

**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**APPLICATION OF MILESTONE ENVIRONMENTAL  
SERVICES, LLC TO AMEND ORDER NOS. R-21441/SWD-2034  
AND IPI-536 TO INCREASE THE APPROVED  
INJECTION RATE FOR THE BEAZA SWD NO. 1,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 25801**

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**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
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**APPLICATION OF MILESTONE ENVIRONMENTAL  
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**SELF-AFFIRMED STATEMENT OF JASON LARCHAR**

1. I am employed by Milestone Environmental Services, LLC (“Milestone”) (OGRID No. 328435) as the Vice President of Engineering. I am over 18 years of age, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement.

2. I have not previously testified before the New Mexico Oil Conservation Division (“Division”). I have a master’s degree in civil and environmental engineering from Utah State University and have over 15 years of experience as an engineer. My resume is attached as **Exhibit A-1**.

3. I am familiar with Milestone’s application in this case. Copies of Milestone’s application and proposed notice are attached as **Exhibit A-2**.

4. Milestone seeks an order amending Order Nos. R-21441/SWD-2034 and IPI-536 to increase the approved maximum rate of injection into its Beaza SWD #1 (API. No. 30-025-49600) (“Well”) from 10,000 barrels per day (bpd) to 20,000 bpd. Copies of Order Nos. R-21441/SWD-2034 and IPI-536 are attached as **Exhibit A-3**.

5. The requested increase would provide additional disposal capacity, which is necessary to serve Milestone’s customers. All other conditions of the approved permit under Order Nos. R-21441/SWD-2034 and IPI-536 would remain unchanged.

6. The Well is located 160 feet from the East line and 2480 feet from the North line (Unit H) in Section 25, Township 24 South, Range 34 East, NMPPM in Lea County, New Mexico.

7. The Well is a commercial produced water disposal well approved under Order R-21441/SWD-2034 to inject into the Bell Canyon and Cherry Canyon formations at a depth of 5,497 feet to 7,240 feet below the surface at a maximum surface injection pressure of 2,000 psi approved under Order IPI-536.

8. Order No. R-21441 approved a maximum injection rate of 10,000 bpd but states that "the Director may authorize an increase in the injection rate upon a proper showing by the Operator of the subject well that such an increase in injection rate shall not result in a pressure that exceeds the formation parting pressure nor result in migration of the disposed fluid from the approved injection interval."

9. The proposed increase in the injection rate will not result in a pressure that exceeds the formation parting pressure nor result in migration of the disposed fluid from the approved injection interval.

10. **Exhibit A-4** is an excerpt from Order IPI-536 that shows the Well's current injection parameters.

11. **Exhibit A-5** is the wellbore diagram for the Well, which shows that the Well is equipped to safely handle the proposed increased injection rate.

12. Since injection into the Well commenced in December of 2022, the Well has performed as expected.

13. Injection wells are prone to accumulate sediment over time, which reduces injectivity and can increase surface injection pressure. Milestone performed a coiled tubing cleanout of the Well in March 2025. A coiled tubing cleanout uses pressurized fluid pumped

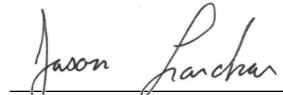
through flexible tubing to wash sand, silt, and debris out of an injection well so fluids can be injected efficiently again. Following this cleanout, the surface pressure returned to near original values. This demonstrates that the injection rate can be safely increased as proposed by Milestone. The Well is currently able to inject at the requested rate and maintain approximately 500 psi below the maximum allowable surface injection pressure.

14. Milestone has implemented a monitoring program that includes continuous monitoring of the wellbore pressure and flow rates and can be observed on a SCADA (Supervisory Control and Data Acquisition) system.

15. The attached exhibits were either prepared by me or under my supervision, or were compiled from company business records.

16. In my opinion, the granting of Milestone's application would serve the interests of conservation, the prevention of waste, and the protection of correlative rights.

17. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

  
\_\_\_\_\_  
Jason Larchar

12/29/2025

\_\_\_\_\_  
Date

## Qualifications of Jason Larchar, P.E.

Vice President – Engineering | Milestone Environmental Services  
Houston, Texas • (281) 794-0598 • jasonlarchar@milestone-es.com

## Professional Summary

Jason Larchar, P.E., is an engineering executive with more than 15 years of experience in the design, permitting, construction, operation, and auditing of environmental and industrial facilities, including Class I, II, and VI injection wells, waste management infrastructure, fluid handling systems, and treatment processes.

His background spans engineering, EPC project delivery, regulatory compliance, operational oversight, and executive leadership. He has overseen more than \$100MM in successful capital projects and led the engineering and operations support for a multi-facility enterprise that has grown more than twenty-fold since 2016.

Mr. Larchar's experience includes expert technical evaluations, facility integrity reviews, environmental compliance audits, process design, system optimization, and operational risk mitigation. He holds five U.S. patents for innovations in sustainable facility design.

## Professional Experience

### Vice President – Engineering, Milestone Environmental Services (2015–Present)

- Executive oversight of engineering, design, permitting, construction, commissioning, and ongoing operational support for all company facilities, including Class II injection wells and waste processing infrastructure.
- Responsible for project execution, budget performance, capital planning, and engineering governance across three business units:
  - Energy Waste (Class II wells)
  - Carbon Sequestration (Class VI wells)
  - Industrial Waste (Class I & II wells, treatment & disposal systems)
- Directed the development of industry-leading designs for fluid management, agitation systems, oil-recovery processes, concrete structures, tank systems, and automation/SCADA.
- Led the strategy and execution contributing to 20× business growth since 2016.
- Managed EPC delivery and operations support for multiple landfill and treatment facilities in West Texas.
- Led engineering and regulatory evaluations, including due-diligence and integration planning and execution, for four acquisitions, including process redesign, facility upgrades, and operational transitions.
- Built and lead a multidisciplinary engineering and operations support team responsible for:
  - Process improvement and performance monitoring
  - Facility audits (regulatory compliance, environmental integrity, mechanical condition)
  - Maintenance, shutdown coordination, and equipment life-cycle management
  - SCADA oversight, data reporting, and operational guidance
- Oversaw design, interventions, and maintenance programs for all Class II injection wells.
- Provide ongoing technical training and support to engineers and facility operations personnel.

**Milestone Environmental Services, LLC**  
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**Exhibit A-1**

**Engineer / Project Manager, Environmentally Clean Systems (2011–2015)**

- Managed operations, including P&L oversight, plant performance, personnel, and safety programs.
- Directed design, construction, and operation of CIP projects, water treatment facilities, and SWDs.
- Developed project cost estimates, PFDs, P&IDs, schedules, and reporting systems.
- Optimized existing facilities through system redesign, upgraded equipment, and process improvements.
- Led development and training of SOPs and performed safety, compliance, and documentation audits.

**Engineering & Construction Roles, Peter Kiewit & Sons (2009–2011)**

- Supervised construction of two \$8M injection facilities with 100+ personnel, including managing frequent design changes, subcontractor coordination, and field engineering.
- Managed cost reports, RFIs, submittals, procurement, change orders, and safety/compliance documentation.
- Estimated large-scale infrastructure projects exceeding \$2B total value (highways, pipelines, bridges, dams, water treatment facilities).
- As Area Scheduler, managed CPM schedules, pay applications, and time-impact analyses for multiple projects, including a \$40M UDOT project.

**Education**

Executive MBA (In Progress), Rice University – Jones Graduate School of Business (Class of 2026)

M.S., Civil & Environmental Engineering, Utah State University, 2011 (3.7 GPA)

B.S., Civil & Environmental Engineering, Utah State University, 2009 (3.8 GPA)

Minor: Portuguese

Certifications: Welding, Building Trades

**Professional Licensure**

- Professional Engineer (P.E.), State of Texas

**Technical Areas of Expertise**

- Class I, II & VI injection well design, modeling, and operations
- Waste management & waste fluid handling systems
- Facility permitting, regulatory coordination, and compliance audits
- EPC project delivery, construction management, and capital planning
- Hydraulic systems, tank systems, and process engineering
- SCADA systems, automation, and performance monitoring
- Facility integrity, risk assessment, and operational troubleshooting
- Acquisition due diligence and facility evaluations

**Patents**

U.S. Patent No. 10,132,140: "Drilling Fluid Disposal Injection System and Method." 2018

U.S. Patent No. 10,180,336: "Drilling Fluid Disposal Injection System and Method." 2019

U.S. Patent No. 11,008,833: "Drilling Fluid Disposal Injection System and Method." 2021

U.S. Patent No. 11,125,031: "Receiving Pit and Trench for a Drilling Fluid Disposal System." 2021

U.S. Patent No. 11,105,186: "Carbon Sequestration System and Method." 2021

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
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**APPLICATION OF MILESTONE ENVIRONMENTAL  
SERVICES, LLC TO AMEND ORDER NOS. R-21441/SWD-2034  
AND IPI-536 TO INCREASE THE APPROVED  
INJECTION RATE FOR THE BEAZA SWD NO. 1,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 25801**

**APPLICATION**

In accordance with NMSA 1978, § 70-2-12(B)(15) and 19.15.26.8 NMAC, Milestone Environmental Services, LLC (“Milestone”) (OGRID No. 328435) files this application with the Oil Conservation Division to amend Order Nos. R-21441/SWD-2034 and IPI-536 to increase the approved maximum rate of injection into its Beaza SWD #1 (API. No. 30-025-49600) (“Well”) from 10,000 barrels per day (bpd) to 20,000 bpd. In support of this Application, Milestone states the following:

1. The Well is located 160 feet from the East line and 2480 feet from the North line (Unit H) in Section 25, Township 24 South, Range 34 East, NMPPM in Lea County, New Mexico.
2. The Well is approved as a commercial produced water disposal well under Order R-21441/SWD-2034 to inject into the Bell Canyon and Cherry Canyon formations through perforations from 5,497 feet to 7,240 feet below the surface at a maximum surface injection pressure of 2,000 psi approved under Order IPI-536.
3. Order No. R-21441 approved a maximum injection rate of 10,000 bpd but states that “the Director may authorize an increase in the injection rate upon a proper showing by the Operator of the subject well that such an increase in injection rate shall not result in a pressure that exceeds the formation parting pressure nor result in migration of the disposed fluid from the approved injection interval.”

**Milestone Environmental Services, LLC  
Case No. 25801  
Exhibit A-2**

4. The proposed increase in the injection rate will not result in a pressure that exceeds the formation parting pressure nor result in migration of the disposed fluid from the approved injection interval.

5. Milestone seeks to increase the maximum daily rate of injection to provide additional disposal capacity, which is necessary to serve its customers.

6. All other conditions of the approved permit under Order Nos. R-21441/SWD-2034 and IPI-536 would remain unchanged.

7. Approving this application will prevent waste and protect correlative rights.

8. Milestone requests this application be set for hearing pursuant to 19.15.26.8(E) NMAC.

WHEREFORE, Milestone requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 8, 2026, and, after notice and hearing as required by law, the Division enter an order approving this application.

Respectfully submitted,

HARDY MCLEAN LLC

/s/ Dana S. Hardy

Dana S. Hardy

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*Counsel for Milestone Environmental Services, LLC*

**Application of Milestone Environmental Services, LLC to Amend Order Nos. R-21441/SWD-2034 and IPI-536 to Increase the Approved Injection Rate for the Beaza SWD No. 1, Lea County, New Mexico.** Applicant seeks an order authorizing it to increase the rate of injection through its Beaza SWD #1 (API 30-025-49600) ("Well") from 10,000 to 20,000 barrels per day. The well is located 160 feet from the East line and 2480 feet from the North line (Unit H) in Section 25, Township 24 South, Range 34 East, NMPM in Lea County, New Mexico. All other conditions of the approved permit are proposed to remain the same. The well is approved as a commercial produced water disposal well under Order No. R-21441 and SWD-2034 to inject into the Bell Canyon and Cherry Canyon formations through perforations from 5,497 feet to 7,240 feet below the surface at maximum surface injection pressure of 2,000 psi. The Well is located approximately 14 miles northwest of Jal, New Mexico.

