eceined by OSP & Appropriate Istrice 9:5	54 AM State	e of New Me	vico		Form C-103 of
Office District I – (575) 393-6161	Energy, Mine				Revised July 18, 2013
1625 N. French Dr., Hobbs, NM 88240	2,7			WELL API NO.	
<u>District II</u> – (575) 748-1283 811 S. First St., Artesia, NM 88210	OIL CONSI	ERVATION	DIVISION	30-045-31606	
<u>District III</u> – (505) 334-6178	1220 S	outh St. Fran	cis Dr.	5. Indicate Type of I STATE	Lease FEE
1000 Rio Brazos Rd., Aztec, NM 87410 <u>District IV</u> – (505) 476-3460	Sant	a Fe, NM 87	505	6. State Oil & Gas L	
1220 S. St. Francis Dr., Santa Fe, NM 87505		,		E6597-2	cuse 110.
	ICES AND REPORT	S ON WELLS		7. Lease Name or U	nit Agreement Name
(DO NOT USE THIS FORM FOR PROPODIFFERENT RESERVOIR. USE "APPLI					
PROPOSALS.)	CATION FOR FERMIT	(FORM C-101) FC	K SUCII	Central Bisti SWD	1
1. Type of Well: Oil Well	Gas Well Othe	r		8. Well Number: 16	
2. Name of Operator				9. OGRID Number:	371838
DJR Operating, LLC  3. Address of Operator				10. Pool name or W	Idaat: Entrada
1 Road 3263, Aztec, NM 87410				10. Pool name or w	ndcat: Entrada
4. Well Location			I		
Unit Letter_B:	:1067feet from	n theNorth_	line and _2286_	feet from the _Eas	tline
Section 16		nip 25N	Range 12W	NMPM San Juan	County
	11. Elevation (Sho 6233' GL	w whether DR,	RKB, RT, GR, etc.)		
	0233 GE				
12 Check	Appropriate Box t	o Indicate N	ature of Notice 1	Report or Other Da	nta
	11 1	o marcate 11		•	
	NTENTION TO:			SEQUENT REPO	
PERFORM REMEDIAL WORK			REMEDIAL WORK		TERING CASING
TEMPORARILY ABANDON	CHANGE PLANS	. 📙	COMMENCE DRIL		AND A
PULL OR ALTER CASING	MULTIPLE COMP	L 🗌	CASING/CEMENT	JOB $\square$	
DOWNHOLE COMMINGLE CLOSED-LOOP SYSTEM					
CLOSED-LOOP SYSTEM  OTHER:		$\boxtimes$	OTHER: Recompl	letion/Conversion to W	ater Well
13. Describe proposed or comp	pleted operations. (Cl				
of starting any proposed w		15.7.14 NMAC	. For Multiple Con	npletions: Attach well	bore diagram of
proposed completion or rec			1)	IONI (	115
DJR is proposing to convert the Cer					
pefore and after conversion wellbor converted to a WSW does not produ					
nor will it ever be used as a SWD.	ice on and gas. Anno	ough the well w	as permitted and au	monzed as a SWD, it	was never injected into
Attached are the following:					
Submittals to the State Eng	gineer's Office conver	ting the well to	a WSW.		
Recompletion Procedure					
Before and After Wellbore	Diagrams				
<ul> <li>Affidavit of Responsibility</li> </ul>	'-Conversion to Water	r Well with atta	ched letter		
02/17/2005					]
Spud Date:   02/17/2003	]	Rig Release Da	te:		
L					I
	<del></del>				
I hereby certify that the information	above is true and cor	nplete to the be	st of my knowledge	e and belief.	
signature <u>Shaw-Mari</u>	is Ford	TITLE Regul	atory Specialist	DATE	01/23/2023
Type or print name Shaw-Mari	e Ford	E	sford@djrllc.co	om Biros	<sub>IE:</sub> 505-716-3297
Type or print name Snaw-Ivian For State Use Only		E-mail address		PHON	IE:
John Garcia APPROVED BY:	,	TITLE Petrol	eum Specialist Sup	ervisor DATE	1/24/2023
Conditions of Approval (if any):					



January 23, 2023

New Mexico Oil Conservation Division 1220 S St Francis Dr Santa Fe, NM 87505 Attn: Mr. Brandon Powell

Re:

Conversion to Water Well - Central Bisti SWD No. 161

Dear Mr. Powell:

DJR Operating, LLC (DJR) is attaching and making this letter as part of the Affidavit of Responsibility-Conversion to Water Well as required by the New Mexico Oil Conservation Division (NMOCD) for the Central Bisti 161 well. This letter is being attached to the affidavit to further explain why statements contained in Paragraph 4 and the information requested to be inserted are not applicable.

As you are aware, DJR is in the process of converting this well to a water supply well, which conversion is being permitted and authorized through the State Engineer's Office. The well was intended to be, and is currently designated as, a disposal well, but has never been used as such. Once approval of the State Engineer's Office is received to operate the well as a water supply well, DJR will commence to use the well for this purpose in perpetuity.

In the pre-printed portions of Paragraph 4 of the affidavit, it states that the wellbore will be transferred to the landowner. As explained above, this will not be the case. DJR will continue to operate the well as a water supply well and has no plans to transfer the wellbore to the landowner. Therefore, Paragraph 4 of the affidavit cannot be attested to and completed for these reasons. DJR has completed the remaining portions of the affidavit for your information and ultimate approval. It should be noted that DJR has an agreement with the landowner in the form of a Memorandum of Surface Use and Compensation Agreement which has been recorded in San Juan County, New Mexico.

Should you have any further questions, please contact me.

