

Full notification
7/26/2016
ALB

ABOVE THIS LINE FOR DIVISION USE ONLY

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



ADMINISTRATIVE APPLICATION CHECKLIST

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

Application Acronyms:

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

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

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

Check One Only for [B] or [C]

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

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

- [D] Other: Specify _____

- SWD 1644
 - Delaware Energy, LLC
 371195
 well
 - Arta state
 #1
 30-028-2442

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

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

POB
 - SWD, Devonian
 96715

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

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

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

Preston Stein		Vice-President	6/20/2016
Print or Type Name	Signature	Title	Date
		Preston@delawareenergyllc.com	
		c-mail Address	

RECEIVED OOD

2016 JUN 24 P 2:59

Delaware Energy, LLC
3001 W. Loop 250 North, Suite C-105-318
Midland, TX 79705
(214) 558-1371
Preston@delawareenergyllc.com
June 22, 2016

Mr. Phillip Goetze
Engineering & Geological Services Bureau
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Dear Mr. Phillip Goetze:

Enclosed please find Delaware Energy's Application for Injection/SWD for the Aztec State #1 wellbore, API # 30-025-24412. Please feel free to contact me should you have any questions, etc.

Sincerely,



Preston M. Stein
Delaware Energy, LLC

cc: New Mexico Oil Conservation Division
1625 N. French Drive
Hobbs, NM 88240

Delaware Energy, LLC
Application for Injection/SWD
Aztec State #1, API # 30-025-24412

UL G, Sec. 16, T-24-S, R-35-E, 1650' FNL & 1980' FEL, Lea Co., NM

June 20, 2016

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 Delaware Formation Water Sample from T24S, R32E, Lea Co., NM
6. Chemical Analysis of Bone Springs Formation Water Sample from T25S, R33E, Lea Co., NM
7. Wellbore diagram of Aztec State #1 Plugged
8. Wellbore diagram of Aztec State #1 as Planned
9. ~~Tabular Data on All Wells of Public Record within the Area of Review which Penetrate the Proposed Injection Zone (No applicable wells)~~
10. Map Identifying 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
11. 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-half Mile of the Well Location
12. Legal Notice that will be run as required in the Hobbs News-Sun
13. Formation Tops
14. Old Regulatory Documents for Aztec State #1

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance xxx Disposal Storage
Application qualifies for administrative approval? xxx Yes No
- II. OPERATOR: Delaware Energy LLC
ADDRESS: 3001 W. Loop 250 N, Suite C-105-318, Midland TX 79705
CONTACT PARTY: Preston Stein PHONE: 214-558-1371
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? Yes XXX No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
- Proposed average and maximum daily rate and volume of fluids to be injected;
 - Whether the system is open or closed;
 - Proposed average and maximum injection pressure;
 - Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 - If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: Preston Stein TITLE: Vice-President
SIGNATURE:  DATE: 6/20/2016
E-MAIL ADDRESS: Preston@Delawareenergyllc.com
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

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.

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance xxx Disposal Storage
Application qualifies for administrative approval? xxx Yes No
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- Proposed average and maximum daily rate and volume of fluids to be injected;
 - Whether the system is open or closed;
 - Proposed average and maximum injection pressure;
 - Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 - 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.).
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- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Preston Stein TITLE: Vice-President

SIGNATURE: _____ DATE: 6/3/2016

E-MAIL ADDRESS: Preston@Delawareenergyllc.com

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- (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.

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- (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.

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- (3) The formation name and depth with expected maximum injection rates and pressures; and,
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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: Aztec State #1

WELL LOCATION: 1650' FNL, 1980' FEL G 16 24S 35E
 FOOTAGE LOCATION UNIT LETTER SECTION TOWNSHIP RANGE

WELBORE SCHEMATIC

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 20" Casing Size: 16"
 Cemented with: 475 sx. *or* _____ ft³
 Top of Cement: SURFACE Method Determined: Circulated
 Total Depth: 420'

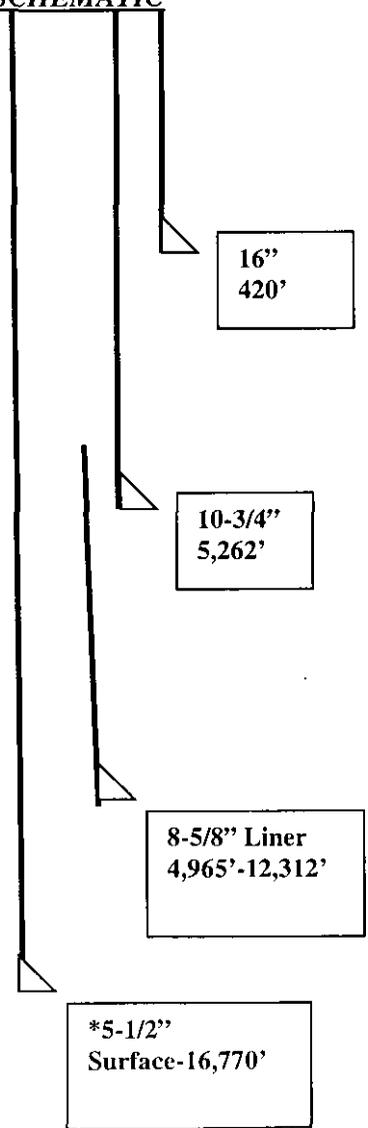
Intermediate Casing (N/A)