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**APPLICATION OF MILESTONE  
ENVIRONMENTAL SERVICES LLC  
FOR APPROVAL OF A SALT WATER  
DISPOSAL WELL, LEA COUNTY  
NEW MEXICO**

**CASE NO. 20657  
ORDER NO. R-21441**

**ORDER OF THE DIVISION**

This case came in for hearing before the Oil Conservation Division (“OCD”) at 8:15 a.m. on August 22, 2019, in Santa Fe, New Mexico.

The OCD Director, having considered the testimony, the record, the recommendations of Hearing Examiner Phillip Goetze, these findings of fact, and conclusions of law issues this Order.

**FINDINGS OF FACT**

(1) Due notice has been given, and the OCD has jurisdiction of the subject matter of this case.

(2) Milestone Environmental Services, LLC (“Milestone” or “Applicant”) seeks approval of injection authority for its proposed Beaza SWD No. 1 (“subject well”; API No. 30-025-Pending) with a surface location 160 feet from the East line and 2480 feet from the North line (Unit H) in Section 25, Township 24 South, Range 34 East, NMPM in Lea County, New Mexico.

(3) The subject well is proposed for the support processing of oilfield waste at a surface waste management facility producing a waste stream identified as “slurry” with an estimated total dissolved solids (“TDS”) concentration of 87,800 milligrams per liter (mg/L) and an estimated total suspended solids (“TTS”) concentration of 35,000 mg/L.

(4) Milestone will inject the slurry into the Bell Canyon and Cherry Canyon formations through perforations from 5,497 feet to 7,240 feet with a surface injection pressure not to exceed 1,100 pounds per square inch (“psi”).

(5) Entry of appearances were filed through counsel for Delaware Energy LLC, COG Operating LLC, and the New Mexico State Land Office for the Commissioner of Public Lands (“NMSLO”).

**Milestone Environmental Services, LLC  
Case No. 25801  
Exhibit A-3**

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(6) Milestone appeared through counsel and presented testimony and exhibits that support the following findings of fact:

- (a) Milestone has proposed a surface waste management facility that will receive exempt oil and gas exploration and production waste from multiple operators in the Delaware Basin.
- (b) The subject well is to receive a slurry that is the result of dewatering and filtering of the various waste stream sources such as flowback water, drill cuttings, spent drilling fluids and tank bottoms from storage facilities.
- (c) Milestone will inject the slurry with an estimated maximum surface injection pressure (“MSIP”) of 800 psi which would not exceed 1,100 psi calculated using the 0.2 psi per foot (“psi/ft”) gradient applied by OCD to administratively approved disposal permits.
- (d) The subject well is to be constructed with 9 $\frac{5}{8}$ -inch surface casing set at a depth of 1,450 feet and 7-inch production casing set at a depth of 7,240 feet. Cement for each casing string is to be circulated to the surface.
- (e) The tubing will be 4 $\frac{1}{2}$ -inch diameter with a packer set at 5,450 feet and perforations are to be within the proposed disposal injection interval from 5,497 feet to 7,240 feet.
- (f) The proposed injection interval is to include the entire Bell Canyon formation and the upper portion of the Cherry Canyon formation while the remaining portion of the Cherry Canyon formation, approximately 900 feet, will provide an additional buffer from injection fluids migrating to the Brushy Canyon formation and the deeper Bone Spring formation.
- (g) Milestone stated that a thick anhydrite sequence at the top of the Bell Canyon formation will provide an upper confining layer to protect injection fluids from migrating into USDWs while a measurable decrease in porosity can be found in the lower Cherry Canyon formation producing a lower confining layer.
- (h) Milestone provided an analysis of a slurry from a similar processing facility in Orla, Texas. This analysis and testimony stated that the sources are similar and the processed yielded a slurry for disposal by injection with a TDS concentration of 87,800 mg/L.

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- (i) Applicant stated the slurry would be compatible with the formation fluids found within the proposed injection interval and would not degrade the reservoir's characteristics including permeability.
- (j) Milestone conducted a search of the area of review ("AOR") for the subject well using a one-half mile radius. The results showed no active or plugged wells that penetrate the proposed injection interval within the AOR.
- (k) Review for freshwater wells found one well (POD No. CP-00839) within one mile of the subject well. A water analysis sample from the well was provided with the application.
- (l) Milestone provided testimony and submitted reservoir modeling indicating that the proposed injection interval will be satisfactory to support an injection operation estimated at 6,000 barrels of water per day ("BWPD") at the proposed MSIP. The Applicant requested that the well be approved for 20,000 BWPD even though the proposed average rate would be less.
- (m) Milestone investigated the hydrocarbon potential for the proposed injection interval and concluded that there is a very low potential for existing resources to be impacted by the disposal operation.
- (n) Applicant stated that the project will have the beneficial effect of increasing the capacity of the surface waste facility which prevents waste and protects correlative rights, public health, and the environment.

(7) Delaware Energy LLC, COG Operating LLC, and the NMSLO appeared at hearing. No other party appeared at hearing or opposed the application.

(8) NMSLO presented through legal counsel a statement regarding the proposed subject well and disposal operation noting the potential for degradation of state trust lands with impacts to surface resources, ground water and adjacent state mineral resources. For these reasons, the NMSLO requested the following proposed conditions be imposed on any order issued by OCD:

- (a) the MSIP be limited to the administratively approved gradient of 0.2 psi per foot of depth;
- (b) the maximum daily injection rate for the subject well be 6,000 BWPD;

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- (c) require the operator to provide copies of the monthly filings of Form C-115 (completed with pressure and volume data) along with all subsurface logs including any electrical, geophysical, or mud log; and
- (d) require the operator to obtain baseline water samples from the Vivian water stock tank and the Madera Ranch water well, both located in Section 30, Township 24 South, Range 35 East, NMPM. The analysis should be a general chemistry suite that includes major anion-cation analysis and TDS.

### **CONCLUSIONS OF LAW**

(9) Applicant has presented satisfactory evidence that all requirements prescribed in Rule 19.15.26.8 NMAC have been met.

(10) OCD records indicate Milestone Environmental Services LLC (OGRID No. 328435) as of the date of this order is in compliance with Rule 19.15.5.9 NMAC.

(11) The proposed well construction provided in the application is protective of USDWs.

(12) The OCD conducted a review of the AOR for the wells identified at the time of the hearing as proposed to confirm their current status. The review identified seven new active wells that penetrate the proposed injection interval:

- (1) Moomaw SWD No. 1 (API No. 30-015-44661)
- (2) Fascinator Federal Com No. 603H (API No. 30-025-45109)
- (3) Fascinator Federal Com No. 604H (API No. 30-025-45110)
- (4) Fascinator Federal Com No. 703H (API No. 30-025-45113)
- (5) Fascinator Federal Com No. 704H (API No. 30-025-45114)
- (6) Fascinator Federal Com No. 705H (API No. 30-025-45115)
- (7) Fascinator Federal Com No. 706H (API No. 30-025-45116)

The OCD found that the seven active wells are properly cased and cemented to protect USDWs.

(13) The proposed MSIP of 1,100 psi is based on the administrative pressure gradient of 0.2 psi per foot developed from the historic data from the disposal of produced water. Additional requirements for testing of the slurry injection fluid should be included to confirm that this this gradient will not propagate fracturing of the proposed injection interval.

(14) There is no indication that proposed disposal activity will result in any potential for induced seismicity in this area.

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(15) The subject well should provide a more efficient process to dispose of exempt oilfield waste while protecting correlative rights and preventing waste in a manner that safeguards the public health and the environment. Therefore, this application should be approved.

## **ORDER**

(1) Milestone Environmental Services, LLC ("Milestone" or "Operator") is hereby authorized to utilize its Beaza SWD Well No. 1 (API No. 30-025-Pending; the "subject well") with a surface location 160 feet from the East line and 2480 feet from the North line (Unit H) in Section 25, Township 24 South, Range 34 East, NMPM, Lea County, New Mexico as a commercial disposal well for UIC Class II fluid received from an approved surface waste management facility.

(2) Disposal shall be through perforations within the Bell Canyon and Cherry Canyon formations (of the Delaware Mountain Group) from approximately 5,497 feet to 7,240 feet below surface (the "permitted injection interval"). Injection shall be through plastic-lined, 4½-inch (OD) or smaller tubing set with a packer placed within 100 feet above the top perforation of the permitted injection interval.

(3) The Operator shall take all steps necessary to ensure that the disposed fluid enters only the permitted injection interval and is not allowed to escape to other formations or onto the surface. This order does not authorize disposal into the Brushy Canyon formation below the injection interval or lost circulation intervals directly on top and obviously connected to these formations.

(4) The injection authority granted under this order is subject to the conditions of OCD Surface Waste Management Facility Permit HM1-64 approved March 6, 2019. The injection authority granted under this order is transferable only to any new operator of the Permit HM1-64 with the approval of OCD.

(5) The Operator shall conduct a baseline water sampling for the two following fresh water sources:

- (a) The Madera Ranch water well (POD No. CP-00839) located in Section 30, Township 24 South, Range 35 East, NMPM; and
- (b) the Vivian water stock tank located in Section 30, Township 24 South, Range 35 East, NMPM.

The analysis for these sources shall be a general chemistry suite conducted by a NELAP-certified analytical laboratory that includes major anion-cation, TSS and TDS analyses. Copies of the results shall be provided to the OCD's District office (attached to a Form C-103) and the NMSLO prior to the commencement of injection.

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(6) The Operator shall complete a mudlog and geophysical logging (Triple Combo suite) over the permitted disposal interval sufficient to demonstrate the hydrocarbon potential. The Operator shall notify the OCD's District office and the Santa Fe Engineering Bureau of significant hydrocarbon shows that are observed during drilling of the permitted injection interval. Prior to commencing disposal, the Operator shall submit the mudlog and geophysical logs information to the OCD's District geologist, the NMSLO and the Santa Fe Engineering Bureau, showing evidence agreeable that only the permitted formation is open for disposal including a summary of depths (picks) for contacts of the formations which the OCD shall use to amend this order for a final description of the depth for the injection interval and any corresponding change in the wellhead injection pressure.

(7) Within a year after commencing injection, the Operator shall compile and submit an updated version of the cross section initially submitted as Milestone's Exhibit 10. The revised cross section shall include the subsurface information obtained from geophysical and mudlog results to correlate formation tops and confining layers of the permitted injection interval for the subject well and offsetting wells. A copy of this interpretation shall be provided electronically to the Santa Fe Engineering Bureau e-mail address and to the NMSLO office in Santa Fe.

(8) The Operator shall conduct and document the casing testing requirements for the subject well in accordance with Rule 19.15.16 NMAC.

(9) If cement does not circulate to surface on any casing string, the operator shall run a cement bond log ("CBL") or other log to determine top of cement and shall notify the District with the top of cement on the emergency phone number prior to continuing with any further cement activity with the proposed well. *If cement did not tie back into the next higher casing shoe, the operator shall perform remedial cement job to bring cement, at a minimum, 200 feet above the next higher casing shoe.*

(10) The Operator shall run a CBL for the 7-inch production casing from the shoe to at least 200 feet above the shoe of the 9 $\frac{5}{8}$ -inch surface casing. Copies of the CBL shall be provided to the OCD's District office and the NMSLO prior to the commencement of injection.

(11) Prior to commencing disposal, the Operator shall obtain a **static bottom-hole pressure measurement** representative of the injection interval and submit this data with the information required in Ordering Paragraph (20).

(12) After installation of tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

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(13) The subject well shall be limited to a maximum injection rate of **no more than 10,000 barrels of water per day**. The Director may authorize an increase in the injection rate upon a proper showing by the Operator of the subject well that such an increase in injection rate shall not result in a pressure that exceeds the formation parting pressure nor result in migration of the disposed fluid from the approved injection interval.

(14) The maximum surface injection pressure ("MSIP") for the subject well shall not exceed **1,099 psi for the initial operation following the commencement of injection.** **Prior to commencing the second year of injection,** the Operator shall conduct a step-rate test ("SRT") acceptable to the OCD and provide an assessment (inclusive of data) of the results of the SRT. The OCD shall review the administratively approved MSIP and the sampling data of the slurry injection fluid provided in Ordering Paragraph (14) to confirm that current MSIP does not exceed the formation parting pressure of the approved injection interval. The Director retains the authority to amend the MSIP should there be a finding that the current MSIP exceeds the formation parting pressure.

