2126

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Revised March 23, 2017

RECEIVED: 5/20/19	REVIEWER:	TYPE: SWD	APP NO: PLEL 191434 7367

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

SWD-

NEW MEXICO OIL CONSERVATION DIVISION

- Geological & Engineering Bureau –

1220 South St. Francis Drive, Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION CHECKLIST

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

Applicant: LilyStream Water Solutions, LLC **OGRID Number:** 373500

Well Name: Bonds SWD #1 **API:** 30-015-xxxxx

Pool: Proposed: SWD; Devonian-Silurian **Pool Code:** 97869

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) **TYPE OF APPLICATION:** Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [I] or [II]

[I] Commingling – Storage – Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

FOR OCD ONLY

☐ Notice Complete

☐ Application Content Complete

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

A. ☒ Offset operators or lease holders

B. ☒ Royalty, overriding royalty owners, revenue owners

C. ☒ Application requires published notice

D. ☐ Notification and/or concurrent approval by SLO

E. ☒ Notification and/or concurrent approval by BLM

F. ☒ Surface owner

G. ☒ For all of the above, proof of notification or publication is attached, and/or,

H. ☐ No notice required

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

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

Joel Lowry

Print or Type Name

Joel Lowry

Signature

5/3/2019

Date

432-466-4450

Phone Number

joel@lowryenvironmental.com

e-mail Address

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

FORM C-108
Revised June 10, 2003

APPLICATION FOR AUTHORIZATION TO INJECT

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

II. *OPERATOR:* **LillyStream Water Solutions, LLC**
ADDRESS: **1308 West Ave. N, Lovington, NM, 88260**
CONTACT PARTY: **Joel Lowry** *PHONE:* **432-466-4450**

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

Applicable Well Data is provided as Attachment #1.

IV. *Is this an expansion of an existing project?* _____ *Yes* **XXX** *No*
If yes, give the Division order number authorizing the project: **N/A**

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

A map identifying all wells and leases within a two mile radius is provided as Figure 1 in Attachment #2.
A map identifying all wells and leases within the one-mile expanded Area of Review is provided as Figure 2 in Attachment #2.

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

A tabulation of data on all wells of public record within the expanded area of review which penetrate the proposed injection zone is provided as Attachment #3.

VII. *Attach data on the proposed operation, including:*

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

Proposed operation details are provided as Attachment #4.
Analysis from source zone produced water is provided as Attachment #4a.
Analysis from injection zone produced water is provided as Attachment #4b.

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

Geological data on the proposed injection zone is provided as Attachment #5.

IX. *Describe the proposed stimulation program, if any.*

Acid may be utilized to clean and open the formation in accordance with industry standards, as necessary.

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

As this is a new drill, logging and test data is not available. Well Log and test data will be filed with the NMOCD upon completion of the well. NMOCD District I Office will be notified prior to conducting MIT.

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

A map depicting fresh water wells within a one mile radius and associated chemical analysis, if applicable, is provided as Attachment #6.

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

An Affirmative Statement is provided as Attachment #7.

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

"Proof of Notice" documentation is provided as Attachment #8.

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

NAME: Joel Lowry *TITLE:* Agent of Lilystream Water Solutions, LLC

SIGNATURE: Joel Lowry

EMAIL ADDRESS: joel@lowryenvironmental.com

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

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

ATTACHMENT #1

Well Data

Attachment #1

III. Well Data

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

(1)

General Well Information	
Operator	LilyStream Water Solutions, LLC
Lease Name & Well No.	Bonds SWD #1
Location	20' FSL & 850' FWL, UL M, Sec. 20, T21S, R28E

(2)

Casing Information								
String	Size (in.)	Grade	Weight	Setting Depth (ft bgs)	Cement (sx)	Hole Size (in.)	Estimated Top of Cement	Method of Determination
Surface	20	J-55	94.0 lb/ft.	400	1,100	26	Surface	Circulation
Intermediate 1	13.375	P-110	80.7 lb/ft	3,200	1,824	17.5	Surface	Circulation
Production	9.625	P-110	53.5 lb/ft.	9,670	1,644	12.25	Surface	Circulation
Liner	7.625	P-110	39.0 lb/ft.	9370 to 12803	360	8.5	9370' (TOL)	CBL

(3)

Description of Tubing			
Size	Weight	Lining Material	Setting Depth (ft.)
5.5"	23.0 lb/ft	Internal Plastic Coated	9,310
5"	18.0 lb/ft	Internal Plastic Coated	12,703

(4)