Hole Size: 13-3/4" Casing Size: 10-3/4"
 Cemented with: 1600 sx. *or* _____ ft³
 Top of Cement: 3,000' Method Determined: Calculated
 Total Depth: 5,262'

Liner

Hole Size: 9-7/8" Casing Size: 8-5/8"
 Cemented with: 550 sx. *or* _____ ft³
 Top of Cement: 9,300' Method Determined: Calculated
 Total Depth: 4,965'-12,312'

***Planned work**



*Planned work

*5.5" Production Casing

Hole Size: 6-3/4" Casing Size: 5-1/2"

Cemented with: 2,100+ sx. *or* _____ ft³

Top of Cement: CIRC

Method Determined:
Witness/circulate

Total Depth: 16,770'

Injection Interval

16,770' feet to 17,770'
Open Hole

INJECTION WELL DATA SHEET

Tubing Size: 3.5" Lining Material: Internally plastic coated

Type of Packer: Weatherford Arrow Set 1X Injection Packer

Packer Setting Depth: 50-100ft above perforations

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

Additional Data

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

If no, for what purpose was the well originally drilled? The well was originally drilled as a vertical Morrow test. The well was found to be unproductive of hydrocarbons.

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.

Plug spotted @ 14,530'-14,339' w/ 100 sx cmt (OH from 12,312'-14,930')

Plug spotted @ 12,500'-12,100' w/ 100 sx cmt (8-5/8" csg shoe @ 12,312')

Plug spotted @ 1,500'-1,275' w/ 100 sx cmt

Plug spotted @ Surface w/ 10 sx cmt

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

BELOW: None

ABOVE: Morrow 12,850'-13,965', Atoka 12,030'-12,850', Wolfcamp 10,718'-12,030', Bone Springs 9,005'-10,718'

Aztec State #1
API#: 30-025-24412
Location: Sec. 16, T-24S, R-35E, UL G

Formation Tops

Top of Salt	1,350'
Base Salt	3,800'
Delaware sands	5,245'
Cherry Canyon	6,100'
Bone Springs	9,005'
Wolfcamp	10,718'
Atoka	13,000'
Morrow	14,120'
Upper miss/Barnett	15,400'
Mississippian Lime	16,600'
Woodford Shale	16,680'
Devonian	16,770'

5/30/2016

Title _____

Date _____

III. WELL DATA

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

Aztec State #1, Sec. 16-T24S-R35E, 1650' FNL & 1980' FEL, UL G, Lea 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
16	420'	475	20"	Surface	CIRC
10-3/4"	5,262'	1,600	13-3/4"	3,000	Calculated
8-5/8"	4,965'-12,312'	550	9-7/8"	9,300'	Calculated
*5-1/2"	Surface-16,770'	2100+	6-3/4"	Surface	CIRC

*Delaware Energy plans to run a 5-1/2" Casing from surface to 16,660'.

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

3.5" OD, Internally Plastic Coated Tubing set 50 to 100ft above Open Hole

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

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

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

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

Devonian Formations

Pool Name: SWD (Devonian)

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

16,770' to 17,770' (OH)

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

The well was originally drilled as a vertical Morrow test. The well was found to be unproductive of hydrocarbons.

(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.

Plug spotted @ 14,530'-14,339' w/ 100 sx cmt (OH from 12,312'-14,930')

Plug spotted @ 12,500'-12,100' w/ 100 sx cmt (8-5/8" csg shoe @ 12,312')

Plug spotted @ 1,500'-1,275' w/ 100 sx cmt

Plug spotted @ Surface w/ 10 sx cmt

(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: Morrow 14,120'-15,400', Atoka 13,000'-14,120', Wolfcamp 10,718'-13,000', Bone Springs 9,005'-10,718', Cherry Canyon 6,100'-9,005', Delaware Lime 5,245'-6,100'.

Next Lower: None



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 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest) (NAD83 UTM in meters)

(In feet)

POD Number	POD Sub-Code	basin	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column
CP 00365			XX	3	3	1	10	24S	35E	654253	3567431*	190		
CP 00573			LE	1	4	1	10	24S	35E	654657	3567638*	405	300	105
CP 00845			LE		1	3	10	24S	35E	654360	3567130*	190		
CP 01513	POD1		LE	3	3	1	10	24S	35E	654184	3567350	186	178	8

Average Depth to Water: **239 feet**

Minimum Depth: **178 feet**

Maximum Depth: **300 feet**

Record Count: 4

PLSS Search:

Section(s): 10

Township: 24S

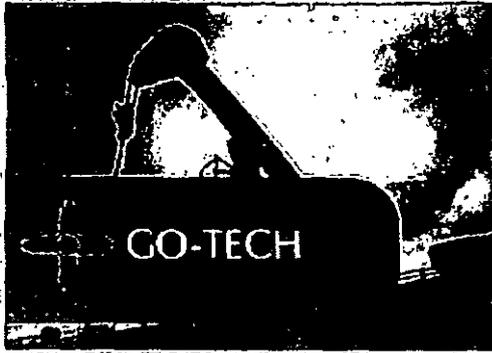
Range: 35E

*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.