(15) The Operator shall conduct analytical results of the slurry injection fluid at least four times a year (quarterly monitoring). Analysis shall be a general chemistry suite that includes major anion-cation analysis, specific gravity, TSS and TDS. The Operator shall submit the results annually in a single submission to the District office attached to Form C-103.

(16) The subject well shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum surface injection pressure for this well.

(17) The Director may authorize an increase in tubing pressure upon a proper showing by the Operator that such higher pressure will not result in migration of the disposed fluid from the approved injection interval. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable SRT.

(18) The subject well shall pass an initial mechanical integrity test ("MIT") prior to commencing disposal and prior to resuming disposal each time the well has significant equipment changes including, but not limited to, the packer being unseated, tubing being pulled, or when casing repairs have occurred. The Operator shall notify the OCD's District office a minimum of 48 hours in advance of the proposed date and time of the modification of disposal equipment and of any MIT test so that the same may be inspected and witnessed. All MIT procedures and schedules shall follow the requirements in Rule 19.15.26.11(A) NMAC.

(19) The Operator shall provide copies of Notice of Intents and Subsequent Reports with the OCD's District office for any testing of the well or for any activities that shall modify the well construction or operation.

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(20) The Operator shall provide written notice to the District office on a Form C-103 of the date injection commenced. The Operator shall submit monthly reports of the disposal operations (injection volume, pressure and days of operation) on OCD Form C-115, in accordance with Rules 19.15.26.13 NMAC and 19.15.7.24 NMAC. The Operator shall provide copies of these filings to the NMSLO.

(21) If the subject well fails a MIT or if there is evidence that the mechanical integrity of said well is impacting correlative rights, the public health, any USDWs, or the environment, the Director shall require the subject well to be shut-in within 24 hours of discovery and the Operator shall redirect all disposal waters to another facility. The Operator shall take the necessary actions to address the impacts resulting from the mechanical integrity issues in accordance with Rule 19.15.26.10 NMAC, and the subject well shall be tested pursuant to Rule 19.15.26.11 NMAC prior to returning to injection.

(22) Without limitation on the duties of the Operator as provided in Rules 19.15.29 NMAC and 19.15.30 NMAC, or otherwise, the Operator shall immediately notify the OCD's District office of any failure of the tubing, casing or packer in the subject well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

(23) The OCD further stipulates the following "best management practices" shall be included as conditions of the approved application:

- (a) The subject well shall be included in a Supervisory Control and Data Acquisition (SCADA) system for operation as an injection well.
- (b) The Operator shall first contact the OCD's District supervisor for approval of proposed remedial actions prior to initiating any recovery attempts should a failure of tubing occur with a loss of a tubing section within the subject well.

(24) The OCD may revoke this injection permit after notice and hearing if the Operator is in violation of Rule 19.15.5.9 NMAC.

(25) The disposal authority granted herein shall terminate one year after the effective date of this order if the Operator has not commenced injection operations into the proposed well, provided however, the OCD, upon written request, mailed by the Operator prior to the termination date, may grant an extension thereof for good cause.

(26) One year after disposal into the subject well has ceased, said well will be considered abandoned and the authority to dispose will terminate *ipso facto*.

(27) Compliance with this order does not relieve the Operator of the obligation

Case No. 20657

Order No. R-21441

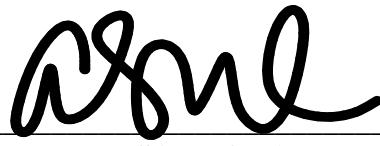
Page 9 of 9

to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety, and the environment.

(28) Jurisdiction is retained by the OCD for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the Operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the OCD may, after notice and hearing, or prior to notice and hearing in event of an emergency, terminate the disposal authority granted herein.

DONE at Santa Fe, New Mexico, on this 20<sup>th</sup> day of August, 2020.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



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**ADRIENNE SANDOVAL  
DIRECTOR**

State of New Mexico  
Energy, Minerals and Natural Resources Department

**Michelle Lujan Grisham**  
Governor

**Sarah Cottrell Propst**  
Cabinet Secretary

**Todd E. Leahy, JD, PhD**  
Deputy Secretary

**Adrienne Sandoval, Director**  
Oil Conservation Division



Ramona Hovey  
Milestone Environmental Services, LLC  
E-mail: ramona@lonquist.com

**RE: Injection Pressure Increase; Order IPI-536**

Beaza SWD No. 1 (30-025-49600)

Injection Authority: Order No. R-21441

SWD;BELL CANYON-CHERRY CANYON (pool code: 96802)

UIC Class II Disposal Well

Dear Ramona Hovey:

Reference is made to your request on behalf of Milestone Environmental Services, LLC (OGRID 328435; the “Operator”) for the application received June 16, 2022, to increase the maximum surface injection pressure (“MSIP”):

Well No.	API Number	UL-S-T-R	Injection Authority	Existing MSIP Limit (psi)	Existing Tubing OD (in)
Beaza SWD #1	30-025-49600	H-25-24S-34E	R-21441 SWD-2034	1100	4.5

It is the Oil Conservation Division’s (“OCD”) understanding that the requested pressure increase is needed to maintain the rate of injection and this pressure increase will not result in:

1. the fracturing of the permitted disposal interval;
2. the fracturing of either the upper or lower confining strata; or
3. induced-seismic events as a consequence of the higher injection pressure.

Based on the results of the submitted step rate injection test, the following shall be the new pressure limit while equipped with injection tubing:

Administrative Order IPI-536  
 Milestone Environmental Services, LLC  
Page 2 of 2

Well No.	Step Rate Test Date	New MSIP Limit (psi)	While Injecting	Injection Interval (ft)	Pressure Gradient (psi/ft)
Beaza SWD #1	4/4/2022	2000	Slurry	5558-7208	0.36

This approval is based on the provision that the tubing size, packer setting depth and completion interval for the well does not change. Any future requested pressure increase will require resubmission of additional data and/or a new step-rate test. The Director retains the right to require, at any time, wireline verification of completion and packer setting depths in the well. This approval is subject to the Operator being in compliance with all other OCD rules including, but not limited to, Rule 19.15.5.9 NMAC.

The MSIP for the Beaza SWD No. 1 shall not exceed 2,000 pounds per square inch (“psi”) for the operation following the issuance of this Order. After twelve (12) months of injection, the Operator shall submit a Form C-103 notice of intent (“NOI”) to conduct a step-rate test and injection profile log on the Beaza SWD No. 1. No later than ninety (90) days after the NOI has been approved by the OCD, the Operator shall conduct the test and run the log. No later than ninety (90) days after the step-rate test has been conducted and the injection profile log has been run, the Operator shall submit a subsequent report summarizing the results (including field measurements) to the OCD. The OCD shall review the MSIP of this Order and the results to confirm that the injectate is being confined to the injection interval and that fracturing of the permitted disposal interval or confining strata is not occurring. The Director shall retain the authority to amend this Order should the results suggest that the injectate is not being confined, or that fracturing of the permitted disposal interval or confining strata is occurring.

Further, as stipulated in Order R-21441, the limitation of injection into the Beaza SWD No. 1 of not exceeding 10,000 barrels per day remains in full force and effect.

Further, the Director may rescind any injection pressure increase permit if it becomes apparent that the injectate is not being confined to the permitted disposal interval, impacts correlative rights, is endangering any freshwater aquifer or endangers public health and safety.

Sincerely,



ADRIENNE SANDOVAL  
 Director

DATE: 9/14/2022

cc: Case File 20657  
 Order SWD-2034  
 Well file 30-025-49600  
 New Mexico State Land Office, OGML

# Beaza SWD Permit



- Order from September 2022 applied
  - 2,000 psi MASIP
  - 10,000 BPD Max Rate

Well No.	Step Rate Test Date	New MSIP Limit (psi)	While Injecting	Injection Interval (ft)	Pressure Gradient (psi/ft)
Beaza SWD #1	4/4/2022	2000	Slurry	5558-7208	0.36

This approval is based on the provision that the tubing size, packer setting depth and completion interval for the well does not change. Any future requested pressure increase will require resubmission of additional data and/or a new step-rate test. The Director retains the right to require, at any time, wireline verification of completion and packer setting depths in the well. This approval is subject to the Operator being in compliance with all other OCD rules including, but not limited to, Rule 19.15.5.9 NMAC.

The MSIP for the Beaza SWD No. 1 shall not exceed 2,000 pounds per square inch ("psi") for the operation following the issuance of this Order. After twelve (12) months of injection, the Operator shall submit a Form C-103 notice of intent ("NOI") to conduct a step-rate test and injection profile log on the Beaza SWD No. 1. No later than ninety (90) days after the NOI has been approved by the OCD, the Operator shall conduct the test and run the log. No later than ninety (90) days after the step-rate test has been conducted and the injection profile log has been run, the Operator shall submit a subsequent report summarizing the results (including field measurements) to the OCD. The OCD shall review the MSIP of this Order and the results to confirm that the injectate is being confined to the injection interval and that fracturing of the permitted disposal interval or confining strata is not occurring. The Director shall retain the authority to amend this Order should the results suggest that the injectate is not being confined, or that fracturing of the permitted disposal interval or confining strata is occurring.

Further, as stipulated in Order R-21441, the limitation of injection into the Beaza SWD No. 1 of not exceeding 10,000 barrels per day remains in full force and effect.

Further, the Director may rescind any injection pressure increase permit if it becomes apparent that the injectate is not being confined to the permitted disposal interval, impacts correlative rights, is endangering any freshwater aquifer or endangers public health and safety.

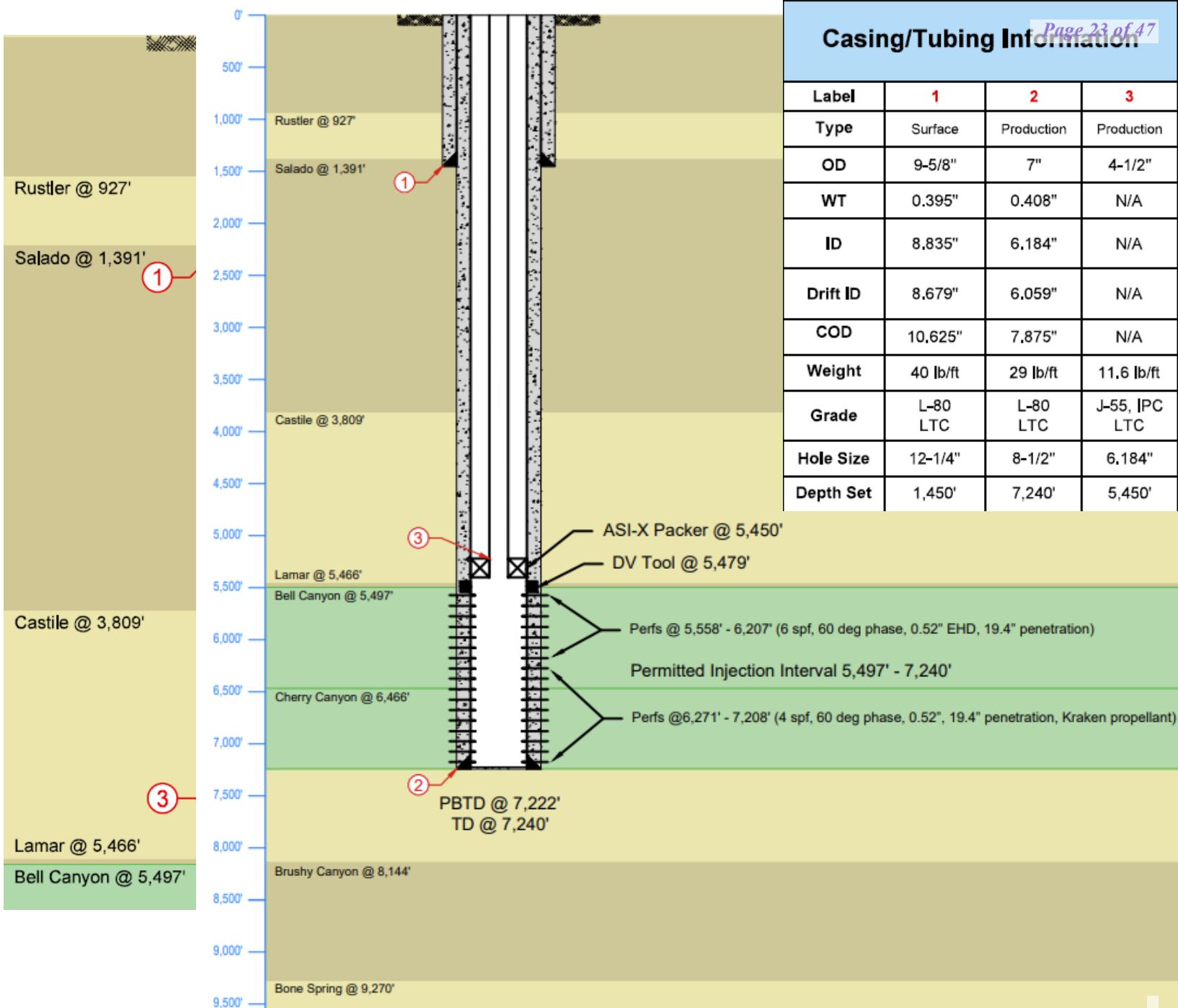
Sincerely,

ADRIENNE SANDOVAL  
Director

DATE: 9/14/2022

# Well Bore Diagram

- Injection Interval 5,558 – 7,208'
- Milestone Perforated the Bell Canyon and Cherry Canyon Intervals
- Packer set in the Castille
- Vertical Well
- Casing
  - Surface – 9 5/8"
  - Production – 7"
  - Tubing – 4 1/2 "



**STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION**

**APPLICATION OF MILESTONE ENVIRONMENTAL  
SERVICES, LLC TO AMEND ORDER NOS. R-21441/SWD-2034  
AND IPI-536 TO INCREASE THE APPROVED  
INJECTION RATE FOR THE BEAZA SWD NO. 1,  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 25801**

**SELF-AFFIRMED STATEMENT OF ADAM HAECKER**

1. I am employed by Milestone Environmental Services, LLC (“Milestone”) (OGRID No. 328435) as the Director of Geoscience. I am over 18 years of age, have personal knowledge of the matters addressed herein, and am competent to provide this Self-Affirmed Statement.

2. I have not previously testified before the New Mexico Oil Conservation Division (“Division”). I have a Bachelor of Science degree in Geology from Texas A&M University and have over 18 years of experience as a petrophysicist. My resume is attached as **Exhibit B-1**.

3. Milestone seeks an order amending Order Nos. R-21441/SWD-2034 and IPI-536 to increase the approved maximum rate of injection into its Beaza SWD #1 (API. No. 30-025-49600) (“Well”) from 10,000 barrels per day (bpd) to 20,000 bpd. The requested increase would provide additional disposal capacity, which is necessary to serve Milestone’s customers. All other conditions of the approved permit under Order Nos. R-21441/SWD-2034 and IPI-536 would remain unchanged.

4. The Well is located 160 feet from the East line and 2480 feet from the North line (Unit H) in Section 25, Township 24 South, Range 34 East, NMMP in Lea County, New Mexico.

5. The Well is a commercial produced water disposal well approved under Order R-21441/SWD-2034 to inject into the Bell Canyon and Cherry Canyon formations at a depth of 5,497

feet to 7,240 feet below the surface at a maximum surface injection pressure of 2,000 psi approved under Order IPI-536.

6. Order No. R-21441 approved a maximum injection rate of 10,000 bpd but states that “the Director may authorize an increase in the injection rate upon a proper showing by the Operator of the subject well that such an increase in injection rate shall not result in a pressure that exceeds the formation parting pressure nor result in migration of the disposed fluid from the approved injection interval.”

7. As discussed below, the proposed increase in the injection rate will not result in a pressure that exceeds the formation parting pressure nor result in migration of the disposed fluid from the approved injection interval.

8. The Well injects into the Bell Canyon and Cherry Canyon formations with the top seal located in the Castille formation. A locator map of the location of the Well is attached as **Exhibit B-2**. **Exhibit B-2** also shows the geology in the area where the Well is located.

9. A type log for the Well is attached as **Exhibit B-3**, which shows the completed injection interval between 5,558' to 7,208'. Exhibit B-3 also shows the average 14% porosity and the flow units within the Bell Canyon and Cherry Canyon injection intervals.

10. **Exhibit B-4** provides the results of a Step Rate Test (“SRT”) that was performed on March 22, 2022, with only the lower perforated interval. The test results show that the Well can sustain up to 15 barrels per minute (bpm) of injection, which is equal to 21,600 bpd. No hydraulic fracture events occurred.

11. **Exhibit B-5** provides the results of a second step rate test that was performed on April 5, 2022, with the full perforated interval. SRT #2 also included a step-down test with a

maximum of 14 bpm, which is equal to 20,160 bpd. No hydraulic fracture event was observed. Bottom hole pressure measurements confirm no fracture event downhole.

12. **Exhibit B-6** is a G Function graph analysis showing there was no indication of fracture closure.

13. **Exhibit B-7** shows the Well's performance from Q3 of 2024 to present. A coil tubing cleanout was applied in March 2025 and was highly effective, returning the well to the initial operating pressures. The Well is currently able to inject at the requested rate and maintain approximately 500 psi below the maximum allowable surface injection pressure.

14. **Exhibit B-8** demonstrates that the apparent increases in surface pressure are related to wellbore skin rather than changes in reservoir pressure. Milestone's monitoring program quantifies skin over time. Milestone evaluated offset well data to verify that the reservoir pressure has not increased.

15. **Exhibit B-9** shows that the nearest offset well that injects into the Delaware Mountain Group also has significant skin and different pressure behavior, which demonstrates the reservoir pressure is not increasing due to injection. The well is located approximately 1 mile to the northwest of the Beaza Well.

16. **Exhibit B-10** sets out my conclusions. Specifically, SCADA data shows the Well can inject at a pressure of at least 500 psi under the MASIP at the requested rates. The requested increase in the injection rate to 20,000 bpd will not exceed the bottom hole fracture gradient, affect any offset wells, or harm any underground sources of drinking water.

17. In my opinion, the granting of Milestone's application would serve the interests of conservation, the prevention of waste, and the protection of correlative rights.

18. The attached exhibits were either prepared by me or under my supervision, or were compiled from company business records.

19. I understand that this Self-Affirmed Statement will be used as written testimony in this case. I affirm that my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

*Adam Haecker*  
\_\_\_\_\_  
Adam Haecker

12/19/2025  
\_\_\_\_\_  
Date

# Adam Haecker

563 Rancho Bauer Dr, Houston, Texas 77079 | 979-587-1061 | Adamhaecker@gmail.com

**Summary of Qualifications:** Senior Petrophysicist with eighteen years' experience working as the Director of Geoscience for a Carbon Capture and Sequestration firm. Several cutting-edge publications, and expertise in every major US onshore petroleum basin. Expert in specialty log processing and core analysis. Ability to organically generate and execute exploration and development projects from idea to full-field development. Strong understanding of carbon capture and sequestration, VP of Finance, SPWLA. Strong experience with carbon capture petrophysics, and project development

## **Key Skills:**

- Carbon Capture and Sequestration Geology, Geophysics and Petrophysics
- Build predictive petrophysical models that hold up to well performance
- Ability to generate plays from idea to appraisal and development
- Strong initiative and leadership skills
- Rock mechanics, Machine Learning, Special Core Analysis Expert
- Unconventional and conventional prospecting experience
- Excellent problem solving, leadership, interpersonal, influencing and planning skills
- Internationally recognized expert in Petrophysics

## **Relevant Experience:**

### **Milestone Carbon**

#### ***Director of Geoscience***

***2022-Present – Houston, TX***

Lead and manage a multidisciplinary geoscience team focused on carbon capture and storage (CCS), overseeing site selection, subsurface characterization, and risk assessment for CO<sub>2</sub> sequestration projects. Direct geological modeling, reservoir simulation, and data integration efforts to evaluate storage potential and ensure compliance with environmental regulations. Fostered collaboration across engineering, regulatory, commercial and sustainability teams, contributing to the successful advancement of injection well project construction and FID.

### **Battelle Memorial Institute**

#### ***Petrophysicist III***

***2022-2022 – Houston, TX***

I work with a team to evaluate prospects for carbon capture and sequestration sites. I perform petrophysics, mapping, operations and other tasks related to site selection. Strong understanding of value chain of CCUS and new frontiers associated with it. This role is very similar to conventional prospecting because reservoir, seal and source are key drivers of any CCUS project. In addition I have experience working on Class VI permits for EPA.

### **Continental Resources**

#### ***Supervisor of Petrophysics Department***

***2014-2022 – Oklahoma City, OK***

Working with the new ventures group at Continental Resources, I Supervise a team of four Petrophysicists. We evaluate new exploration prospects and prospective A&D ventures for the company. I work in every major oil and gas province in the continental United States and have extensive experience in all aspects of formation evaluation and core to log and log to seismic integration. Also work with multi-disciplinary groups to optimize of existing assets like the Bakken, STACK, Powder River Basin and Southern Oklahoma areas. Planned strategies for and executed coring jobs, core analysis programs and formation evaluation programs. Additionally, I routinely do large field studies with data from all service companies and eras. I have done extensive work on the Permian, Williston, Delaware, Gulf Coast, Rockies and Appalachian basins in addition to others.

**Milestone Environmental Services, LLC**  
**Case No. 25801**

**Chesapeake Energy****Senior Petrophysicist****2011-2014 – Oklahoma City, OK**

Worked in the Petrophysics Technology group. We evaluated existing assets for development and worked with operations groups to determine “sweet spots.” Worked with core laboratory, geoscience technology and other multi-disciplinary groups where I learned about all technical aspects of the exploration business. Extensively worked with the Core laboratory arm of Chesapeake and learned SCAL as well as key eccentricities of core analysis.

**Cabot Oil and Gas****Senior Geotech****2009-2011 – Pittsburgh, PA**

Worked as a mapping and petrophysical technician. Learned the “basics” of working in an exploration group that included mapping software, how to track competition, etc. I built a solid foundation for future endeavors.

**Weatherford Wireline****Wireline Field Engineer****2007-2009 – Houston, TX**

Managed wireline operations on over 200 rig locations. Recorded logs with current wireline technology. Attended eight-week intensive petrophysical school.

**Software Skills:**

Fluent in major Petrophysical Software and Common Industry Mapping Packages

- Techlog
- Integrated Petrophysics (IP)
- Geolog
- Advanced in computer programming with C++, C#, Python, VBA, R and other languages
- Geographix
- Kingdom
- Arc GIS

**Publications:**

Andrew Barry, Adam Haecker, and Siddharth Misra. "Rv/Rh Anisotropy in Unconventional Formations: Resolving the Riddle of Resistivity." Paper presented at the SPWLA 62nd Annual Logging Symposium, Virtual Event, May 2021. [LINK](#)

Paul R. Craddock, Adam Haecker, Kyle Bake, and Andrew E. Pomerantz. (September 2020) A global evolution of chemical and physical characteristics of type II kerogen during thermal maturation. *Energy Energy Fuels* 2020, 34, 12, 15217–15233. September 29, 2020 [LINK](#)

Naoki Sakiyama, Hiroshi Hori, Hiroaki Yamamoto, Hiroshi Nakajima, Matthew Blyth, Syed Muhammad Fahim Ud Din, Mark G. Kittridge. (July 20–22, 2020) Formation Anisotropy and Heterogeneity Evaluation with a High-Resolution LWD Ultrasonic Slowness Imaging Tool. SPE/AAPG/SEG Unconventional Resources Technology Conference, July 20–22, 2020. URTEC-2020-2169-MS [LINK](#)

Matthew Blyth, Naoki Sakiyama, Hiroshi Hori, Hiroaki Yamamoto, Hiroshi Nakajima, Syed Muhammad Fahim Ud Din, Adam Haecker, Mark G. Kittridge (June 24 – July 29, 2020) Revealing Hidden Information; High Resolution Logging-While-Drilling Slowness Measurements and Imaging Using Advanced Dual Ultrasonic Technology. SPWLA 61st Annual Logging Symposium, June 24–July 29, 2020. SPWLA-5077 [LINK](#)

Haecker, A., Lakings, J., Marshall, E., & Ulla, J. (2017, June 17). A Novel Technique for Measuring (Not Calculating) Young's Modulus, Poisson's Ratio and Fractures Downhole: A Bakken Case Study. SPWLA 58th Annual Logging Symposium, June 17–21, 2017. SPWLA-2017-A [LINK](#)