Packer Information	
Type	Setting Depth (ft.)
LOK-SET ™ or Equivalent	12,703

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

	Injection Information	
(1)	Name of Injection Formation:	Devonian-Silurian
(2)	Injection Interval:	12803 to 13753 ft.
	Perforated or Open-Hole:	Open Hole
(3)	Purpose of Well:	New Drill for Salt Water Disposal
(4)	Other Perforated Intervals:	None

(5)

Estimated Depth of Various Formations Including Oil and Gas Zones (ft. bgs)	
T. Salt	440
T. Capitan	1,120
T. Delaware	2,920
T. Bone Spring	5,761
T. Wolfcamp	9,370
T. Strawn	10,510
T. Atoka	10,900
T. Morrow	11,365
T. Barnett	12,132
T. Woodford Shale	12,713
T. Devonian	12,803
T. Montoya	13,753

There are no known oil and gas zones beneath the proposed injection zone.

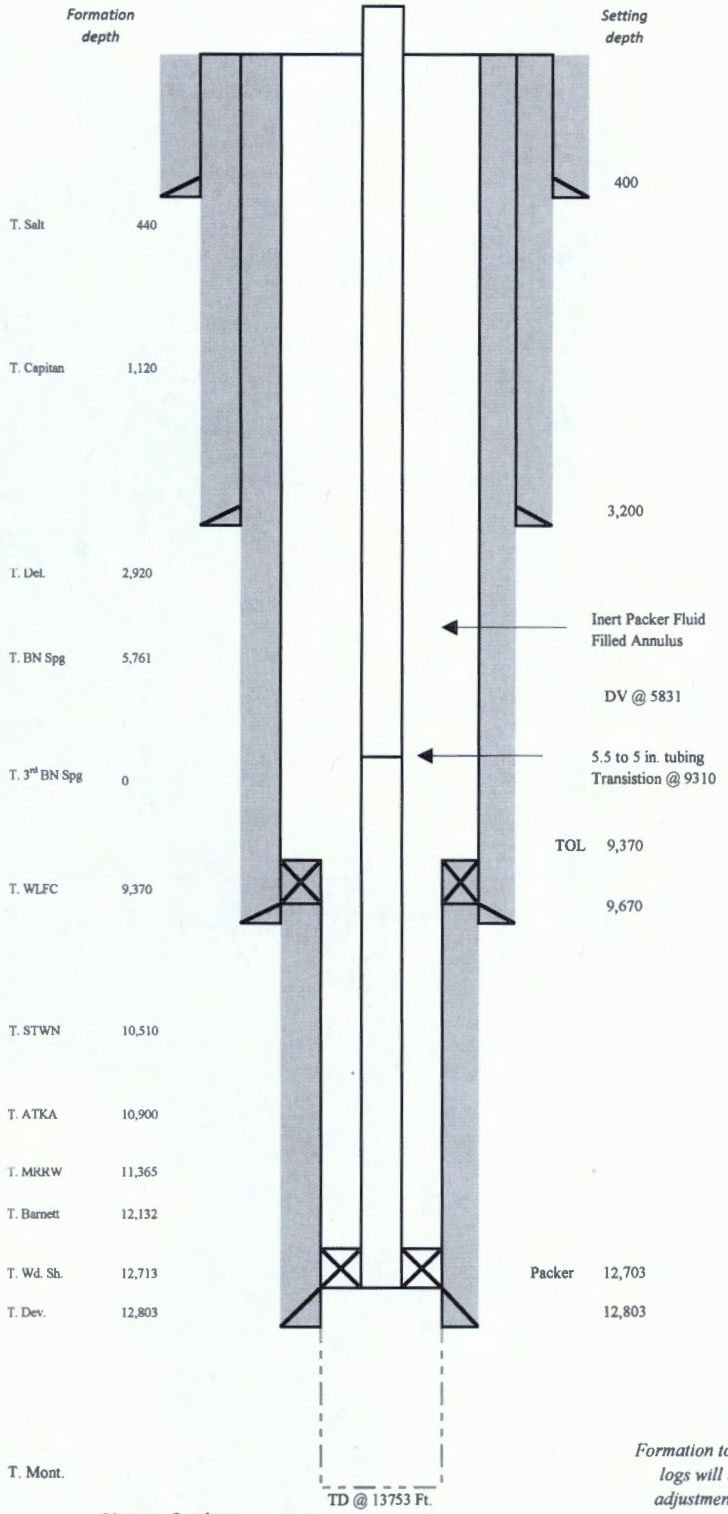
INJECTION WELL DATA SHEET

OPERATOR: **LilyStream Water Solutions, LLC**

WELL NAME & NUMBER: **Bonds SWD #1**

WELL LOCATION					
20' FSL & 850' FWL	**M**	**20**	**21S**	**28E**
FOOTAGE LOCATION	UNIT LETTER	SECTION	TOWNSHIP	RANGE

WELLBORE SCHEMATIC



Not to Scale

WELL CONSTRUCTION DATA

Surface Casing

Hole Size **26** in. Casing Size: **20** in.