Sincerely,

Dave Brown

Government and Regulatory Affairs Manager

1 Road 3263 Aztec, NM 87410 Phone (505)-632-3476 Fax (505)-632-8151

### NEW MEXICO OIL CONSERVATION DIVISION SANTA FE, NEW MEXICO

## AFFIDAVIT OF RESPONSIBILITY CONVERSION TO WATER WELL

STATE OF I	New Mexico	)	)	
County of	San Juan		)	
David R. B	rown		,	, being first duly sworn according to law, upon his oath
deposes an	d says:			
1.	That he is	Regulatory and Government	Affairs Manager of	f DJR Operating, LLC
		(Title)		(Operator)
whose	address is:	1 Road 3263. Aztec,NM 8	7410	
2.	That DJR	Operating, LLC (Operator)		is the operator of a well drilled on land belonging to
Wester			ess is Box 592809 TX	(I- <u>047, San Antonio, TX 78259</u> ,
		owner)		
				ide gas and described as the
· · · · · · · · · · · · · · · · · · ·				n line and 2,286 feet from the east line of Section 16
		ge 12W, NMPM, San Juan Co		-
3.	inat s	aid well was drilled to a tota	i depth of <u>7,112 fee</u>	et, and that casing has been set and cemented as follows:
		9 5/8" surface casing se	et at 416', cement to	o surface and 7" 23# N-80 set at 7106'
well as	follows:		See Attached Lette	er
Paragra	n of the State photography of NOTAF SHAW-MA COMMISS EXPIRES N	e of New Mexico on Form C- NEW MEXICO pplied with to RY PUBLIC IRIE N. FORD ION # 1056333 ARCH 22, 2024	103, together with a his satisfaction.  By  day of	of Paragraph 4 above, it will so notify the Oil Conservation a signed statement from the landowner that the provisions of (Operator)  A.D. 20 23  Try Public in and for the County of
described w	d says that well for his us a water well.	hen the provisions of Parag e as a water well, and that h	raphs 4 and 5 above	, being first duly sworn according to law, upon his oath e have been complied with, he will accept the abovesponsibility for the well, the location, and the conversion of
			<del></del>	(Landowner)
Subscribed	and sworn to	before me this	day of	, A.D. 20
			Nota	ary Public in and for the County of



### Re-Completion Procedure Central Bisti 161 WSW San Juan County, New Mexico Permit Reference # SJ-4387

**Surface Location** 

Sec 16 T25N R12W Ground Elevation 6233' MSL SHL Geographical Coordinates (NAD-83)

Latitude 36.4055099° N Longitude 108.1156464° W

#### **Directional Information**

Well is vertical and drilled to a total depth of 7112'

#### Well objectives

This vertical well will be converted to an Entrada water well and will be used to provide frac water. This procedure covers cased hole evaluation of the 7" long string, pressure test of the long string and testing the Entrada zone, and installation of an ESP.

#### Bottom Hole temperature and pressure

The temperature at TD is 168°F. The reservoir pressure in the Entrada is anticipated to be 3,814 psi.

Formation Tops (Sd = Sand; Sh = Shale; Siltstone = Slt, Coal = C; W = water; O = oil; G = gas; NP = no penetration)

Name	MD (ft)	Lithology	Pore fluid	Expected Pore Pressure (ppg)
Ojo Alamo	348	Sd	W	8.3
Kirtland	447	Sh	W	8.3
Fruitland	741	С	G/W	8.3
Pictured Cliffs	1110	Sd	G/W	8.3
Lewis	1269	Sh	G/W	
Chacra	1855	Sd	G/W	8.3
Cliff House	2511			
Menefee	2519	Sd, C	G/W	8.3
Point Lookout	3557	Sd	G/W	8.3
Mancos	3737	Sh	O/G	
Gallup	4595	Slt	O/G	6.6
Greenhorn	5465	Slt	O/G/W	6.6
Dakota	5545	Sd	O/G/W	6.6
Todilto	6709	Sd	G/W	6.6
Entrada	6781	Sd	W	8.3
Entrada Base	6946	Sd	W	8.3



#### Well Design

Casing OD	Hole Size	Weight (#/ft)	Grade	Coupling	MD Top	MD Bottom	Top of Cement (MD)
9 5/8"	12 1/4"	36.0	J-55	STC	surf	416	surface
7"	8 3/4"	23.0	N-80	LTC	surf	7106	surface
3 ½"	Tubing	9.3	L-80	LTC	surf	2500	None

Note: 3 1/2" tubing will be coated (internally)

#### **Casing & Tubing Data**

OD	ID	Capacity (bbl/ft)	Burst	Collapse	
9 5/8"	8.921	0.0773	5120	2370	
7"	6.366	0.0394	6340	3830	
3 ½"	2.992	0.00870	10159	10533	

#### 7" Long String - Additional details

Production casing (7" 23#, N-80) was set a 7106' in a 7112' deep 8 ¾" hole and cemented to the surface. Lead with slurry of 800 sx 50/50 standard poz and circulated 70 bbls to the surface. Tailed with 450 sx 65/35 standard poz and circulated 40 bbls to the surface. Pressure tested to 1500 psi.

After pumping the cement job, well was logged with radial CBL and submitted to the State. CBL shows TOC at surface. Additionally, the well was perforated from 6,785' to 6,940'. After the well was perforated, it was swabbed to get water sample from the Entrada formation.

#### Wellhead and BOPE

A 7-1/16" 5M BOP configured with blind rams, pipe rams and an annular will be installed. The stack will be tested to 3500 psi. A lubricator will be required while conducting cased hole logging and perforating activities. The lubricator will be tested to 2500 psi.

#### **Procedure**

- 1. MIRU workover rig with base beam.
- 2. NU 7-1/16" 5M BOP with blind rams, pipe rams and annular. Test BOP to 3500 psi for 30 minutes do not test against the 7" casing and ensure the wing valve is open during test. Fill pit with freshwater treated with biocide. Bomb tanks.
- 3. MIRU. TOOH with existing packer at 5,005'. TIH with 6-3/4" bit and 7" casing scraper on 2-7/8" work string. Work scraper across future packer setting depth at 6,700 ft MD. Continue to TIH and tag COTD at 7,016 ft.
- 4. POOH with bit, scraper, and 2-7/8" work string. Stand back tubing.
- 5. Rig up lubricator and pack-off, test to 2500 psi.
- 6. Run Temp/Radial CBL/GR/Casing Inspection log from COTD to surface.

Page 2 of 4



- 7. POOH with Wireline
- 8. RIH with Weatherford weight-set retrievable packer with 2.313" x nipple above the packer. Set packer at ±6,700 ft MD (do not set packer in casing coupling). Test backside of packer to 1500 psi for 30 minutes.
- 9. Break down Entrada perforations using 150 bbls of treated freshwater. Perform Step Rate injection test as follows. Note: limit on injection pressure is 2500 psi regardless of rate.
  - a. Ramp pump up to 10 bpm or maximum rig pump output.
  - b. Allow injection pressure to stabilize at each rate before stepping down injection rate
  - c. Step down rate three times from (a)
  - d. After last rate, shut down pump and monitor and record pressure for 1-hour.
- 10. At conclusion of water sampling, shut down and observe tubing dead. Unseat packer, check well for flow and POOH. Keep hole full while tripping out. Lay down tubing and packer.
- 11. Rig up and run 2,500 ft 3-1/2" 9.2 # L-80 LTC tubing +LTC to EUE XO + ESP + de-sander + 7 jts of 2 7/8" 8rd EUE tailpipe. Band ESP every 3 ft above and 3 ft below each coupling. Land tubing in hanger with pump at ±2,798 ft MD. Check cable continuity periodically while TIH.
- 12. Nipple down and set out BOP.
- 13. Install ESP penetrator and nipple up x-mas tree (one master valve, flow cross with 1" with 2" 1502 outlet and 2-2" 1502 ball valves. Test seals to 3,000 psi.
- 14. Shoot fluid Levels on 7" casing and check with ESP head pressure to correlate water levels.