Haecker, A., Carvajal, H., & White, J. (2016, June 25). Comparison of Organic Matter Correlations in North American Shale Plays. SPWLA 57th Annual Logging Symposium, June 25–29, 2016. SPWLA-2016-Q [LINK](#)

**Education:**

Texas A&M University, College Station, Texas  
Bachelors of Science in Geology August 2007

## **Key Technical Expertise**

- Ability to perform field wide petrophysical studies on unconventional shales, conventional sands, offshore reservoirs, tight sands, basin centered plays and others using data from many different vendors and vintages
- Full understanding of unconventional workflows, able to create new code in IP, Techlog, Geolog or others to accommodate nearly any eventuality in petrophysical interpretation
- Experienced in using cluster analysis, cross plots, machine learning and other methods to generate electro-facies that tie to well performance
- Well versed in many machine learning methods via python or R
- Expert in capillary pressure modeling to support exploration efforts and reserves determination
- Subject Matter Expert in all open hole wireline tools - Able to QC, process and interpret triple combos, specialty logs such as nuclear magnetic resonance, neutron spectroscopy, acoustic logs, dielectric logs, image logs and others
- Advanced ability to work with many different core analysis methods such as retort, dean stark, x-ray diffraction, x-ray fluorescence, pyrolysis, helium pycnometry, electrical measurements, mercury injection capillary pressure, wettability, absolute, stressed and relative permeability
- Very experienced using deterministic and probabilistic methods to generate robust porosity, water saturation, lithology and permeability models that tie together core and log data
- Ability to bid, plan and execute logging and coring jobs from the mundane to the advanced
- Have planned and executed over 30 coring programs for formation evaluation
- Have planned and executed over 500 logging programs
- Full wave-form sonic log processing and mechanical properties evaluation for both frac optimization as well as borehole stability. Including anisotropic stress modeling
- Subject matter expert in rock mechanics, hydraulic fracturing and rock physics
- Proficient in writing new petrophysical code if commercial software is inadequate
- NMR analysis including T1, T2 and Diffusion inversion which leads to porosity, permeability and pore throat size prediction
- Strong understanding of fluid flow fundamentals and reservoir engineering principles

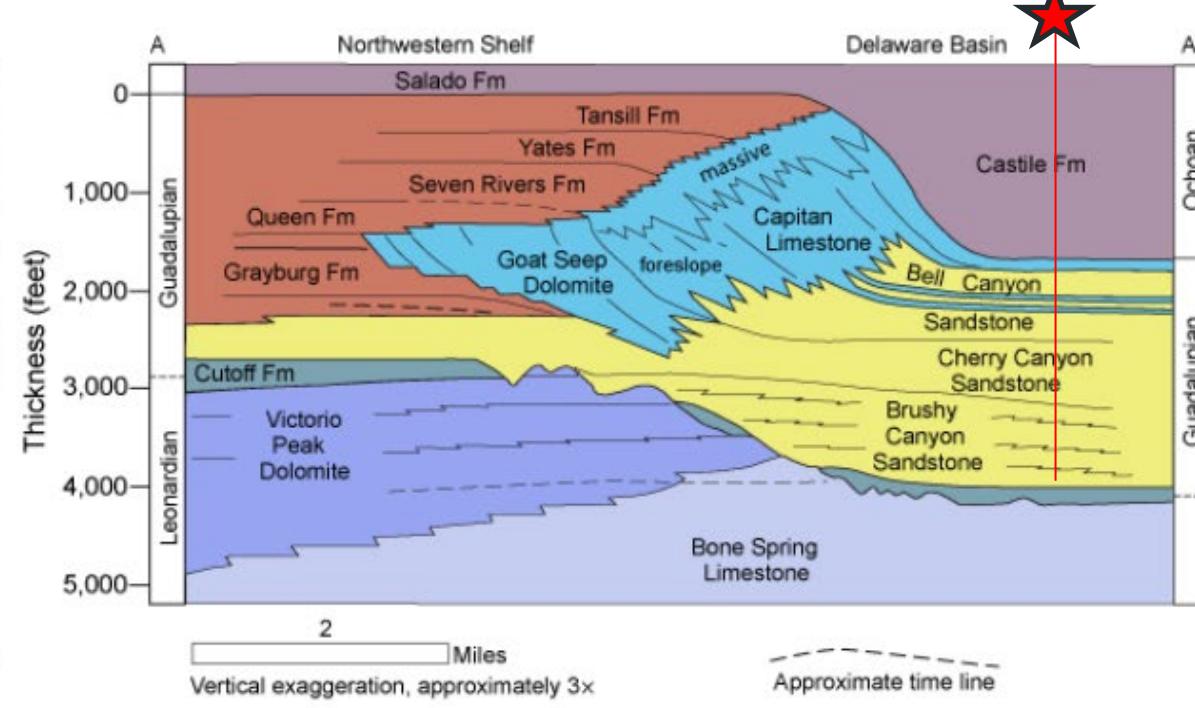
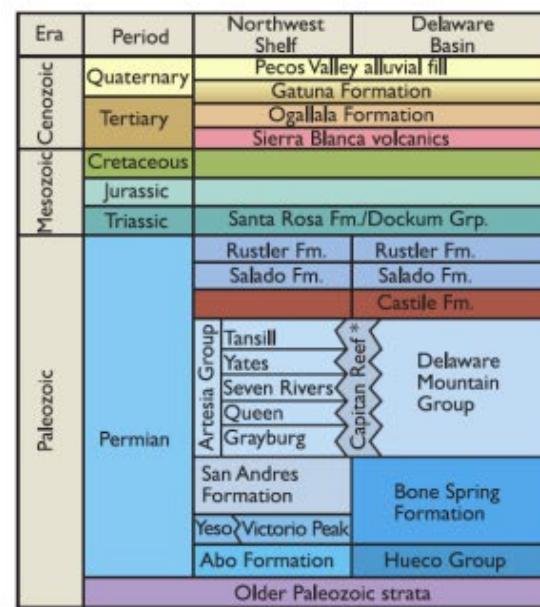
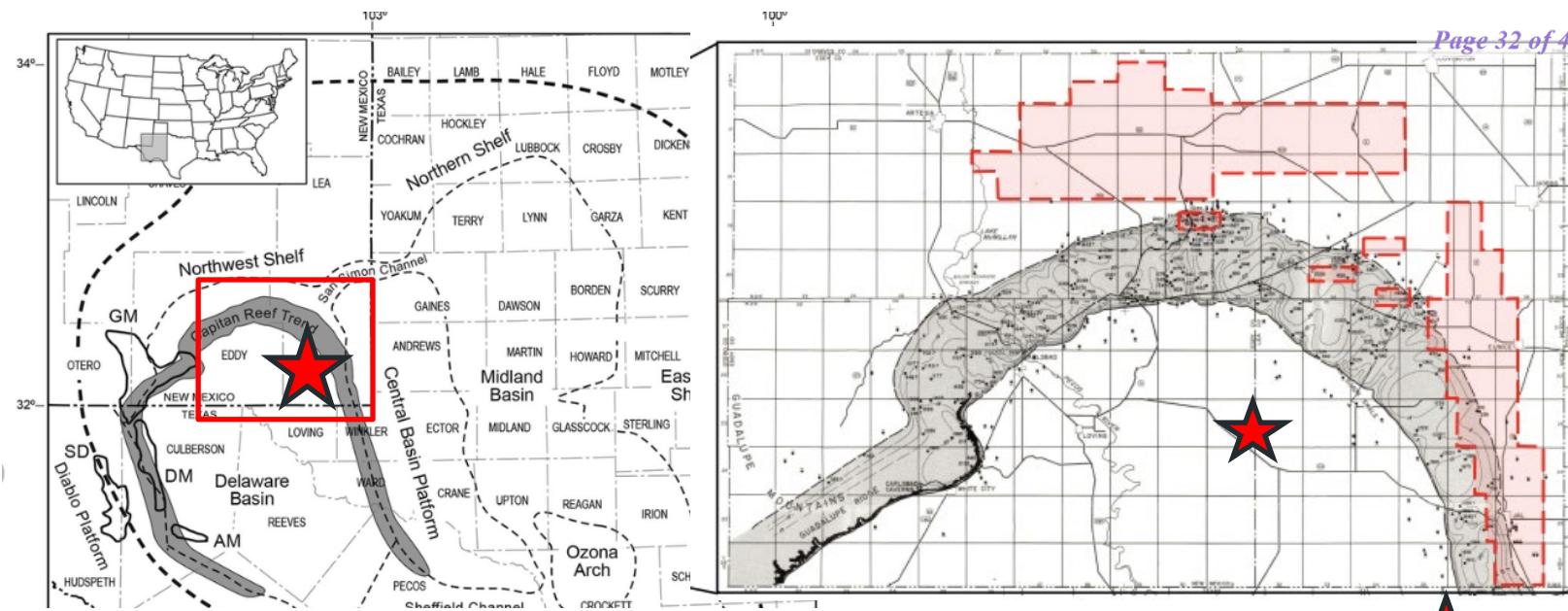
## **Candidate Profile**

- Outstanding Problem-solving skills
- Excellent Language skills, native English speaker, business level Japanese, basic Spanish
- Out of the box thinker. Can take tangential information and distill an accurate solution to suit business needs
- Passion for learning and new experiences. Possesses a curious mind.
- Energetic Communicator style
- ENTP Myers Briggs Personality type

- Generates monthly petrophysical quiz for SPWLA
- Strong desire to create value for the company and its partners through enhanced understanding of the reservoir and optimal development
- Linkedin Profile <https://www.linkedin.com/in/adamhaecker/>

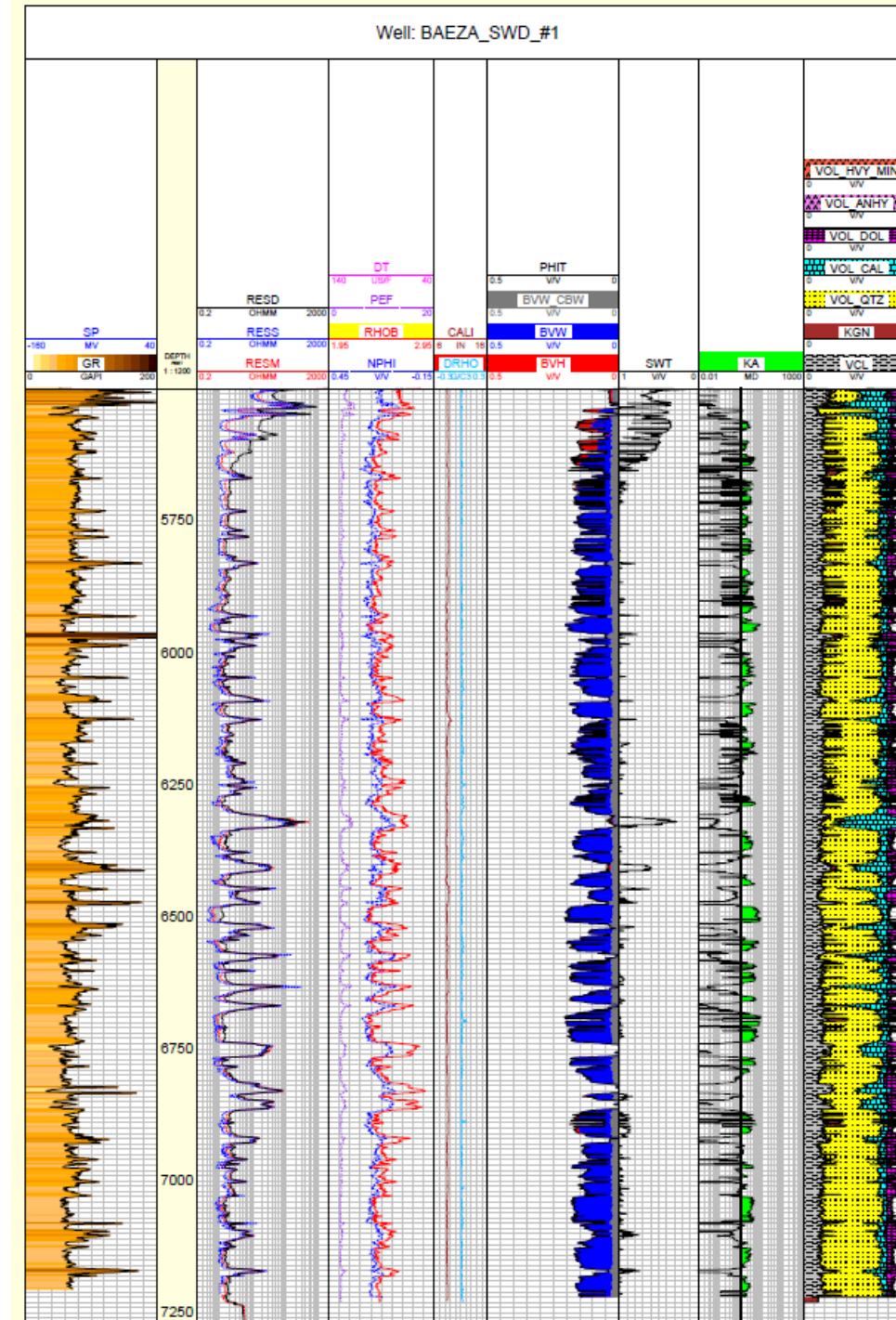
# Beaza Well Geology

- Located in the Northern Delaware Basin, Southern Lea County west of Jal New Mexico
- Top Seal – Castile
- Injection Intervals –
  - Bell Canyon
  - Cherry Canyon
- Not within the Capitan Reef Trend
- Aquifers –
  - Pecos Valley Alluvium
  - Ogallala