Setting Depth: **Surface** ft. to **400** ft.

Cemented with: **1100** sx. or _____ ft^3

Top of Cement: **Surface** Method Determined **Circulation**

1st Intermediate Casing

Hole Size **17.5** in. Casing Size: **13.375** in.

Setting Depth: **Surface** ft. to **3,200** ft.

Cemented with: **1824** sx. or _____ ft^3

Top of Cement: **Surface** Method Determined **Circulation**

Production Casing

Hole Size **12.25** in. Casing Size: **9.625** in.

Setting Depth: **Surface** ft. to **9,670** ft.

Cemented with: **1644** sx. or _____ ft^3

Top of Cement: **Surface** Method Determined **Circulation**

Liner

Hole Size **8.5** in. Casing Size: **7.625** in.

Setting Depth: **9,370** ft. to **12,803** ft.

Cemented with: **360** sx. or _____ ft^3

Top of Cement: **9370** TOL Method Determined **CBL**

Open Hole Injection Interval

12,803 ft. to **13,753** ft

Formation tops have been extrapulated from control wells in the vicinity. During drilling activites, mud and other logs will be utilized to confirm depths and thicknesses of geologic formations. Should logging data indicate adjustments are required to the casing and cement program, applicable Sundry Notices will be filed with the NMOCD.

INJECTION WELL DATA SHEET

Tubing Size: **5.5" tapered to 5"** Lining Matrial: **Internal Plastic Coated (ICP)**

Type of Packer: **LOK-SET ™ or Equivalent**

Packer Setting Depth: **12,703** Ft.

Other Type of Tubing/Casing Seal (if applicable): **Not Applicable**

Additional Data

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

   If no, for what purpose was the well oringally drilled? **N/A**

2. Name of the Injection Formation: **Devonian-Silurian**

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

4. Has the well ever been perforated in any other zones (s)" List all such perforated intervals and give plugging detail, i.e. sacks of cent or plugs(s) used. **N/A**