Next Higher: Morrow 14,120'-15,400', Atoka 13,000'-14,120', Wolfcamp 10,718'-13,000', Bone Springs 9,005'-10,718', Cherry Canyon 6,100'-9,005', Delaware Lime 5,245'-6,100'.

Next Lower: None



- Home
- Production Data ▶
- Well Data ▶
- NM Pricessheet
- Water Data ▶
- Projects ▶
- Software ▶
- Archive ▶
- Other Links ▶
- Help ▶

North American Oil and Gas News
 IEA claims global warming may lead to 'Miami Beach in Boston' situation unless urgent action is taken

Enbridge reports second quarter adjusted earnings of \$277 million

Imperial Resources: SV/DF full disposal test to commence

Dravo Capital announces update on Stolberg well

Source: Oil Voice

NYMEX LS Crude 88.73

Navajo WTXI 0

Henry Hub 3.01

Updated 8/1/2012

State Land Office Data Access

OCD well/tog image files

PRRC NM-TECH NM-BGMR

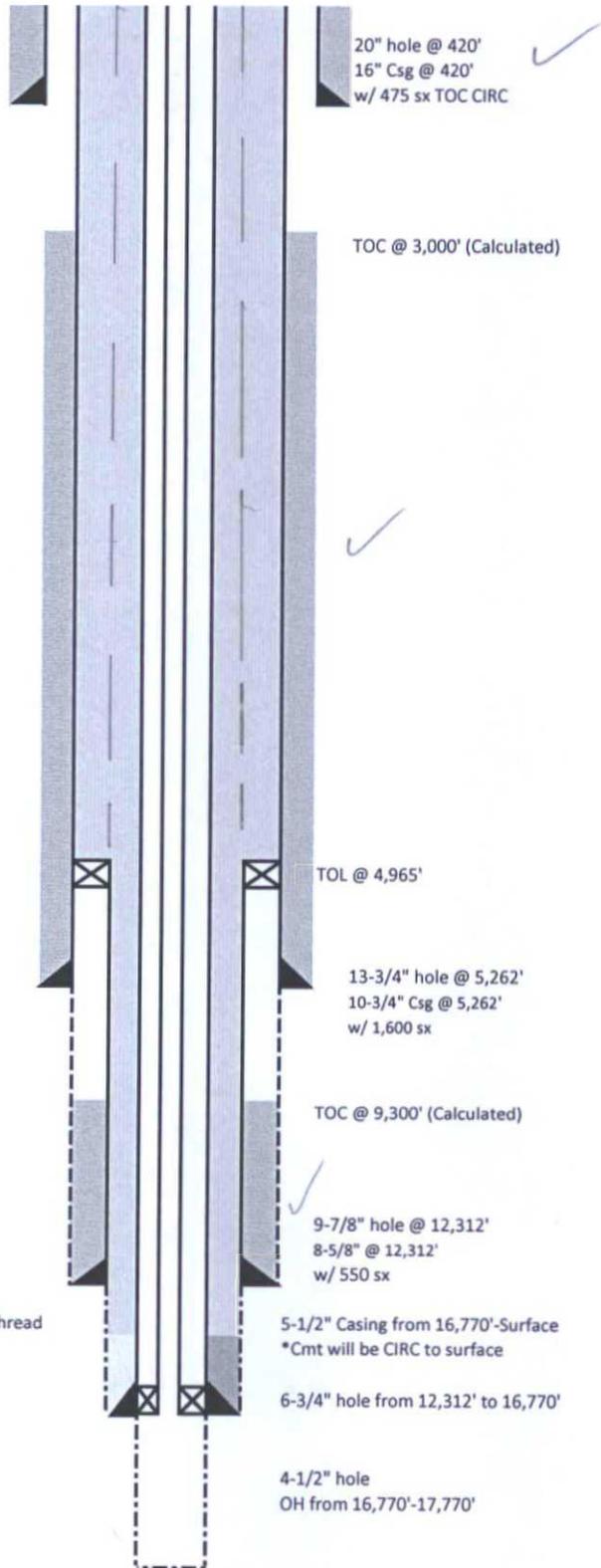
*Delaware Sample
 Representative of
 Produced and Receiving
 Formations*

- [-] NM WAIDS
 - [-] Data
 - Produced Water
 - Ground Water
 - Conversion Tools
 - [-] Scale
 - Scale details
 - Stiff
 - Odor
 - Probable Mineral Composition mix
 - [-] Corrosion
 - [-] Theory
 - Uniform
 - Galvanic
 - Crevice
 - Hydrogen Damage
 - EIC
 - Erosion
 - [-] Equipment

General Information About: Sample 4412			
HANAGAN B FEDERAL			
API	3002508151	Sample Number	
Unit/Section/Township/Range	O / 15 / 24S / 32E	Field	DOUBLE X
County	Lea	Formation	DEL
State	NM	Depth	
Lat/Long	32.21178, -103.66422	Sample Source	UNKNOWN
TDS (mg/L)	229709	Water Type	
Sample Date (MM/DD/YYYY)		Analysis Date (MM/DD/YYYY)	
Remarks/Description			
Cation Information (mg/L)		Anion Information (mg/L)	
Potassium (K)		Sulfate (SO)	491
Sodium (Na)		Chloride (Cl)	142100