# Beaza SWD #1 Type Log

- Completed injection intervals from 5558' to 7208'
- Porosity averages 14% across sands
- green shading indicates areas of sand or higher permeability
- Roughly 3 flow units, 2 in Bell canyon and 1 in Cherry Canyon



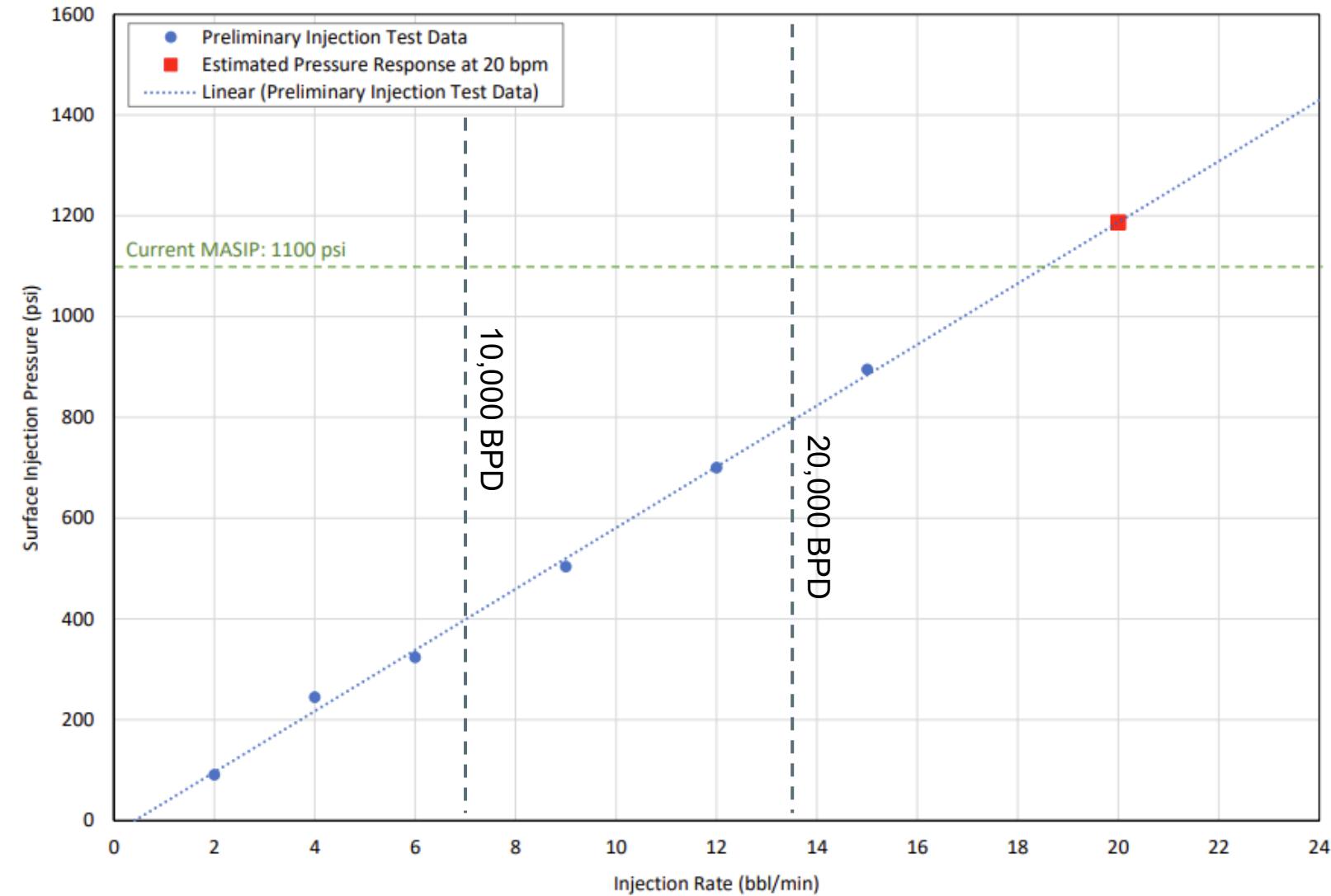
Milestone Environmental Services, LLC  
Case No. 25801  
Exhibit B-3



## SRT #1 - 3/22/22

- Step Rate Test performed in March 2022 shows Well can sustain higher rates
- 7 BPM -10,000 BPD
- <14 BPM - 20,000 BPD
- No fracture event seen

Preliminary Injection Testing - 3/22/2022

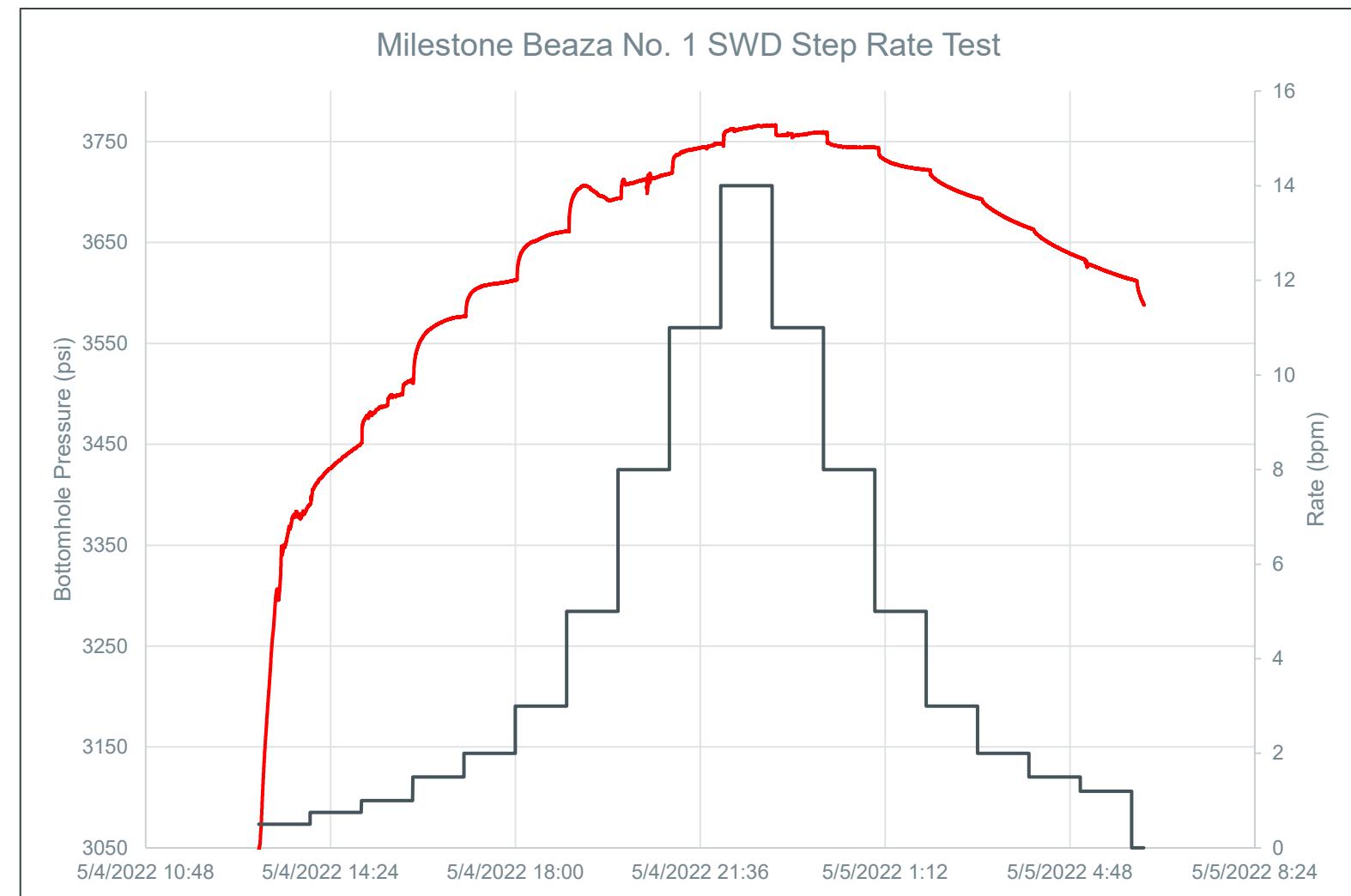


# SRT #2 – 4/5/2022

Milestone Environmental Services, LLC  
Case No. 25801  
Exhibit B-5

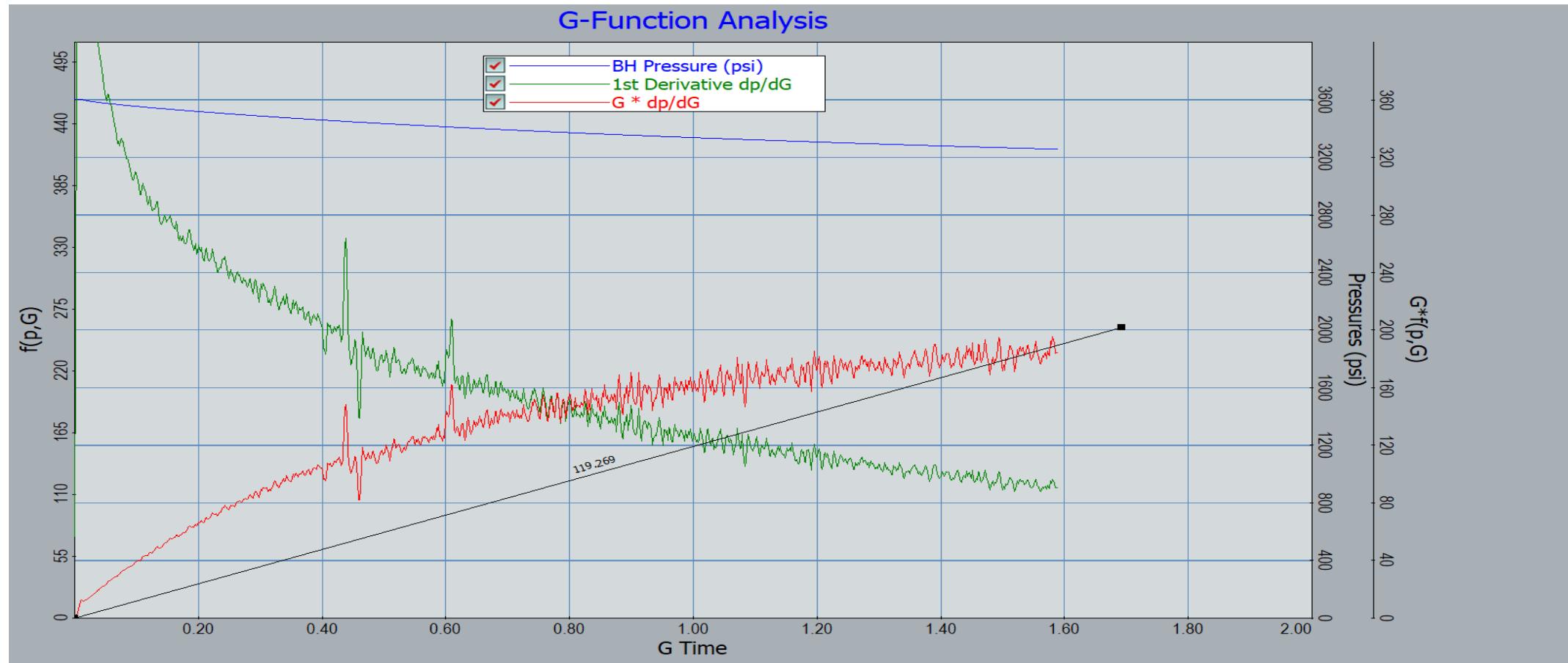


- 2<sup>nd</sup> SRT hit 14 BPM
- Also included step down test
- No fracture event seen
- Max BHP – 3766 psi
- Increased MASIP of 2000 PSI approved after this test
  - Approved 9/14/22



