of contact with this fault should be reduced due to the distance of the proposed SWD well from the fault (8.0 miles).

The proposed Beard SWD #1 location is located 2.9 miles away from the nearest active Devonian SWD well (see map below). The well should meet current OCD and Industry recommended practices.

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



Proximity to Historic Earthquake Activity and Faults



Modeled After Snee and Zoback (February 2018)

- Devonian SWD
- Delaware SWD
- Proposed Location
- Permits
- USGS Earthquake
- Low Fault Slip Potential
- Higher Fault Slip Potential

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

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

MEMORANDUM OF SALT WATER DISPOSAL AGREEMENT

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

This Memorandum of Salt Water Disposal Agreement is made and entered into this 14 day of May, 2018, between Fred T. and Deborah Beard, whose mailing address is 185 Means Road Carlsbad, NM 88220 (“Lessor”), and **DELAWARE ENERGY, LLC**, whose address is 405 North Marienfeld, Suite 250, Midland, Texas 79701 (“Lessee”):

WITNESSETH:

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

Sections 26, Township 26 South, Range 26 East

Said Salt Water Disposal Agreement, subject to certain termination provisions, contains a primary term of three (3) years and shall remain in force as long thereafter, subject to the further conditions and limitations stated in the terms and provisions of said Salt Water Disposal Agreement.

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

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

DELAWARE ENERGY
405 MARIENFELD STE 250
MIDLAND TX 79701

1

Reception: 1808591 Book: 1108 Page: 0980 Pages: 2
Recorded: 05/16/2018 03:48 PM Fee: \$25.00
Eddy County, New Mexico ~ Robin Van Natta, County Clerk



AB

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

UL D, Sec. 26, T-25-S, R-26-E, 200' FNL & 715' FWL, Eddy Co., NM

June 19, 2018

Contents:

1. Administrative Application Checklist
2. Form C-108: Application for Authority to Inject
3. Form C-108 Additional Questions Answered
4. Form C-102
5. Chemical Analysis of Bone Spring Formation Water Sample
6. Chemical Analysis of Wolfcamp Formation Water Sample
7. Chemical Analysis of Delaware Formation Water Sample
8. Planned wellbore diagram for the Beard SWD #1
9. ~~Tabular Data on All Wells of Public Record within the Area of Review which Penetrate the Proposed Injection Zone~~ (No applicable wells)
10. Water Well Samples taken for the Beard SWD FW well (Sec. 26, T25S, R26E)
11. Map Identifying all Wells and Leases within Two Miles of Any Proposed Injection Well with a One Mile Radius Circle Drawn Around the Proposed Injection Well
12. Sample of Letter Sent with This Application Packet to Owner of Surface of the Land on Which the Well is to be Located and to each Leasehold Operator within One Mile of the Well Location
13. Certified Mailers
14. Affidavit of Publication of Legal Notice that was run as required in the Carlsbad Current-ARGUS
15. Formation Tops
16. Seismicity Assessment
17. Memorandum of Salt Water Disposal Agreement

LESSOR: Fred T Beard

[Signature]
Fred T. Beard

LESSOR: Deborah T. Beard

[Signature]
Deborah T. Beard

ACKNOWLEDGMENTS

STATE OF NEW MEXICO

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COUNTY OF Eddy

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This instrument was acknowledged before me on the 14 of May, 2018 by Fred T. Beard, in the capacity herein stated.



OFFICIAL SEAL
CALVIN BROWN
Notary Public - State of New Mexico
My Commission Expires: 4/19/2022

[Signature]
Notary Public, State of New Mexico

STATE OF NEW MEXICO

§

COUNTY OF Eddy

§

§

This instrument was acknowledged before me on the 14 of May, 2018 by Deborah T. Beard, in the capacity herein stated.



OFFICIAL SEAL
CALVIN BROWN
Notary Public - State of New Mexico
My Commission Expires: 4/19/2022

[Signature]
Notary Public, State of New Mexico

AFTER RECORDING, RETURN TO:

DELAWARE ENERGY
405 N. Marienfeld, Suite 250
Midland, TX 79701

McMillan, Michael, EMNRD

From: McMillan, Michael, EMNRD
Sent: Tuesday, July 3, 2018 9:10 AM
To: Goetze, Phillip, EMNRD
Cc: Jones, William V, EMNRD
Subject: Delaware Energy Beard SWD Well No. 1

Phil:

I am confused about the Delaware Energy Beard SWD Well No. 1 Administrative Application.

I know that the Delaware Energy Bear SWD Well No. 1 was protested.

Do you have any protests for the Delaware Energy Beard SWD Well No. 1? Located in D-26-25S-26E

Further, I contacted Delaware Energy on Tuesday July 3, 2018, and informed them that the address for Featherstone Development is a concrete slab, and they informed me they have resent the application to a new address in Midland. I have suspended the application until updated proof of mailing is received.

Thanks

Mike

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

Beard SWD#1

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY												
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input checked="" type="checkbox"/> <i>BC Reid</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>												
<p>1. Article Addressed to:</p> <p><i>Cup</i></p> <p>Featherstone Development Corp. 10 Desta Drive, 181-W Midland, Tx 79705</p>  <p>9590 9402 3765 8032 4686 13</p>	<p>B. Received by (Printed Name) <i>BC REID</i> C. Date of Delivery <i>6/29</i></p>												
<p>2. Article Number (Transfer from service label) 7017 2620 0000 8001 0464</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>												
<p>3. Service Type</p> <table border="0"> <tr> <td><input type="checkbox"/> Adult Signature</td> <td><input type="checkbox"/> Priority Mail Express®</td> </tr> <tr> <td><input type="checkbox"/> Adult Signature Restricted Delivery</td> <td><input type="checkbox"/> Registered Mail™</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail®</td> <td><input type="checkbox"/> Registered Mail Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail Restricted Delivery</td> <td><input type="checkbox"/> Return Receipt for Merchandise</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery</td> <td><input type="checkbox"/> Signature Confirmation™</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery Restricted Delivery</td> <td><input type="checkbox"/> Signature Confirmation Restricted Delivery</td> </tr> </table>		<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®	<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™	<input type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery	<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise	<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™	<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery
<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®												
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™												
<input type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery												
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise												
<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™												
<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery												

PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt

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

For delivery information, visit our website at www.usps.com®.

MIDLAND TX 79705
OFFICIAL USE

Certified Mail Fee \$3.45

Extra Services & Fees (check box, add fee \$1.75) *Beard SWD#1*

<input type="checkbox"/> Return Receipt (hardcopy)	\$0.00
<input type="checkbox"/> Return Receipt (electronic)	\$0.00
<input type="checkbox"/> Certified Mail Restricted Delivery	\$0.00
<input type="checkbox"/> Adult Signature Required	\$0.00
<input type="checkbox"/> Adult Signature Restricted Delivery	\$0.00

Postage \$2.05

Total Postage and Fees \$8.25

Sent to Featherstone Development Corp.
 10 Desta Drive 181-W
 Midland, TX 79705

PS Form 3820 April 2012 PSN 7530-02-000-9053 Reverse for instructions

7017 2620 0000 8001 0464