Objective: Perform an aquifer test on the well. Begin with a step-rate test to confirm stable production is possible at desired rate, produce well at a constant rate for a 24-hour period, and monitor well recovery after stopping the pumps (water level and high-frequency pressure data).

- 15. Ensure adequate storage on location for 40,000 bbls of produced water. Install one G-Tank on location.
- 16. Ensure 3" Coriolis flowmeter is installed with capability of recording one-second data during all producing intervals.
- 17. Start up generator, VSD, and power-up ESP.
- 18. Record pressure with the ESP inlet transducer at one-minute sampling during the duration of all well-testing procedures. Begin pressure-monitoring starting with power-up and record inlet pressure for 30-minutes prior to pumping.
- 19. Ensure accurate fluid density measurements so water level in the well can be calculated from the ESP inlet transducer pressure data.
  - Use hydrometer on site and record density measurements
- 20. Collect one gallon water samples each hour during all flow testing. Use distilled water jugs.



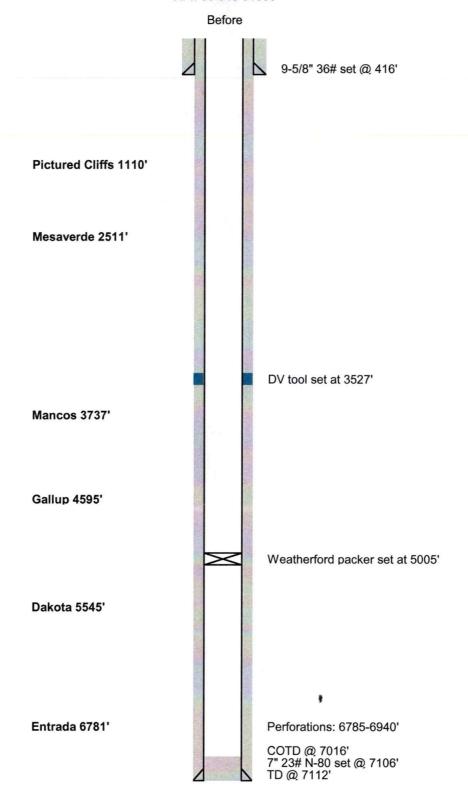
21. Start step-rate test using the following flow-schedule as a guide. Record actual discharge rate with the Coriolis meter and all pressure data using the ESP inlet transducer.

Discharge Rate (gpm)	Start (minutes)	End (minutes)
240	0	60
360	60	120
480	120	180
600	180	240

- 22. Well will be shut-in two days to monitor pressures.
- 23. Shoot Fluid Levels on 7" casing and check against ESP head pressure.
- 24. Secure well and location.

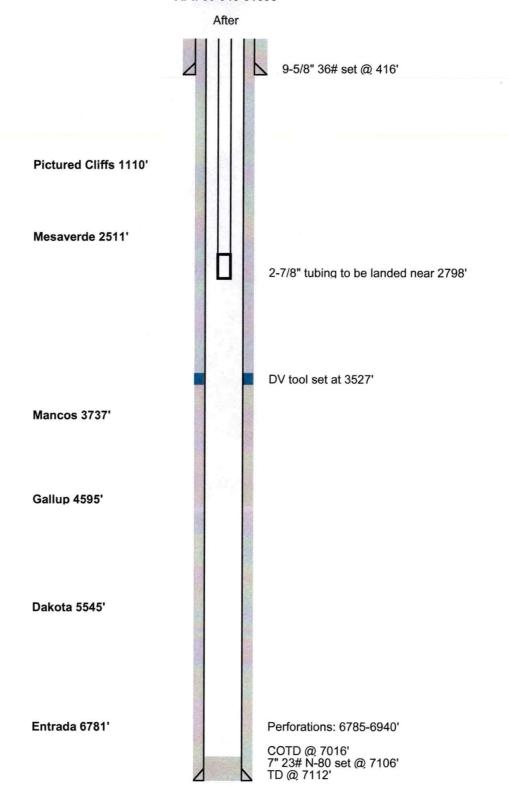


Wellbore Diagram Central Bisti SWD 161 NE/4, Sec 16, T25N, R12W San Juan, County, NM API: 30-045-31606





Wellbore Diagram Central Bisti SWD 161 NE/4, Sec 16, T25N, R12W San Juan, County, NM API: 30-045-31606





# ARTESIAN WELL PLAN OF OPERATIONS



(for new well construction and repairs)

An Artesian Well Plan of Operations shall be filed with and approved by the Office of the State Engineer prior to commencing the drilling or repairing of an artesian well.

A detailed diagram of the proposed artesian well shall be attached to this plan.

	of well owner: DJR N				or 2007		
	ng address: 1700 Linco		4-1-1-1		N TO SECOND	A	ACCURATION OF THE PARTY OF THE
•	Denver	AND THE PROPERTY OF THE PARTY OF		CATTAGE OF THE		eer de sude	Zip code: 80203
Phone	number: 1-303-595-7	430		E-mail:	nli@djrllc.com		partitioned as
	erkeri ir i	10 10 10 10 10 10 10 10 10 10 10 10 10 1					
100.00	VELL DRILLER INF	ENGLISHED SANCES IN	D				
	Driller contracted to pro					2 (35) o	The stage of
New I	Mexico Well Driller Lie	cense No.: See Section	on v	on dead	Expira	tion Date:	F 275 1 F
IV. V	VELL INFORMATIO	<u> </u>					
1)							describe in section V
	applicant should be	familiar with the need	d for specia	lty materia	als or design red	quired for	the monitoring program.
2)			•				
-,	Will the well tap or provide additional d		ine, or othe	rwise poor	quality water?	Ye	s If yes, please
3)	provide additional d						数付金で並行。 Participation of the Participation of the
	provide additional d	etail in section V.	uifer:6	5,781			数付金で並行。 Participation of the Participation of the
3)	provide additional d Depth of top of the a Is a flowing artesian	etail in section V. anticipated artesian aqu head anticipated?	uifer:	5,781 Yes			数付金で並行。 Participation of the Participation of the
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3) 4) 5)	provide additional d Depth of top of the a Is a flowing artesian Will a pitless adapte GPS Well Location: Will permanent surf	etail in section V.  anticipated artesian aqu head anticipated?  r be installed in the wa  Latitude:	uifer:6	Yes  No  deg, deg,	feet below grou	20	gl). sec sec, NAD 83 w. (Note: surface
3) 4) 5) 6)	provide additional d Depth of top of the a Is a flowing artesian Will a pitless adapte GPS Well Location: Will permanent surficasing is shallow casoptional).	etail in section V.  anticipated artesian aquaticipated anticipated?  The be installed in the weather the installed in the weather t	26 108	Yes  No  deg, deg, ing unit ov	feet below grounds.  24 min, min, min, min, min, min, min, min,	20 56 etails below	gl). sec sec, NAD 83 w. (Note: surface
3) 4) 5) 6)	provide additional d Depth of top of the a Is a flowing artesian Will a pitless adapte GPS Well Location: Will permanent surficasing is shallow casoptional). a) Diameter o	etail in section V.  anticipated artesian aqui head anticipated?  r be installed in the wo  Latitude: Longitude:  ace casing be installed	alifer:	No deg, deg, sing unit ov	feet below grounds.  24 min, 6 min, f yes, provide diverlying the arter	2056etails below	gl). sec sec, NAD 83 w. (Note: surface