# G Function: SR2 #2

Milestone Environmental Services, LLC  
Case No. 25801  
Exhibit B-6

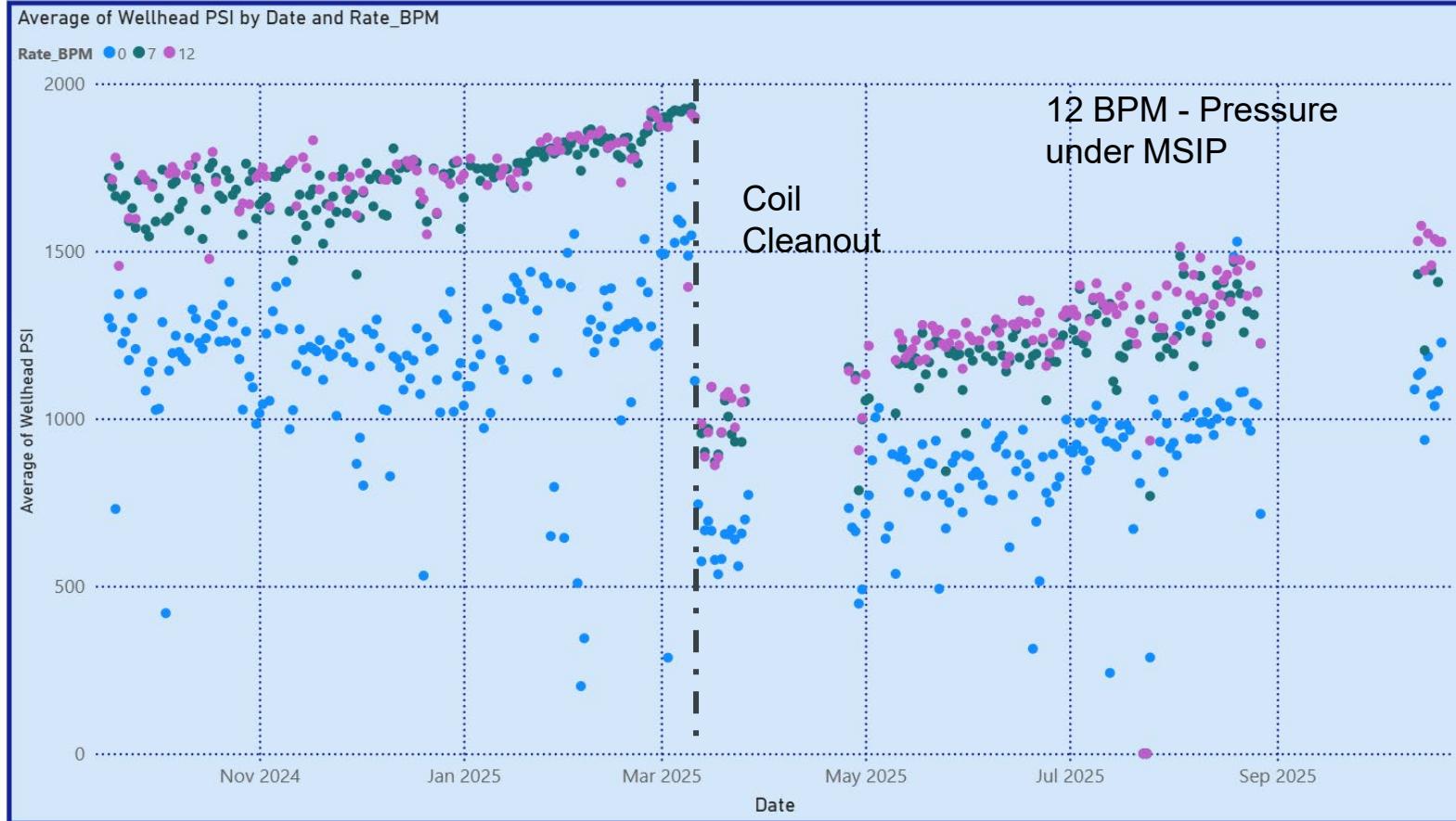


- G function Analysis indicates no fracture closure occurred – indicating well may not have been fractured initially. Pressure dependent leakoff observed by the hump in  $Gdp/dG$  curve further supports presence of near well fractures that were already in existence resulting in tortuosity observed during injection

# Well Performance Q3 2024-Present

## Coil Cleanout Results

Milestone Environmental Services, LLC  
Case No. 25801  
Exhibit B-7



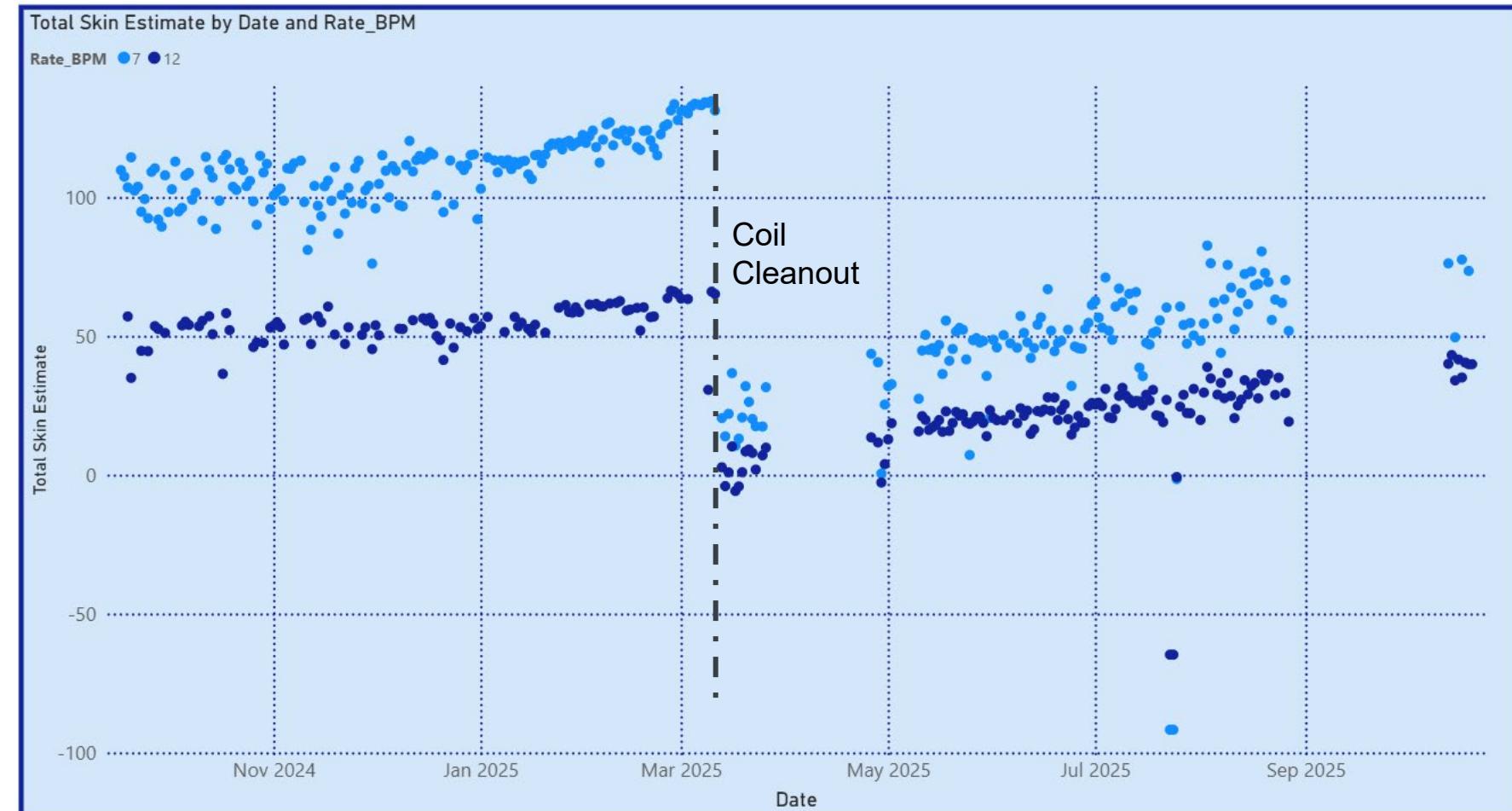
- In Q1 2025, Milestone monitoring program identified surface pressure increases due to wellbore fill
- Coil tubing cleanout was applied in March 2025
- Returned surface pressure to near original values
  - ~1000 psi at 12 BPM

# Milestone Coil Tubing Operation Analysis – Skin Factor

## Coil Tubing Reduced Skin to ~0

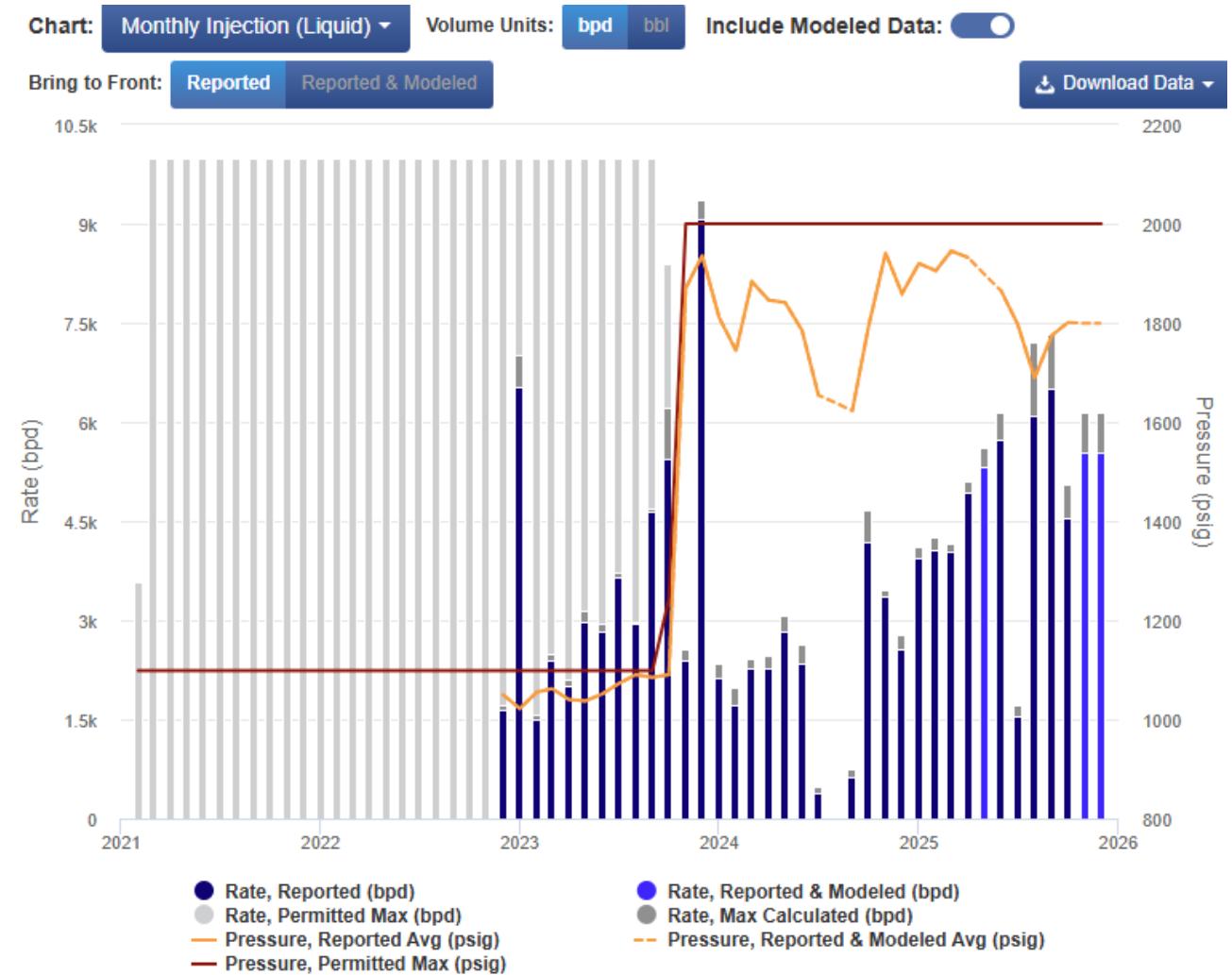


- Changes in Well Pressure due to near wellbore skin rather than reservoir pressure increases
- Offset Well injection well data corroborates this hypothesis
- Cleanout effectiveness also corroborates hypothesis