Aztec State #1
1650' FNL & 1980' FEL, UL G, SEC. 16, T-24S R-35E, Lea County, NM
API # 30-025-24412

3.5" IPC injection tubing
Pkr will be set 50'-100' above OH



20" hole @ 420'
16" Csg @ 420'
w/ 475 sx TOC CIRC ✓

TOC @ 3,000' (Calculated)

TOL @ 4,965'

13-3/4" hole @ 5,262'
10-3/4" Csg @ 5,262'
w/ 1,600 sx

TOC @ 9,300' (Calculated)

9-7/8" hole @ 12,312'
8-5/8" @ 12,312'
w/ 550 sx ✓

5-1/2" Casing from 16,770'-Surface
*Cmt will be CIRC to surface

6-3/4" hole from 12,312' to 16,770'

4-1/2" hole
OH from 16,770'-17,770'

5-1/2" casing will be a tapered string of
23#, 20#, and 17# P-110 full Premium thread

Additional Questions on C-108

VII.

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

Average 5,000-8,000 BWP/D, Max 15,000 BWP/D

2. Whether the system is open or closed;

Open System, Commercial SWD

3. Proposed average and maximum injection pressure;

Average 800-1,200 PSI, Max 3,354 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 injected water into the Devonian. Water is compatible with Devonian formation and is used as a disposal interval through 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 interval is barren and does not produce.

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

The proposed disposal interval is located in the Devonian formations 16,770'-17,770'. There are no fresh water zones underlying the proposed injection zone. Devonian is an impermeable Shale at the very top (Woodford Shale) followed by permeable dolomite. Mud logs and Electric logs will be used to confirm the estimated depths of the Woodford and Devonian Dolomite along with other significant tops. Usable water depth is from surface to a max of 300 and average depth of 239', the water source is older alluvium (quaternary). Chlorides is 55 mg/l.

X. A mud log and Gamma/Neutron log will be run to confirm the estimated depths of the Woodford Shale and Devonian Dolomite. These logs and cased hole logs will be filed with the commission following drilling operations.

XI. No Active water wells exist in section 16. 3 water wells are known in section 10 to an average depth of 239'.

IX. Describe the proposed stimulation program, if any.

20,000 gallons 15% HCL acid job with packer

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 Aztec State #1 SWD and have found no evidence of faults or other hydrologic connections between Devonian disposal zones and the underground sources of drinking water.

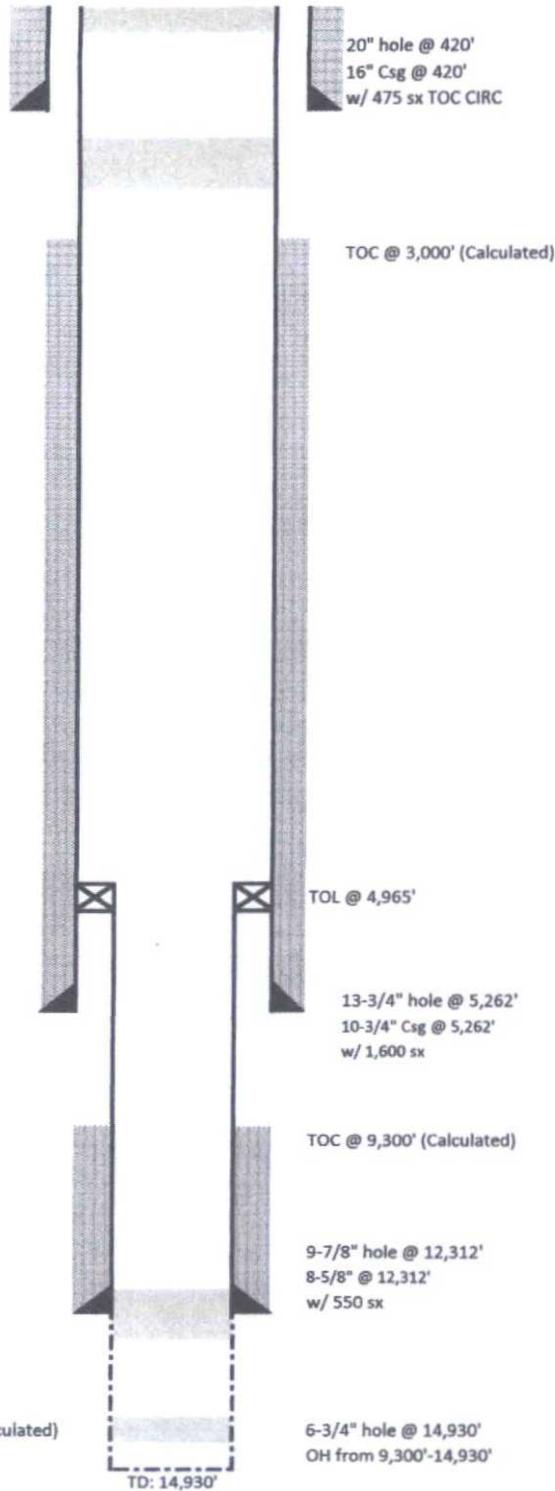
Aztec State #1
1650' FNL & 1980' FEL, UL G, SEC. 16, T-24S R-35E, Lea County, NM
API # 30-025-24412