Artesian Well Plan of Operations Revised October 6, 2017 Page 1 of 4

	c)	Surface casing material, grade: Steel J-55 36#/ft
	d)	Inside diameter (ID): 8.92 inches.
	e)	Outside diameter (OD): 9 5/8 inches.
	Ŋ	Wall thickness: 0.352 inches.
	g)	Casing joint connection type (note whether welded, glued, coupled, etc. If coupled, include outside diameter OD and the length in inches, and also the number of threads per inch.):  Coupled. OD 10.625", length 7-3/4", 8 threads per inch
	h)	Interval of proposed surface casing annular sanitary seal: 0 to 427 feet below
	ш	ground level.
	i)	Surface casing sanitary seal material:  Cement
8)	in some	a casing ( Note: artesian casing shall be set adequately into the confining unit overlying the artesian aquifer; designs this may also be the production casing; NMOSE inspection requirements apply to installing, and testing the artesian casing):
	a)	Diameter of borehole to be drilled for the artesian casing:8 3/4 inches.
	b)	Proposed artesian casing depth: 7,106 feet below ground level.
	c)	Artesian casing material, grade: Steel N-80 23#/ft
	d)	Inside diameter (ID):6.36 inches.
	e)	Outside diameter (OD):7 inches.
	f)	Wall thickness: 0.316 inches.
	g)	Casing joint connection type (note whether welded, glued, coupled, etc. If coupled, include outside diameter (OD) and the length in inches, and also the number of threads per inch.)
		Coupled, OD 7.656", length 10-1/2", 8 threads per inch
		Type and spacing of artesian casing centralizers: erford centralizers. 1 centralizer on 1st joint, 13 centralizers spaced every other joint for next 23 joints, then 2 centralizers spaced every other references the next 53 joints.
	i)	Manufacturer and model of float shoe: Weatherford float shoe. Model not available.
	j)	Method of annular grout placement: check one Pressure Grout
	k)	Interval of proposed annular grout:0 to to feet below ground level.
	1)	Proposed annular grout mix: 5.25 to 9.61 gallons of water per 94 pound sack of Portland cement.
	m)	Cement type proposed: See Section 8)q) below
	n)	Theoretical volume of annular grout required: 1076 cubic feet
	0)	Will the grout be: batch-mixed and delivered to the site mixed on site
	p)	Grout additives requested, and percent by dry weight relative to cement: (See AWWA Standard A100-06
		or Halliburton red book; common additives: calcium chloride, bentonite solution, pozzolan ash):
		Cement additives: Stage 1: 2% gel; 0.6% Halad-9; 0.1% HR-5; 5# gilsonite; ¼# Flocele. Stage 2: 6% gel; 5# gilsonite; ¼# Flocele; 2% CaCl2.
		TC :S H9 E1 RAM 0202



Artesian Well Plan of Operations Revised October 6, 2017 Page 2 of 4

	q)	Additional notes and calculations:
		Section 8)m) Cement as pumped: Stage 1: 800 sks 50/50/std/Pox + additives; 5.25 gal/sk; 1.32 cu. ft./sk. Stage 2: 450 sks 65/35/std Poz + additives; 9.61 gal/sk; 1.92 cu. ft/sk. Excess cement to surface on both stages.
		the contract of the state of the contract of the state of
9)		ion casing (set through the artesian casing and into the artesian aquifer; may not be necessary if the artesian s used as the production casing):
	a)	Will you be using a production casing within the artesian casing? No If yes, provide a description of the following in section V:
		<ul> <li>i. Diameter of borehole to be drilled for production casing; casing joint connection type - note whether coupled, welded, glued, etc.; proposed production casing depth; and inside diameter, outside diameter, wall thickness, casing material, and casing material grade of production casing.</li> <li>ii. List the proposed screened/ perforated interval(s) if you plan to use well screen or perforated casing.</li> <li>iii. List the vertical intervals and seal or fill material if the annulus between the production casing and artesian casing/borehole is to be sealed/ filled.</li> </ul>
The Co	entral Bisti	AL INFORMATION: List additional information below, or on separate sheet(s):  161 WSW is an existing, completed well. It was originally constructed to be a water disposal well but after ity tests indicated a TDS below the 10,000 mg/L threshold it is now proposed to be a water supply well.
		200
		2020 MAR
		NEW MED
		2: 5 <b>7</b>
VI. SI	GNATUE	RE:
Engine	er pertain	, say that I have carefully read the foregoing Artesian Well Plan of any attachments, which are a part hereof; that I am familiar with the rules and regulations of the State ing to the plugging of wells and will comply with them, and that each and all of the statements in the an of Operations and attachments are true to the best of my knowledge and belief.  Signature of Applicant
		Signature of Applicant Date
		Signature of Well driller Date
		Artesian Well Plan of Operations Revised October 6, 2017 Page 3 of 4

s Artesian Well Plan of Operations is:		
Approved subject to the attached con	ditions.	
Not approved for the reasons provide	ed on the attached letter.	
Witness my hand and official seal this	day of	
		,State Engineer
	Ву:	-



#### **Pertinent Data Sheet**

2/19/2019 SHL

Well Name: Central Bisti 161 WSW

Footage: 1067' FNL and 2286' FEL Location: Section 16, T25N, R12W

County:

API#:

San Juan County, NM

30-045-31606

Lease:

E-6597-2

Field: Entrada

Elevation: 6233' KB

Spud Date: 2/17/05

TD: 7112' KB

Completion Date: TBD

**PBTD:** 7057'

(Weatherford packer at 5005' KB)

#### Casing Record:

Hole Size	Casing Size	Wt.	Grade	Depth Set	Cement
12-1/4"	9-5/8"	36#	J-55	416'	271 ft3 (Circulated cement to surface)
8-3/4"	7"	23#	N-80	7106'	1920 ft3 (Circulated cement to surface)

Surface casing: 271 ft3,15.6 ppg, 1.18 ft3/sack

Production casing: Stage 1: 1056 ft3, 13.5 ppg, 1.32 ft3/sack. Circ. 70 bbls excess cement to surface.