# Nearest Offset Delaware Mount Group Well

Milestone Environmental Services, LLC  
Case No. 25801  
Exhibit B-9



# Conclusions

**Milestone Environmental Services, LLC**  
**Case No. 25801**  
**Exhibit B-10**



- Data shows the pressure behavior at the Beaza SWD #1 and Offset Well are related to wellbore skin and fill rather than pseudosteady state reservoir pressure increases
- Recent SCADA data shows Beaza SWD can operate -500-1,000 psi under the MASIP at the requested rates
- The increase in injection rate will not exceed the bottom hole fracture gradient, or affect any offset wells, property
- The increased requested rate will not harm the USDW
- Milestone requests increase in daily max injection volume from 10,000 BPD to 20,000 BPD

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
OIL CONSERVATION DIVISION

APPLICATION OF MILESTONE ENVIRONMENTAL  
SERVICES, LLC TO AMEND ORDER NOS. R-21441/SWD-2034  
AND IPI-536 TO INCREASE THE APPROVED  
INJECTION RATE FOR THE BEAZA SWD NO. 1,  
LEA COUNTY, NEW MEXICO.

CASE NO. 25801

**SELF-AFFIRMED STATEMENT  
OF DANA S. HARDY**

1. I am attorney in fact and authorized representative of Milestone Environmental Services, LLC, the Applicant herein.
2. I am familiar with the Notice Letter attached as **Exhibit C-1**, and caused the Notice Letter, along with the Application in this case, to be sent to the parties listed in the Postal Delivery Report attached as **Exhibit C-2**.
3. Exhibit C-2 also provides the date the Notice Letter were sent, along with the delivery status of each.
4. Electronic return receipts are attached as **Exhibit C-3** as supporting documentation for proof of mailing and the information provided on Exhibit C-2.
5. On December 16, 2025, I caused a notice to be published in the Hobbs News-Sun. An Affidavit of Publication from the legal clerk of the Hobbs News-Sun along with a copy of the Notice Publication, is attached as **Exhibit C-4**.

6. I understand this Self-Affirmed Statement will be used as written testimony in the subject case. I affirm that my testimony above is true and correct and is made under penalty of perjury under the laws of the State of New Mexico. My testimony is made as of the date handwritten next to my signature below.

/s/Dana S. Hardy  
Dana S. Hardy

December 30, 2025  
Date

Milestone Environmental Services, LLC  
Case No. 25801  
Exhibit C



December 9, 2025

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**TO: ALL PARTIES ENTITLED TO NOTICE**

**Re: Case No. 25801 – Application of Milestone Environmental Services, LLC to Amend Order Nos. R-21441/SWD-2034 and IPI-536 to Increase the Approved Injection Rate for the Beaza SWD No. 1, Lea County, New Mexico.**

To whom it may concern:

This letter is to advise you that the enclosed application was filed with the New Mexico Oil Conservation Division. The hearing will be conducted on **January 8, 2026**, beginning at 9:00 a.m.

The hearing will be conducted in a hybrid fashion, both virtually and in-person at the Energy, Minerals, Natural Resources Department, Wendell Chino Building, Pecos Hall, 1220 South St. Francis Drive, 1<sup>st</sup> Floor, Santa Fe, NM 87505. The hearing may be held only virtually at the discretion of the Division. To confirm the manner in which the hearing will be held, and to participate virtually, please visit the OCD Hearings website at the following link: <https://www.emnrd.nm.gov/ocd/hearing-info/>. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Pursuant to Division Rule 19.15.4.13.B, a party who intends to present evidence at the hearing shall file a pre-hearing statement and serve copies on other parties, or the attorneys of parties who are represented by counsel, at least four business days prior to the scheduled hearing, but in no event later than 5:00 p.m. Mountain Time, on the Thursday preceding the scheduled hearing date. If you are not registered with the OCD's E-Permitting system, you must submit the statement via e-mail to [ocd.hearings@emnrd.nm.gov](mailto:ocd.hearings@emnrd.nm.gov) and should include: the names of the parties; whether or not the parties are represented by counsel; a concise statement of the case; the names of witnesses anticipated to be called to testify at the hearing; the approximate amount of time needed to present the case; and an identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this application, please contact Demarco Jones at [demarcojones@milestone-es.com](mailto:demarcojones@milestone-es.com).

Sincerely,  
/s/ Dana S. Hardy  
 Dana S. Hardy

---

125 Lincoln Avenue, Suite 223  
 Santa Fe, NM 87501  
 505-230-4410

HardyMcLean.com

**Writer:**  
 Dana S. Hardy  
 Senior Managing Partner  
[dhardy@hardymclean.com](mailto:dhardy@hardymclean.com)

**Milestone Environmental Services, LLC**  
**Case No. 25801**  
**Exhibit C-1**

## Postal Delivery Report

### Milestone Baeza Case No- 25801

Recipient	Date Mailed	USPS Tracking Number	Date Received	Status
New Mexico State Land Office	12/8/2025	9414836208551292043369	12/16/2025	Delivered, Individual Picked Up at Post Office MEMPHIS, TN 37501
COG Production, LLC	12/8/2025	9414836208551292043390	12/15/2025	Delivered, Individual Picked Up at Postal Facility MIDLAND, TX 79701
Solaris Water Midstream, LLC	12/8/2025	9414836208551292043512	12/16/2025	Delivered, Left with Individual SPRING, TX 77380

**Milestone Environmental Services, LLC**  
**Case No. 25801**  
**Exhibit C-2**



December 15, 2025

Dear Simple Certified:

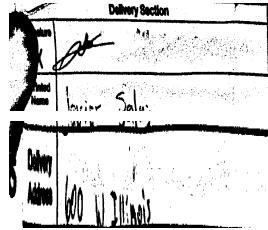
The following is in response to your request for proof of delivery on your item with the tracking number:  
**9414 8362 0855 1292 0433 90.**

**Item Details**

**Status:** Delivered, Individual Picked Up at Postal Facility  
**Status Date / Time:** December 15, 2025, 7:53 am  
**Location:** MIDLAND, TX 79701  
**Postal Product:** First-Class Mail®  
**Extra Services:** Certified Mail™  
**Recipient Name:** Return Receipt Electronic  
COG PRODUCTION LLC

**Recipient Signature**

Signature of Recipient:



Address of Recipient:

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,  
United States Postal Service®  
475 L'Enfant Plaza SW  
Washington, D.C. 20260-0004

COG Production, LLC  
One Concho Center  
W 600 Illinois Ave  
Midland, TX 79701  
Reference #: Milestone Battle Axe 25801  
Item ID: Milestone Battle Axe 25801

**Milestone Environmental Services, LLC**  
**Case No. 25801**  
**Exhibit C-3**



December 16, 2025

Dear Simple Certified:

The following is in response to your request for proof of delivery on your item with the tracking number:  
**9414 8362 0855 1292 0435 12.**

**Item Details**

**Status:** Delivered, Left with Individual  
**Status Date / Time:** December 16, 2025, 3:24 pm  
**Location:** SPRING, TX 77380  
**Postal Product:** First-Class Mail®  
**Extra Services:** Certified Mail™  
**Recipient Name:** SOLARIS WATER MIDSTREAM LLC

**Recipient Signature**

Signature of Recipient:

A handwritten signature consisting of the letters 'S' and 'H'.

Address of Recipient:

A handwritten address: '9950 2800'.

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,  
United States Postal Service®  
475 L'Enfant Plaza SW  
Washington, D.C. 20260-0004

Solaris Water Midstream, LLC  
9950 Woodloch Forest Dr  
Suite 2800  
The Woodlands , TX 77380  
Reference #: Milestone Battle Axe 25801  
Item ID: Milestone Battle Axe 25801



December 16, 2025

Dear Simple Certified:

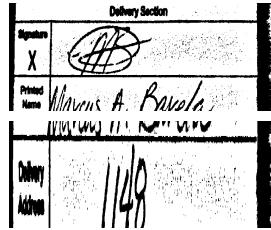
The following is in response to your request for proof of delivery on your item with the tracking number:  
**9414 8362 0855 1292 0433 69.**

**Item Details**

**Status:** Delivered, Individual Picked Up at Post Office  
**Status Date / Time:** December 16, 2025, 7:40 am  
**Location:** MEMPHIS, TN 37501  
**Postal Product:** First-Class Mail®  
**Extra Services:** Certified Mail™  
**Recipient Name:** Return Receipt Electronic  
NEW MEXICO STATE LAND OFFICE

**Recipient Signature**

Signature of Recipient:



Address of Recipient:

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,  
United States Postal Service®  
475 L'Enfant Plaza SW  
Washington, D.C. 20260-0004

New Mexico State Land Office  
310 Old Santa Fe Trail  
Santa Fe, NM 87501  
Reference #: Milestone Battle Axe 25801  
Item ID: Milestone Battle Axe 25801

# 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  
December 16, 2025  
and ending with the issue dated  
December 16, 2025.

  
Daniel Russell

Publisher

Sworn and subscribed to before me this  
16th day of December 2025.

  
Gussie Ruth Black

Business Manager

My commission expires

January 29, 2027

(Seal) STATE OF NEW MEXICO  
NOTARY PUBLIC  
GUSSIE RUTH BLACK  
COMMISSION # 1087526  
COMMISSION EXPIRES 01/29/2027

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 publication has been made.

**LEGAL NOTICE**  
December 16, 2025

This is to notify all interested parties, including: COG Operating LLC; Solaris Water Midstream, LLC; New Mexico State Land Office; and their successors and assigns; that the New Mexico Oil Conservation Division will conduct a hearing on the application submitted by Milestone Environmental Services, LLC ("Applicant") for Case No. 25801. The hearing will be conducted on January 8, 2026, in a hybrid fashion, both virtually and in person at the Energy, Minerals, Natural Resources Department, 1st Floor, Santa Fe, NM 87505. To participate virtually, see the instructions posted on the OCD website: <https://www.emnrd.nm.gov/ocd/hearing-info/>. In Case No. 25801, Applicant seeks an order authorizing it to increase the rate of injection through its Beaza SWD #1 (API 30-025-49600) ("Well") from 10,000 to 20,000 barrels per day. The well is located 160 feet from the East line and 2480 feet from the North line (Unit H) in Section 25, Township 24 South, Range 34 East, NMMP in Lea County, New Mexico. All other conditions of the approved permit are proposed to remain the same. The well is approved as a commercial produced water disposal well under Order No. R-21441 and SWD-2034 to inject into the Bell Canyon and Cherry Canyon formations through perforations from 5,497 feet to 7,240 feet below the surface at maximum surface injection pressure of 2,000 psi. The Well is located approximately 14 miles northwest of Jal, New Mexico.  
#00307041

67118479

00307041

HARDY MCLEAN LLC  
125 LINCOLN AVE, STE. 223  
SANTA FE, NM 87501

**Milestone Environmental Services, LLC**  
**Case No. 25801**  
**Exhibit C-4**