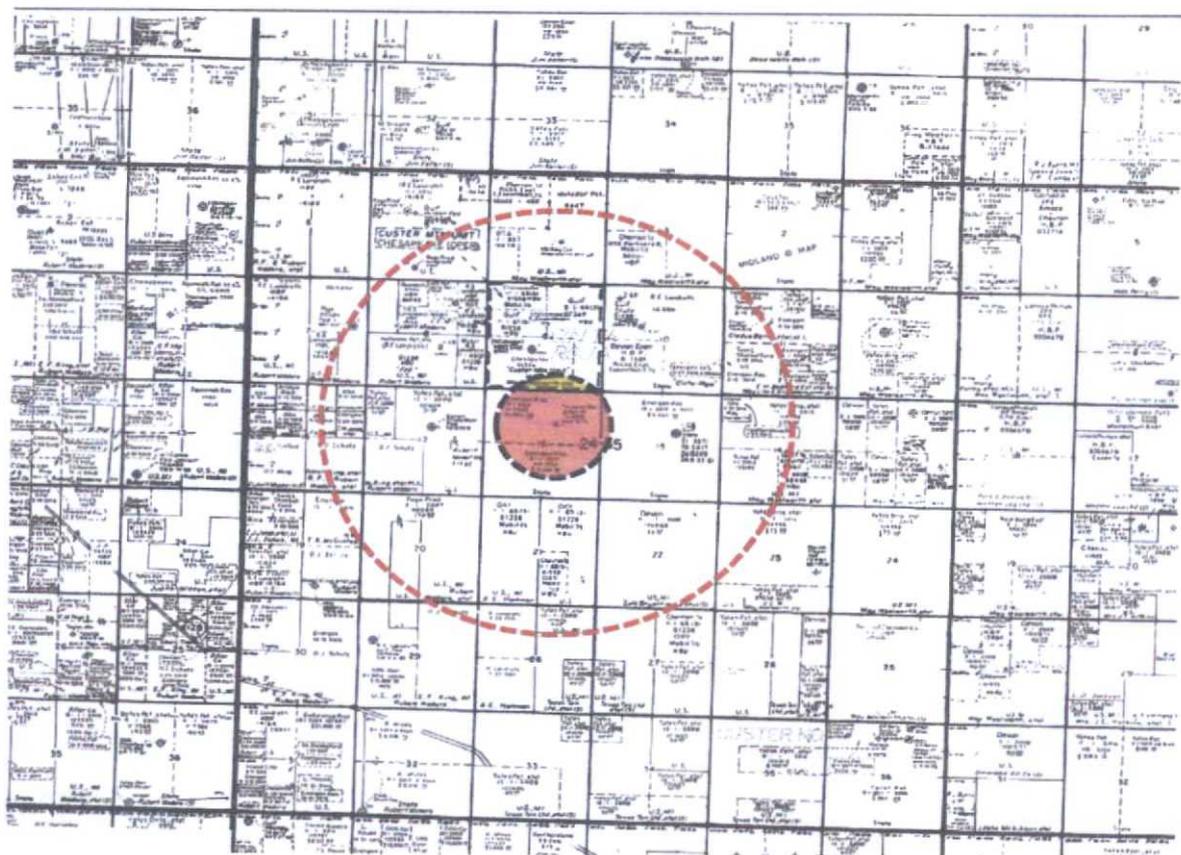
Cmt plug spotted @ Surface
w/ 10 sx cmt

Cmt plug spotted from 1,500'-1,275'
w/ 100 sx cmt

Cmt plug spotted from 12,500'-12,100'
w/ 100 sx cmt

Cmt plug spotted @ 14,530'-14,339' (calculated)
w/ 100 sx cmt





Energen Resources Corp.



Chevron USA, Inc.

Delaware Energy, L.L.C.
3001 W. Loop 250 N., Suite C-105-318
Midland, TX 79705
Office: (214) 558-1371

June 20, 2016

Surface Owner / Offset Operators

Re: Notification of Application for Authorization to Inject into the
Aztec State #1 Well

Ladies and Gentlemen:

Delaware Energy, LLC is seeking administrative approval to utilize the Aztec State #1 (API – 30-025-24412) as a 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>	Aztec State #1 SWD
<u>Proposed Disposal Zone:</u>	Mississippian-Devonian Formation (from 13,965'-16,280')
<u>Location:</u>	1650' FNL & 1980' FEL, Sec. 16, UL G, T24S, R35E, Lea Co., NM
<u>Applicants Name:</u>	Delaware Energy, L.L.C.
<u>Applicants Address:</u>	3001 W. Loop 250 N., Suite C-105-318, Midland, TX 79705

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 Preston Stein with Delaware Energy, LLC if you have any questions at 214-558-1371.

Sincerely,

Preston Stein

DISTRIBUTION LIST

Energen Resources Corporation
605 Richard Arrington, Jr. Blvd. North
Birmingham, AL 35203

Chevron USA, Inc.
1400 Smith Street. Suite 3600
Houston, TX 77002

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

New Mexico Oil Conservation Division – Hobbs Field Office
1625 N. French Drive
Hobbs, NM 88240

Aztec State # 1 -- LEGAL NOTICE

Delaware Energy, L.L.C., 3001 W. Loop 250N, Suite C-105-318, Midland, TX 79705, has filed a form C-108 (Application for Authorization to Inject) with the Oil Conservation Division seeking administrative approval to utilize the Aztec State #1 (API – 30-025-24412) as a Salt Water Disposal well.