Stage 2: 864 ft3, 12.4 ppg, 1.92 ft3/sack. Circ. 40 bbls excess cement to surface.

DV (stage) tool at 3527'.

Tubing Record: None

Rod Record: None

Logging Record: Ind-GR, SD-DSN, CBL-GR-CCL

**Formation Tops:** 

Pictured Cliffs 1117' Mesaverde 1805' Mancos 3781' Gallup 4566' Dakota 5519' Morrison 5742' Entrada 6781'

Perforation Record: 12-28-2018: Perforated 6785-6940'. 620x0.42" shots at 4 SPF.

Completion Record: None

**Injection Record: None** 

2020 MAR 19 PM 2:

# DJR NOI ATTACHMENT A

2070 MAR 19 PM 2: 52

Released to Imaging: 1/24/2023 9:11:50 AM

Wright Water Engineers, Inc.

1666 N. Main Avenue, Suite C Durango, Colorado 81301 (970) 259-7411 TEL (970) 259-8758 FAX

www.wrightwater.com e-mail: pfoster@wrightwater.com

February 28, 2020

Via Email: nli@djrllc.com

Ningning Li Completions Manager, DJR Energy 1600 Broadway, Suite 1960 Denver, CO 80202 AZTEC, NEW MEXICO 2020 MAR 19 PM 2: 52

Re: Attachment A - Notice of Intention for the Central Bisti 161 Water Supply Well in the San Juan Basin

Dear Ningning:

This letter serves as Attachment A to the Notice of Intention (NOI) for the Central Bisti 161 Water Supply Well (WSW) located in the San Juan Basin (Table 1 and Figure 1). The Central Bisti 161 WSW was originally constructed as a disposal well, however after construction the water quality of the well narrowly did not meet the requirements for disposal. DJR is now converting this disposal well into a water supply well for oil and gas development uses.

The following is required to be included in Attachment A:

"a description of the target aquifer and overlying confining strata, geologic cross sections of the target aquifer and overlying confining strata, and a map showing the lateral extent and depth of the target aquifer and overlying confining strata. Also include any other studies that form the basis for the contention that the target aquifer meets the criteria of 72-12-25 NMSA, addressing total dissolved solids content of the target aquifer groundwater, and hydraulic separation of target aquifer from shallower aquifer systems and surface water."

- from description on NOI form

#### **Proposed Wells**

The proposed well is located in San Juan county in northwest New Mexico (Figure 1 and Figure 2). This well targets the Entrada Sandstone confined aquifer from 6,781 feet to 6,940 feet in depth (Table 1). This depth to the top of the aquifer exceeds the criteria of a minimum depth of 2,500 feet defined in 72-12-25 NMSA. The total well depth is 7,112 feet. DJR derived these anticipated depths from correlating well logs of nearby completed wells. DJR plans on pumping an average maximum of 450 acre feet per year from the Central Bisti 161 WSW and from 6 other WSWs (POD Nos. SJ-4343 through SJ-4348) that source water from the Entrada Formation. The annual total of up to 2,700 acre feet is the limit of all 7 PODs combined to develop oil and gas wells in the San Juan Basin. The Central Bisti 161 WSW operates as an additional point of diversion for the water rights already filed in the six previously filed NOIs. It does not increase the total annual diversion beyond the 2,700 acre feet requested in the previously filed NOIs. During the well development program, DJR proposes to reinject 40 to 90 percent of water withdrawn back into the Entrada Formation.

DENVER (303) 480-1700 TEL (303) 480-1020 FAX GLENWOOD SPRINGS (970) 945-7755 TEL (970) 945-9210 FAX Ningning Li February 28, 2020 Page 2 STATE ENGINEER OFFICE AZTEC, NEW MEXICO

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### Entrada Sandstone - Target Aquifer

The targeted Entrada Sandstone aquifer is Jurassic in age and its thickness ranges from 60 to 350 feet per Kernodle, 1996. In the vicinity of the Central Bisti 161 WSW, the thickness is 159 feet based on well log analysis of the constructed Central Bisti 161 well. The Entrada Sandstone is described as a crossbedded, very fine- to medium-grained, silty, quartzose sandstone (Kernodle, 1996). The Chinle Formation, stratigraphically below the Entrada Sandstone (See Figure 3), acts as a lower confining unit, consisting of low hydraulic conductivity nonmarine deposits of claystone and shale, siltstone and sandstone (Kernodle, 1996).

### Todilto Limestone - Overlying Confining Strata

The Todilto Limestone conformably overlies the Entrada Sandstone and acts as a confining unit. Ridgley and Hatch (2013) state that "The Todilto Limestone Member is the source of the oil and small quantities of associated gas found in the Entrada; it is also the seal to migrating hydrocarbons." The low hydraulic conductivity of the Todilto Limestone creates hydraulic separation between the Entrada Sandstone and aquifers above the Entrada such as the Morrison Formation.

### Lateral Extent of Target Aquifer and Overlying Confining Strata

The lateral extent of the Jurassic-aged Entrada Sandstone, Todilto Limestone and the Morrison Formation as shown on Figure 1 indicate that the proposed well location is near the middle of the San Juan Basin. These three individual geologic units have been grouped together for mapping at the regional scale on Figure 1. The proposed well location has been included on Figure 2 to show its relationship to the elevation of the top of the Todilto Limestone. Per Ridgley and Hatch (2013), the thickness of the Todilto Limestone is approximately 140 feet, therefore the top of the Entrada Sandstone is 140 feet below the contours shown on Figure 2.

#### Separation from Surface Water

The Central Bisti 161 WSW is approximately 85 miles west of the eastern edge of the outcrop of the Entrada Sandstone (Figure 1). The Entrada Sandstone subcrops in limited areas beneath the alluvium of the Rio Gallina near the town of Gallina and to the north.

This subcrop area is interpreted by WWE as disconnected from the Entrada Sandstone within the rest of the San Juan Basin due to the north-south trending Gallina Fault. Figure 4 shows two cross sections from the Geology of the French Mesa Quadrangle map (Crouse et al, 1992). Included on the cross sections are the location of the Rio Gallina relative to the outcrop of the Entrada Sandstone, labeled Je, on Figure 4. The Rio Gallina is not positioned on top of the Entrada in either cross section. In the northern portion of the French Mesa Quadrangle, the Gallina Fault splays to the west and, in both cross sections A-A' and B-B', the Entrada Sandstone is truncated by north-south trending faults before it outcrops at the rim of the San Juan Basin. The sub-surface truncation disrupts the hydrogeologic connection within the Entrada Sandstone between surface water at the outcrop and the center of the basin on the west side of the Gallina Fault where the proposed well is located.

#### **Total Dissolved Solids**

The Entrada Sandstone is a known target of injection wells in the vicinity of the proposed well (Figure 5). In order for an injection well to be permitted with the New Mexico Oil Conservation Division,

Ningning Li February 28, 2020 Page 3

TDS measurements must exceed 10,000 mg/L for the formation being targeted for injection. As such, each approved injection well would have had to demonstrate that the TDS from the Entrada Sandstone is elevated above 10,000 mg/L. Enduring Resources referred to water quality from the Cherokee & Pittsburg Gallo Wash No. 2 (C&P Gallo 2) water well water analysis for their NOI submitted in May, 2018. This analysis indicated a TDS of 10,630 mg/L from the Entrada Sandstone at this location (Figure 5).

Additionally, water quality results from the Central Bisti 161 water well collected on January 3, 2019 indicate that the measured TDS was 8,690 mg/L from the Entrada Sandstone (Appendix A). While this TDS value is not above the 10,000 mg/L threshold for a disposal well, it does exceed the 1,000 mg/L minimum threshold to meet the criteria of 72-12-25 NMSA. Given the existing water quality results from the Central Bisti 161 WSW and the proximity to other disposal wells with high TDS results, it is expected that groundwater with TDS exceeding 1,000 mg/L will be produced from the Entrada Sandstone by the proposed well.

Sincerely,

WRIGHT WATER ENGINEERS, INC.

Peter Foster, P.E.

Vice President and Project Manager

Ву

Trevor Downing, P.G.

Geologist

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#### Attachments:

Table 1 - Proposed Well Details

Figure 1 - Proposed Well and San Juan Basin Geology

Figure 2 – San Juan Basin Depth Contours

Figure 3 – San Juan Basin Cross Section

Figure 4 - Cross Sections from Geology of French Mesa Quadrangle

Figure 5 - Proposed Well and Nearby Injection Wells

#### Appendices:

Appendix A – Central Bisti 161 Water Quality Report Appendix B – Central Bisti 161 Well Bore Diagram Ningning Li February 28, 2020 Page 4

References:

Kernodle, 1996, USGS 95-4188 Report Ridgley and Hatch, 2013, Digital Data Series 69-F Crouse et al, Geology of French Mesa Quadrangle, 1992 Enduring NOI, May 2018

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### **TABLES**

AZTEC, NEW MEXICO

## Table 1 Proposed Water Supply Well Location DJR Energy - Central Bisti 161 NOI

POD No.	Well Name	PLSS Location	Latitude	Longitude	Depth to top of Entrada (feet)	Depth to bottom of Entrada (feet)	Total Well Depth (feet)
1	Central Bisti 161 WSW	NE/4, Sec 16, T25N, R12W	36.4055099	108.1156464	6,781	6,940	7,112

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P:\191-014 DJR Energy\000'Engineering\001 We8 Table\
Table 1 - Proposed Bisti Well Location.xisx

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File Number: SJ-4387
(For OSE Use Only)

#### NEW MEXICO OFFICE OF THE STATE ENGINEER

NOTICE OF INTENTION TO DRILL WELLS OR RECOMPLETE EXISTING WELLS TO APPROPRIATE NONPOTABLE GROUNDWATER FROM AN AQUIFER THE TOP OF WHICH IS AT A DEPTH OF 2500 FEET OR MORE PURSUANT TO NMSA 1978 §§ 72-12-26 and 27

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September 2020

#### 14. ADDITIONAL INFORMATION:

This Notice of Intent is to convert an existing water disposal well (Central Bisti WDW No. 161) API No. 30-045-316-6) to a deep water source well under NM Stat. 72-12-26. The well has been pribiously permitted as as WDW and was drilled and shown to produce water that meets the non-potability standard under statute (in excess of 1000 ppm tds). The applicant proposes to inject 40-60% of the water withdrawn back into the Entrada. The applicant will provide well logs and construction information on the well along with the filing.

#### 15. ADDITIONAL STATE ENGINEER REQUIREMENTS ON THE APPROPRIATION OF WATER FROM A WELL DRILLED UNDER THIS NOI:

- Driller's well record must be filed with the state engineer no later than twenty (20) days after the completion of well drilling in accordance with 19.27.4 NMAC and § 72-13-5 NMSA.
- b. A representative sample of deep aquifer water collected in a manner acceptable to the state engineer shall be analyzed for total dissolved solids (TDS) in parts per million, including concentrations of common anions and cations that constitute common components of measured TDS. All analyses shall be performed by a certified laboratory. Analytical results including description of sampling protocol and sample chain of custody shall be submitted to the state engineer within 20 days of analysis. Specific analyses for radionuclides, arsenic, and other parameters of interest may be requested in anticipation of cooperative agency concerns regarding use and treatment of well water as well as disposition of waste streams. These additional analyses may also aid imestablishing hydraulic separation of the aquifer. The state engineer may require additional information in order to validate the aquifer depth and water quality.

ODEAN Pride to pump testing or appropriating any water from the well drilled under this NOI, the filer shall-submit to the state engineer copies of all required permits for discharge of water on the land surface or re-injection of the water or wastewater issued by the NM Environment Department or any other state or federal agency having jurisdiction over such disposal.

Prior to any diversion of water from the well drilled under this NOI, the well shall be equipped with a functioning totalizing meter acceptable to the State Engineer, installed at the well head before the first supply line branch. The filer shall notify the Office of the State Engineer in writing of the make, model, serial number, the initial reading, and the date of installation of the totalizing meter.

Records of the amount of water diverted from the well drilled under this NOI shall be submitted to the Office of the State Engineer on or before the 10th day of January, April, July, and October for the three preceding calendar months.