The Aztec State #1 is located at 1650' FNL and 1980' FEL, Unit Letter G, Section 16, Township 24 South, Range 35 East, Lea County, New Mexico. The well will dispose of water produced from oil and gas wells into the Mississippian-Devonian Formations from 13,965' to 16,280' at a maximum rate of 15,000 barrels of water per day at a maximum pressure of 2,783 psi.

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.

Additional information can be obtained by contacting Delaware Energy, L.L.C., at (214) 558-1371.

Aztec State #1
API#: 30-025-24412
Location: Sec. 16, T-24S, R-3SE, UL G

Formation Tops

Top of Salt	1,350'
Base Salt	3,800'
Delaware sands	5,245'
Cherry Canyon	6,100'
Bone Springs	9,005'
Wolfcamp	10,718'
Atoka	13,000'
Morrow	14,120'
Upper miss/Barnett	15,400'
Mississippian Lime	16,600'
Woodford Shale	16,680'
Devonian	16,770'

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

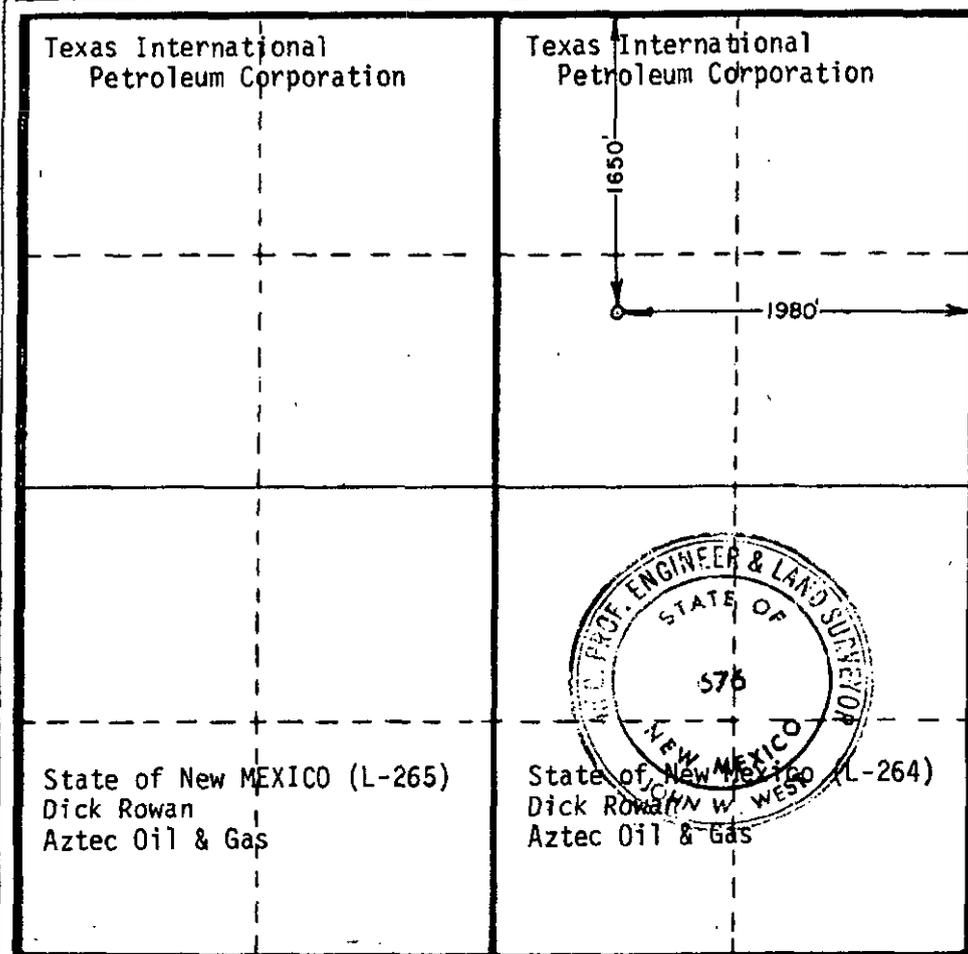
Operator TEXAS INTERNATIONAL PETRO. CORP.		Lease AZTEC STATE		Well No. 1
Unit Letter G	Section 16	Township 24 SOUTH	Range 35 EAST	County LEA
Actual Footage Location of Well: 1650 feet from the NORTH line and 1980 feet from the EAST line				
Ground Level Elev. 3379.5	Producing Formation Morrow	Pool Cinta Roja	Dedicated Acreage: 640 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

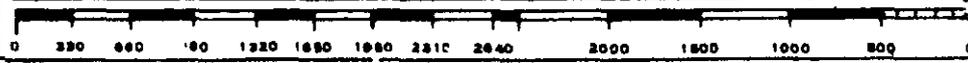
J.C. Nelson

Name Division Engineer
Position Texas International Petr Corp.
Company 4-16-73
Date

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 knowledge and belief.

Date Surveyed APRIL 12, 1973
Registered Professional Engineer and/or Land Surveyor <i>John W. Wesley</i>

Certificate No. **676**



RECEIVED

NOV 17 1957

OIL CONSERVATION COMM.
HOBBBS, N. M.