Water shall be sampled and analyzed for total dissolved solids on a quarterly basis in a manner acceptable to the Office of the State Engineer. Results shall be submitted to the Office of the State Engineer within 20 days of analysis.

Pursuant to § 72-8-1 NMSA, the state engineer and his representatives shall be allowed entry upon private property for the performance of their respective duties, including access to the well for meter reading, water level measurement, and water quality sampling.

Pursuant to §§ 72-13-8 and 72-13-9 NMSA, water diverted shall be conserved and conducted in such a manner so as to prevent waste.

16. ONLY THOSE APPROPRIATIONS FROM AQUIFERS DETERMINED BY THE STATE ENGINEER TO BE 2500 FEET IN DEPTH OR GREATER THAT CONTAIN NON-POTABLE WATER (1000 PPM OR GREATER DISSOLVED SOLIDS) NOT HYDROLOGICALLY CONNECTED TO ANY OTHER SOURCE OF WATER WILL BE RECOGNIZED AS VALID WATER RIGHTS.

File Number:	SJ-4387	De Not Write Below This Line	Form: wr-30
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i. ACKNOWLEDGMENT				
ACKNOWLEDGMENT FOR CORPORATION				
1, DERLY L. AUSTIN	affirm that the foreg	oing statements are tru	e to the best	of
my knowledge and belief.		(a) +		
	By:	Zellos 5	B. 4	
			3-11	
N M	Signature	of Officer		
State of New Mexico				
County of San Juan	A SECOND STREET, SAN			
This instrument was acknowledged before me on _	03/19/2020	the stage that the		
AMERICAN SERVICES OF SERVICES	(date)			
by Larry L. Alestin as	Vice President	a standard		
(Name of Officer)	(Title of Officer)			
of DTR Nominee 1229., a Name of Corporation Acknowledging)		oration, on behalf of sa	id corporation	n.
the second property of	(State of Corporation)			
My commission expires 3122 12020		OFFICIAL SEAL		
Lhaw-Marier Moderator		SHAW-MARIE N. FO NOTARY PUBLIC - STATE OF	RD F NEW MEXICO	
Notary Public		My commission expires: 3	22 20	
ACKNOWLEDGE ASSET FOR DIDUNDAN	AND PORT OF THE PARTY OF THE PA	A STATE OF THE STA		-
ACKNOWLEDGEMENT FOR INDIVIDUAL				
(I, We)	affirm that the forego	ing statements are true	e to the best o	f
my knowledge and belief.		g	(A)	
P W In a	1 (a) (b) (b)	5 T	202	-<
Applicant Signature	Applicant Signature	100	CC	RI
***			MAR.	E C
State of ()			19	R
County of ()			7	X T
This instrument was acknowledged before me on _			<i>5</i>	
SAMOTE BE CONTRACTOR	(date)	1 21	52	Q <sup>Ç</sup>
by				
(Name of Applicant)	4			
My commission expires				
Notary Public				
<b>,</b>				
File Number: SJ-4387	Do Not Mrite Selew This Line	Fc	orm: wr-30	)

#### NEW MEXICO OFFICE OF THE STATE ENGINEER INSTRUCTIONS - NOTICE OF INTENTION TO DRILL WELLS OR RECOMPLETE EXISTING WELLS TO APPROPRIATE NONPOTABLE GROUNDWATER FROM AN AQUIFER THE TOP OF WHICH IS AT

A DEPTH OF 2500 FEET OR MORE PURSUANT TO NMSA 1978 §§ 72-12-26 and 27:

a. This form should not be used for an appropriation from a nonpotable deep underground water basin declared by the state engineer unless it is for one of the following specific uses: oil and gas exploration and production, prospecting, mining, road construction, agriculture, generation of electricity, industrial, or geothermal.

b. Completion of sections 1 through 13 of this Notice of Intention (NOI) form is required.

- c. An NOI is reviewed for completeness and compliance with §§ 72-12-26 and 27. If incomplete or noncompliant the NOI will not be accepted for filing and it will be returned with a statement of deficiencies,
- d. A completed and compliant NOI shall be filed in triplicate at the appropriate OSE District Office with a \$25 filing fee. A separate NOI must be submitted for each proposed well.
- e. Upon filing of an NOI with the state engineer, the filer shall cause the NOI to be published in the county in which the proposed well is to be located once a week for three consecutive weeks as required by § 72-12-26. The published notice shall also include: Any person may bring an action in the district court of the county in which any such well is situated for damages or for injunctive relief with respect to any claimed impairment of existing water rights due to an appropriation of nonpotable water under 72-12-25 to 72-12-28 NMSA 1978. Applications to appropriate nonpotable water under § 72-12-28 are not subject to protest or hearing before the State Engineer,
- f. Pursuant to § 72-12-26, drilling of a well may not commence prior to the tenth day after the last date the notice was published. Affidavit of publication shall be filed with the Office of the State Engineer within 10 days of publication.
- g. The well shall be drilled in accordance with 19.27.4 NMAC by a driller licensed in the State of New Mexico from surface through an appreciable portion of the first confining unit overlying the deep artesian aquifer.
- h. The well shall be set back a minimum of 50 feet from an existing well of other ownership unless a variance has been granted by the state engineer. The well shall be set back from potential sources of contamination in accordance with rules and regulations of the New Mexico Environment Department.
- i. The Office of the State Engineer requires that the well be drilled under a valid state engineer permit. An exploratory permit may be used for this purpose and will be issued by the state engineer for drilling a well only upon proof that the foregoing conditions have been satisfied.
- j. A state engineer approved artesian well plan of operations for well construction must be adhered to during drilling and shall specify construction of the interval from ground surface down through an appreciable portion of the first confining layer that is found below a depth of 2500 feet. This shall be a condition to the state engineer permit required to drill the well.

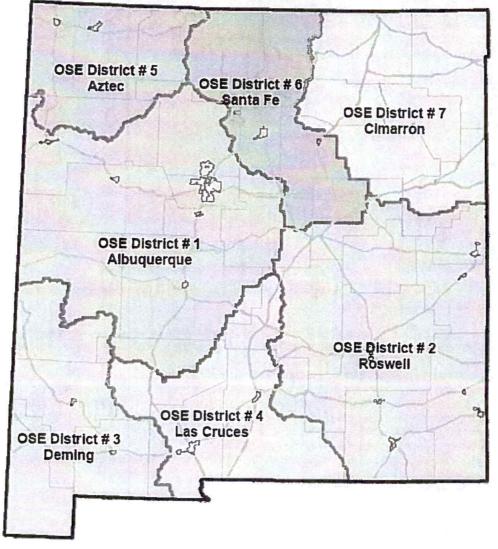
#### LINE BY LINE INSTRUCTIONS

- 1. Required; name, contact, phone, and address required for the person proposing to drill wells or recomplete existing wells to appropriate nonpotable deep water.
- 2. Required:
- 3. Required; access agreements are required for all public and private lands listed as the drill site not owned by the filer or appropriator and shall be submitted with the NOI and are required for the NOI to be complete and accepted
- 4. A, B, or C required specifying point location; and D and E are required if known.
- 5. Required; describe well location by county in which it is to be drilled and by commonly known landmarks.
- 6. Required; An artesian well plan of operations for well construction must be submitted for approval as "Attachment C" to this form for this form to be complete and the NOI accepted for filing by the state engineer. The proposed well shall be drilled by an NM OSE licensed well driller.
- 7. Required; state assumptions made regarding well pumping schedule.
- 8. Required; estimate the number of years that water will be diverted and placed to beneficial use; estimate the volume of groundwater that this is based upon.
- Required; specify all proposed purpose(s) of use.
- 10. Required; attach additional pages if necessary.
- 11. Required; describe place of use by county and using commonly known landmarks.
- 12. Required; describe when the application of water to beneficial use will begin.
- 13. Use this space and attach additional pages for additional information related to the proposed appropriation.

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Assistance in preparing the notice for publication is available. This Notice of Intention form should be addressed to the Office of the State Engineer at the district office determined by the proposed well location:

District No. 1. 5550 San Antonio Dr. NE, Albuquerque, NM 87109; Phone # 505-383-4000
 District No. 2. 1900 West Second St., Roswell, NM 88201; Phone # 575-622-6521
 District No. 3. P.O. Box 844, Deming, NM 88031; Phone # 575-546-2851
 District No. 4. 1680 Hickory Loop, Suite J, Las Cruces, NM 88005; Phone # 575-524-6161
 District No. 5 100 Gossett Drive, Suite A, Aztec, NM 87410; Phone # 505-334-4571
 District No. 6. P.O. Box 25102, Santa Fe, NM 87504-5102; Phone # 505-827-6120
 District No. 7. P.O. Box 481, Cimarron, NM 87714; Phone # 575-376-2918



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Released to Imaging: 1/24/2023 9:11:50 AM

2:43

**Analytical Report** Lab Order 1901107 Date Reported:

### Hall Environmental Analysis Laboratory, Inc.

CLIENT: DJR Operating

Project: Central Bisti SWD 161

Lab ID: 1901107-001

Client Sample ID: DJRSWD 161

Collection Date: 1/3/2019 3:00:00 PM

Received Date: 1/4/2019 8:20:00 AM

Lab ID: 1901107-001	Matrix: AQUE	OUS	Rece	ived Dat	e: 1/4	4/2019 8:20:00 AM	
Analyses	Result	PQL	Qual	Units	DF	Date Analyzed	Batch
SM2340B: HARDNESS			100	248	*	Analyst	hov
Hardness (As CaCO3)	570	6.6		mg/L	1	1/7/2019 12:29:00 PM	R56818
SPECIFIC GRAVITY		<b>*</b>					
Specific Gravity	1,001	0				Analyst	
EPA METHOD 300.0: ANIONS	1.001	U			1	1/8/2019 10:12:00 AM	R56827
Chloride						Analyst	MRA
Sulfate	640	100	•	mg/L		1/8/2019 8:25:59 PM	R56829
	5100	100	•	mg/L	200	1/8/2019 8:25:59 PM	R56829
SM2510B: SPECIFIC CONDUCTANCE						Analyst:	JRR
Conductivity	13000	25		µmhos/c	5	1/8/2019 4:32:08 PM	R56849
SM2320B: ALKALINITY						Analyst:	
Bicarbonate (As CaCO3)	110.4	20.00		mg/L Ca	1	1/8/2019 2:15:10 PM	R58849
Carbonate (As CaCO3)	ND	2.000		mg/L Ca		1/8/2019 2:15:10 PM	R56849
Total Alkalinity (as CaCO3)	110.4	20.00		mg/L Ca	-	1/8/2019 2:15:10 PM	R56849
SM2540C MOD: TOTAL DISSOLVED SOLIDS							
Total Dissolved Solids	8690	40.0	•D	mg/L	1	Analyst:	
3M4500-H+B / 9040C: PH		40.0	U	mg/L	1	1/7/2019 2:27:00 PM	42482
pH						Analyst:	JRR
•	7.99		н	pH units	1	1/8/2019 2:15:10 PM	R56849
PA METHOD 200.7: DISSOLVED METALS						Analyst: (	bcv
Calcium	220	5.0	1	mg/L	5	1/7/2019 3:34:39 PM	B56818
Iron	0.095	D.020		mg/L			B56818
Megnesium	5.6	1.0	1	mg/L	1 '	1/7/2019 3:32:18 PM	B56818
Potassium Sodium	24	1.0	1	ng/L	1 '		356818
Sodium	<b>270</b> 0	50	-	ng/L	50 1	1/7/2019 5:22:06 PM	356818

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

Qualifiers:

- Value exceeds Maximum Contaminant Level.
- Sample Diluted Due to Matrix
- Holding times for preparation or analysis exceeded H
- ND Not Detected at the Reporting Limit
- PQL Practical Quanitative Limit
- S % Recovery outside of range due to dilution or metrix
- Analyte detected in the associated Method Blank
- Value above quantitation range
- Analyte detected below quantitation limits Page 1 of 0
- Sample pH Not In Range
- RL Reporting Detection Limit
- Sample container temperature is out of limit as specified

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720 District II

811 S. First St., Artesia, NM 88210 Phone:(575) 748-1283 Fax:(575) 748-9720 District III

1000 Rio Brazos Rd., Aztec, NM 87410 Phone:(505) 334-6178 Fax:(505) 334-6170

1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division** 1220 S. St Francis Dr. **Santa Fe, NM 87505** 

CONDITIONS

Action 178507

#### **CONDITIONS**

Operator:	OGRID:
DJR OPERATING, LLC	371838
1 Road 3263	Action Number:
Aztec, NM 87410	178507
	Action Type:
	[C-103] Sub. General Sundry (C-103Z)

#### CONDITIONS

Created	By Condition	Condition Date
jagar	This well is approved for conversion to a water well and must solely be used as a water well.	1/24/2023
jagar	This well may never be converted back to a SWD or Injection well	1/24/2023