173

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FILE		
U.S.G.S.		
LAND OFFICE		
OPERATOR		

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-103
Supersedes Old
C-102 and C-103
Effective 1-1-65

5a. Indicate Type of Lease:
State Fee

5. State Oil & Gas Lease No.
L-264, L-265

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT -" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> X OTHER- Dry		7. Unit Agreement Name	
2. Name of Operator Texas International Petroleum Corporation		8. Farm or Lease Name Aztec State	
3. Address of Operator 1720 Wilco Bldg., Midland, Texas 79701		9. Well No. 1	
4. Location of Well UNIT LETTER G 1650 FEET FROM THE North LINE AND 1980 FEET FROM THE East LINE, SECTION 16 TOWNSHIP 24S RANGE 35E NMPM.		10. Field and Pool, or Vebat Cinta Roja (Morrow)	
15. Elevation (Show whether DF, RT, GR, etc.) 3379.5 GL		12. County Lea	

Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK

TEMPORARILY ABANDON

PULL OR ALTER CASING

OTHER

PLUG AND ABANDON

CHANGE PLANS

SUBSEQUENT REPORT OF:

REMEDIAL WORK

COMMENCE DRILLING OPNS.

CASING TEST AND CEMENT JOB

OTHER

ALTERING CASING

PLUG AND ABANDONMENT

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

TD 14,930. Spotted 100 sx Class "C" cmt plug from TD-14,530'. Spotted 100 sx Class "C" cmt plug 12,500'-12,100' (200' in & out of 8-5/8" liner shoe set @ 12,312'). Spotted 100 sx Class "C" cmt plug 1,500'-1,275' at top of salt section inside 10-3/4" csg running from surface - 5,262'. Put 10 sx Class "C" cmt plug & dry hole marker at top of 16" surface pipe running from surface-420'. Completed P&A 8-5-73.

Pits will be filled and location leveled as soon as conditions permit.

18. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNED De Selma TITLE Division Engineer DATE 8-14-73

APPROVED BY John W. Pungers TITLE Geologist DATE 8-28-73

CONDITIONS OF APPROVAL, IF ANY:

API 30-025-24412

COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>1. Complete items 1, 2, and 3. 2. Print your name and address on the reverse so that we can return the card to you. 3. Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature X <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>B. Received by (Printed Name) <i>[Signature]</i></p>		<p>C. Date of Delivery <i>6/27/2016</i></p>	
<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p>		<p>E. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p>	
<p>3. Service Type <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Certified Mail <input type="checkbox"/> Registered Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>		<p>4. Service Type <input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Certified Mail <input type="checkbox"/> Registered Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	
<p>9590 9402 1604 4362 6005 11 15:3010 0000 2209 1252</p>		<p>9590 9402 1604 4362 6005 28 15:3010 0000 2209 0750</p>	
<p>PS Form 3811, July 2015 PSN 7530-02-000-6053 Domestic Return Receipt</p>		<p>PS Form 3811, July 2015 PSN 7530-02-000-6053 Domestic Return Receipt</p>	

SENDER COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>1. Complete items 1, 2, and 3. 2. Print your name and address on the reverse so that we can return the card to you. 3. Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature X <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
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15:3010 0000 2209 1252

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06/27/2016

0590 9402 1604 4362 6005 28
15:3010 0000 2209 0750

PS Form 3811, July 2015 PSN 7530-02-000-6053 Domestic Mail Only

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<p>1. Complete items 1, 2, and 3. 2. Print your name and address on the reverse so that we can return the card to you. 3. Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature X <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>B. Received by (Printed Name) <i>[Signature]</i></p>		<p>C. Date of Delivery <i>6/27/2016</i></p>	
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<p>3. Service Type <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Certified Mail <input type="checkbox"/> Registered Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>		<p>4. Service Type <input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Certified Mail <input type="checkbox"/> Registered Mail <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	
<p>9590 9402 1604 4362 6005 42 15:3010 0000 2209 1252</p>		<p>9590 9402 1604 4362 6005 28 15:3010 0000 2209 0750</p>	
<p>PS Form 3811, July 2015 PSN 7530-02-000-6053 Domestic Return Receipt</p>		<p>PS Form 3811, July 2015 PSN 7530-02-000-6053 Domestic Return Receipt</p>	

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Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

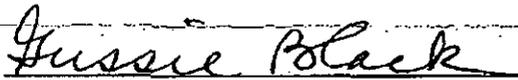
I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
July 09, 2016
and ending with the issue dated
July 09, 2016.



Publisher

Sworn and subscribed to before me this
9th day of July 2016.



Business Manager

My commission expires

January 29, 2019

(Seal)



OFFICIAL SEAL
GUSSIE BLACK
Notary Public
State of New Mexico

My Commission Expires 1-29-19

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said



67113711

00177068

PRESTON STEIN
DELAWARE ENERGY, LLC
3001 W. LOOP 250 N
SUITE C-105-318
MIDLAND, TX 79705

SENDER COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<input type="checkbox"/> Complete items 1, 2, and 3. <input type="checkbox"/> Print your name and address on the reverse so that we can return the card to you. <input type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits.	A. Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> <input checked="" type="checkbox"/> Address <input type="checkbox"/> B. Received by (Printed Name) _____ C. Date of Delivery _____
1. Article Addressed to: New Mexico State Game Office 310 CLOSANTA FE TRAIL SANTA FE, NM 87501 9590 9402 1604 5362 8058 75	D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below: _____ 3. Service Type <input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™ <input checked="" 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"/> All Restricted Delivery
2. Article Number (transfer from service label) 7015 3010 0000 2209 0828	
PS Form 3811, July 2015 PSN 7330-02-000-9053	Domestic Return Receipt

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Certified Mail Fee \$3.30	Total Postage and Fees \$7.78
Extra Services & Fees (check box, add fee to 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	Postmark JUL 16 2016 SANTA FE, NM 87501
Postage \$4.48	Sent to NM SLO
Total Postage and Fees \$7.78	Street and Apt. No., or PO Box No. 310 CLOSANTA FE TRAIL
Sent to Santa Fe, NM 87501	City, State, ZIP+4® SANTA FE, NM 87501-422C ST

PS Form 3800, April 2015 PSN 7330-02-000-9053 See Reverse for Instructions



C-108 Review Checklist: Received 6/28 Add. Request: 6/28 Reply Date: 7/13 Suspended: _____ [Ver 15]

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

Well No. 1 Well Name(s): AZTEC State

API: 30-0 25-24-412 Spud Date: 0-4/19/1973 New or Old: 0-20 (OIC Class II Primacy 03/07/1982)

Footages 1650 FNL 1900 FWL Lot _____ or Unit G Sec 16 Tsp 24S Rge 3SE County Lea

General Location: 2-10 miles SW JAI Pool: SWD, Devonian Pool No.: 96101

BLM 100K Map: JAI Operator: Delaware Energy, LLC OGRID: 371195 Contact: Preston Steinj

COMPLIANCE RULE 5.9: Total Wells: 0 Inactive: 0 Fincl Assur: OK Compl. Order? N/A IS 5.9 OK? Y Date: 8-9-2016

WELL FILE REVIEWED Current Status: P&A

WELL DIAGRAMS: NEW: Proposed or RE-ENTER: Before Conv. After Conv. Logs in Imaging: 50m L-71330 2000 14880

Planned Rehab Work to Well: Repair 5 1/2 casing & Circulate to surface, C-B-LS&FNL

Well Construction Details	Sizes (in) Borehole / Pipe	Setting Depths (ft)	Cement # or Cf	Cement Top and Determination Method
Planned ___ or Existing ___ Surface	20"/16"	420	475	Surface / Visual
Planned ___ or Existing ___ Interm/Prod	13 3/4"/10"	5262	1600	3000' / Calculated
Planned ___ or Existing ___ Interm/Prod	9 7/8"/6 5/8"	12312	550	4965
Planned ___ or Existing ___ Prod/Liner	6 3/4"/5 1/2"	16700	2100	Surface / Visual
Planned ___ or Existing ___ Liner				
Planned ___ or Existing ___ OH / PERF	16770	17770	Inj Length 100'	

Injection Lithostratigraphic Units:	Depths (ft)	Injection or Confining Units	Tops	Completion/Operation Details:
Adjacent Unit: Litho. Struc. Por.		MS	16600	Drilled TD <u>17430</u> PBTD _____
Confining Unit: Litho. Struc. Por.		WD	16800	NEW TD <u>17770</u> NEW PBTD _____
Proposed Inj Interval TOP:		DV	16770	NEW Open Hole <input checked="" type="checkbox"/> or NEW Perfs <input type="checkbox"/>
Proposed Inj Interval BOTTOM:				Tubing Size <u>3 1/2</u> in. Inter Coated? _____
Confining Unit: Litho. Struc. Por.				Proposed Packer Depth <u>16670</u> ft
Adjacent Unit: Litho. Struc. Por.				Min. Packer Depth <u>16670</u> (100-ft limit)
				Proposed Max. Surface Press. <u>3354</u> psi
				Admin. Inj. Press. <u>335.4</u> (0.2 psi per ft)

AOR: Hydrologic and Geologic Information

POTASH: R-111-P MA Noticed? BLM Sec Ord WIPP Noticed? Salt/Salado T: 135 B: 38 NW: Cliff House fm _____

FRESH WATER: Aquifer 3000' Aquifer Max Depth 300' HYDRO AFFIRM STATEMENT By Qualified Person

NMOSE Basin: CAPITAN CAPITAN REEF: thru adj NA No. Wells within 1-Mile Radius? _____ FW Analysis _____

Disposal Fluid: Formation Source(s) Delaware, Bon Springs Analysis? Y On Lease Operator Only or Commercial

Disposal Int: Inject Rate (Avg/Max BWPD): 50/40 Protectable Waters? Y Source: _____ System: Closed or Open

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

AOR Wells: 1/2-M Radius Map? Y Well List? NA Total No. Wells Penetrating Interval: 0 Horizontals? 0

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

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

NOTICE: Newspaper Date 7/20/16 Mineral Owner NMSLO Surface Owner NMSLO N. Date 7-16-2016

RULE 26.7(A): Identified Tracts? Y Affected Persons: CHEVRON, ENERGEN N. Date 6-22-2016

Order Conditions: Issues: Operator shall run 5 1/2" Liner to surface & Circulate

Add Order Cond: _____