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

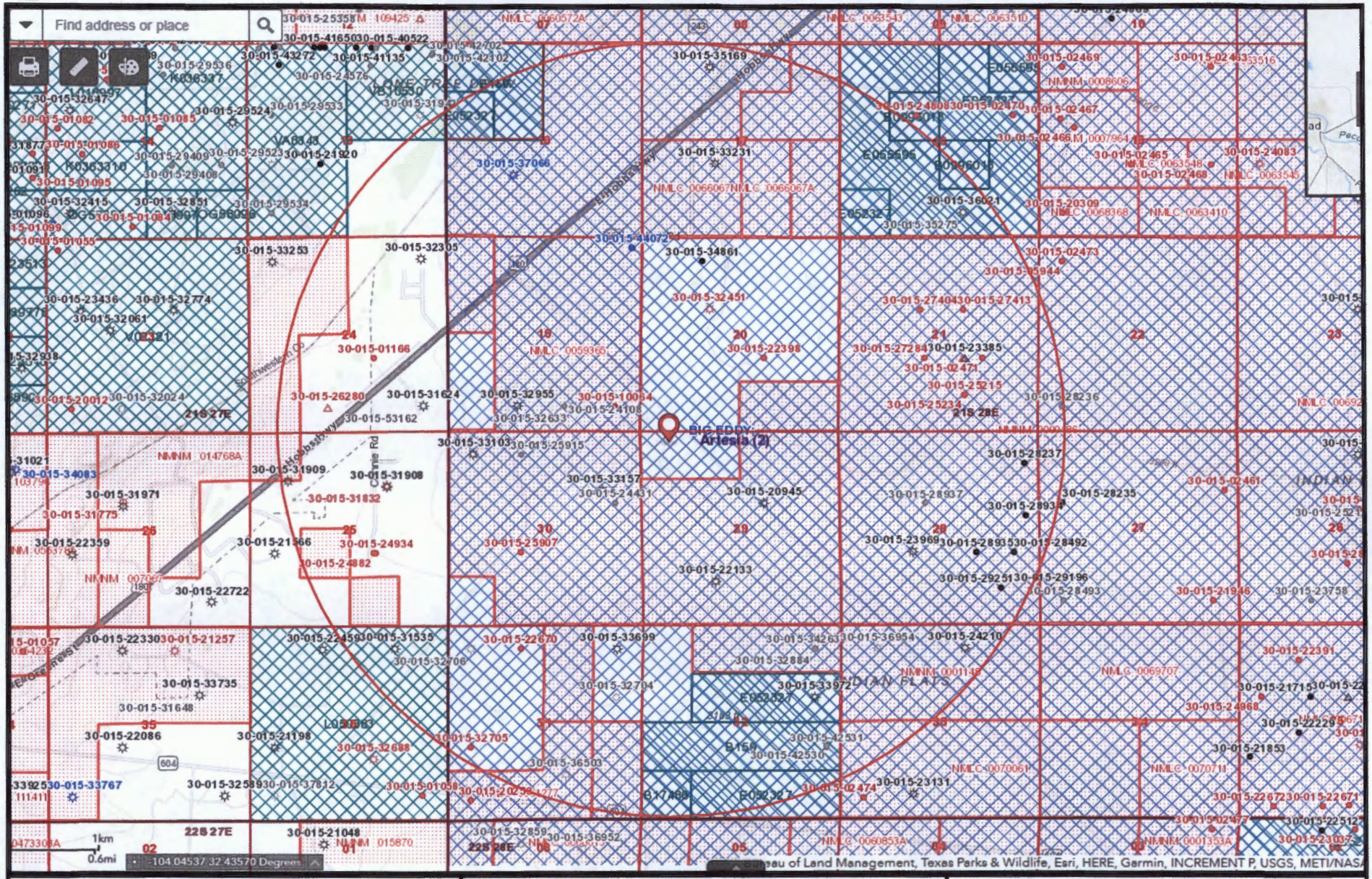
name	*depth*
T. Salt	**440**
T. Capitan	**1,120**
T. Delaware	**2,920**
T. Bone Spring	**5,761**
T. Wolfcamp	**9,370**
T. Strawn	**10,510**
T. Atoka	**10,900**
T. Morrow	**11,365**
T. Barnett	**12,132**
T. Woodford	**12,713**
T. Devonian	**12,803**
T. Montoya	**13,753**

There are no known oil and gas zones underlying the proposed injection interval

ATTACHMENT #2

Figure 1 - 2-Mile Area of Review Map

Figure 2 - 1-Mile Area of Review Map



LEGEND:

- Proposed SWD Location
- 2-Mile Radius

Figure 1 - 2-Mile Area of Review Map

LilyStream Water Solutions, LLC

Bonds SWD #1

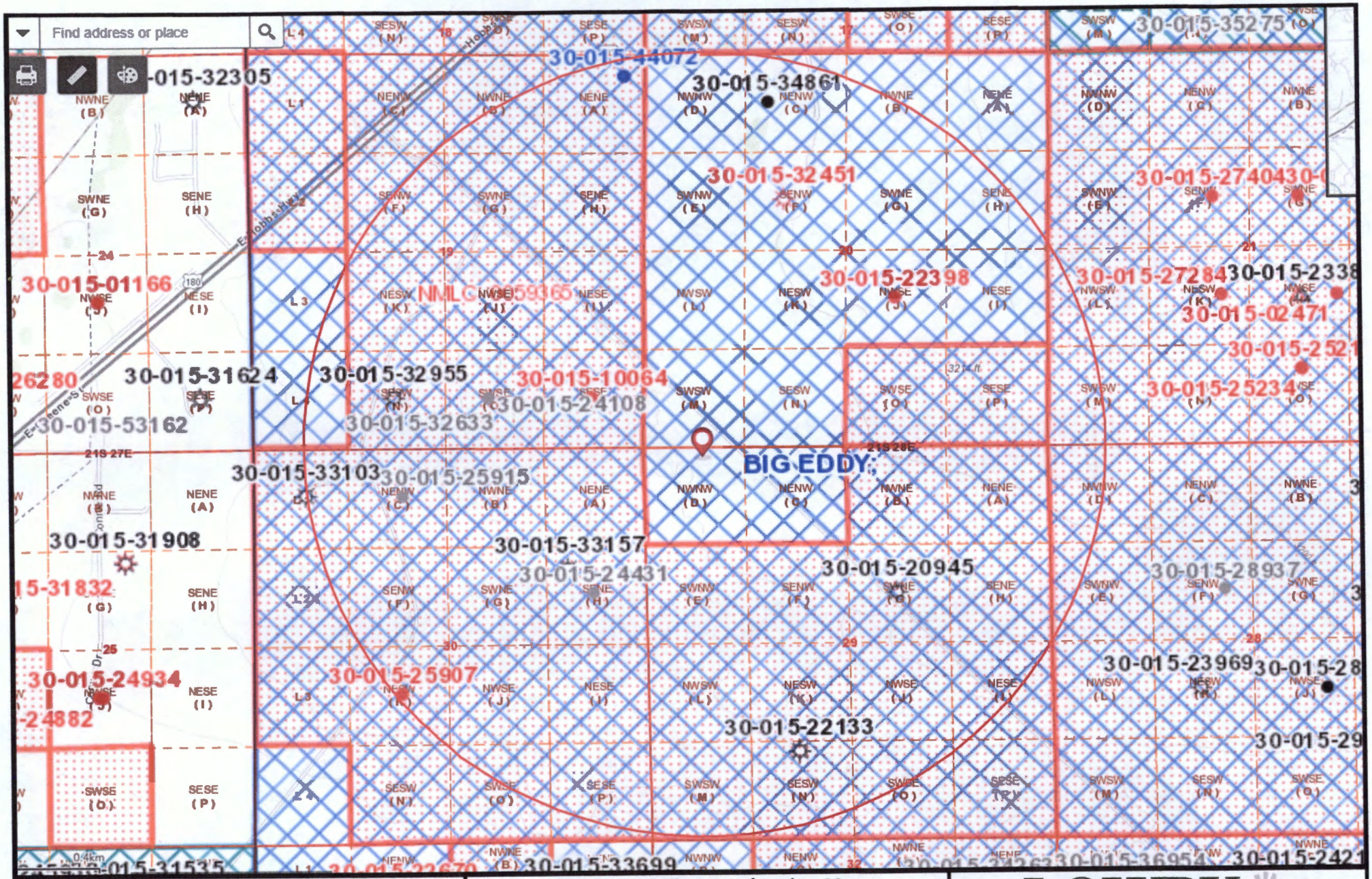
API No. Pending

Legals: UL M, Sec. 20,T21S, R28E

Eddy County, New Mexico

LOWRY environmental

Drafted by: jwl Checked by: client Date: 2/11/2019



LEGEND:

- Proposed SWD Location
- 1-Mile Radius

Figure 2 - 1-Mile Area of Review Map

LilyStream Water Solutions, LLC

Bonds SWD #1

API No. Pending

Legals: UL M, Sec. 20,T21S, R28E

Eddy County, New Mexico

LOWRY environmental

Drafted by: jwl Checked by: client Date: 2/11/2019

ATTACHMENT #3

Tabulation of Data Wells within AOR

Summary of Wells within AOR and Surrounding Vicinity									
API No.	Well Name	Type	Status	Section	Township	Range	Unit Letter	OCRID Name	Pool ID
30-015-10064	PRE-ONGARD WELL #002	Oil	Plugged (Site Released	19	21S	28E	P	PRE-ONGARD WELL OPERATOR	No Data
30-015-20945	BIG EDDY UNIT #039	Gas	Active	29	21S	28E	G	BOPCO, L.P.	[71640] BASS, MORROW (GAS)
30-015-22133	BIG EDDY #054	Gas	Active	29	21S	28E	N	BOPCO, L.P.	[71640] BASS, MORROW (GAS); [79070] INDIAN FLATS, ATOKA, WEST (GAS)
30-015-22398	BIG EDDY UNIT #060	Oil	Plugged (Site Released	20	21S	28E	J	BOPCO, L.P.	[24300] FENTON, BONE SPRING
30-015-22670	PRE-ONGARD WELL #065	Oil	Plugged (Site Released	31	21S	28E	C	PRE-ONGARD WELL OPERATOR	No Data
30-015-23969	BIG EDDY UNIT #087	Gas	Active	28	21S	28E	K	BOPCO, L.P.	[79070] INDIAN FLATS, ATOKA, WEST (GAS)
30-015-24108	PRE-ONGARD WELL #091	Oil	Cancelled APD	19	21S	28E	O	PRE-ONGARD WELL OPERATOR	No Data
30-015-24431	PRE-ONGARD WELL #091	Oil	Cancelled APD	30	21S	28E	H	PRE-ONGARD WELL OPERATOR	No Data
30-015-25907	PRE-ONGARD WELL #102	Oil	Plugged (Site Released	30	21S	28E	K	PRE-ONGARD WELL OPERATOR	No Data
30-015-25915	PRE-ONGARD WELL #108	Oil	Cancelled APD	30	21S	28E	C	PRE-ONGARD WELL OPERATOR	No Data
30-015-27284	GARRETSON AMI FEDERAL #001	Oil	Plugged (Site Released	21	21S	28E	K	EOG Y RESOURCES, INC.	[24320] FENTON, DELAWARE
30-015-27404	PRE-ONGARD WELL #003	Oil	Plugged (Site Released	21	21S	28E	F	PRE-ONGARD WELL OPERATOR	No Data
30-015-28937	NIX FEDERAL #006	Oil	Cancelled APD	28	21S	28E	F	READ & STEVENS INC	No Data
30-015-31624	CHEYENNE #001	Gas	Active	24	21S	27E	P	EOG RESOURCES INC	[73920] CARLSBAD, MORROW, EAST (GAS)
30-015-31832	CARSON CITY #001	Gas	Plugged (Site Released	25	21S	27E	G	EOG M RESOURCES, INC.	[96838] DRY AND ABANDONED
30-015-31908	CARSON CITY 25 FEE COM #001Y	Gas	Active	25	21S	27E	G	EOG RESOURCES INC	[73920] CARLSBAD, MORROW, EAST (GAS)
30-015-32451	BOND #001	Gas	Plugged (Not Released)	20	21S	28E	F	MARATHON OIL PERMIAN LLC	[24340] FENTON DRAW, STRAWN; [71640] BASS, MORROW (GAS)
30-015-32633	BIG EDDY UNIT #140	Gas	Cancelled APD	19	21S	28E	O	BOPCO, L.P.	No Data
30-015-32704	PANTHER CITY 31 FEE COM #001	Gas	Cancelled APD	31	21S	28E	H	EOG M RESOURCES, INC.	No Data
30-015-32884	THROCKMORTON 32 FEDERAL COM #001	Gas	Cancelled APD	32	21S	28E	A	EOG M RESOURCES, INC.	No Data
30-015-32955	BIG EDDY UNIT #143	Gas	Active	19	21S	28E	N	BOPCO, L.P.	[73920] CARLSBAD, MORROW, EAST (GAS)
30-015-33103	BIG EDDY UNIT #144	Gas	Active	30	21S	28E	1	BOPCO, L.P.	[73920] CARLSBAD, MORROW, EAST (GAS); [74080] CARLSBAD, STRAWN, EAST (GAS)
30-015-33157	BIG EDDY UNIT #151	Gas	Active	30	21S	28E	H	BOPCO, L.P.	[73920] CARLSBAD, MORROW, EAST (GAS); [74080] CARLSBAD, STRAWN, EAST (GAS); [74160] CARLSBAD, WOLFCAMP, EAST (GAS)
30-015-33231	BIG EDDY UNIT #150	Gas	Active	17	21S	28E	K	BOPCO, L.P.	[24340] FENTON DRAW, STRAWN; [76580] FENTON DRAW, MORROW (GAS)
30-015-33699	PANTHER CITY 31 FEE COM #001	Gas	Active	31	21S	28E	A	EOG RESOURCES INC	[73920] CARLSBAD, MORROW, EAST (GAS); [74080] CARLSBAD, STRAWN, EAST (GAS)
30-015-34263	BIG EDDY UNIT #149	Oil	Cancelled APD	32	21S	28E	A	BEPCO, LP	[73920] CARLSBAD, MORROW, EAST (GAS)
30-015-34861	BOND FEE #002	Oil	Active	20	21S	28E	C	MARATHON OIL PERMIAN LLC	[24320] FENTON, DELAWARE; [24340] FENTON DRAW, STRAWN; [71640] BASS, MORROW (GAS); [79060] INDIAN FLATS, ATOKA (GAS)
30-015-44072	BOND 20 FEE #001H	Oil	New (Not Drilled/Completed)	19	21S	28E	A	MARATHON OIL PERMIAN LLC	[24300] FENTON, BONE SPRING
30-015-53162	CHEYENNE #001	Gas	Cancelled APD	24	21S	27E	P	EOG M RESOURCES, INC.	No Data

No Wells within AOR penetrate the proposed injection zone.

ATTACHMENT #4

Proposed Operations

A. Source Zone Produced Water Analysis

B. Injection Zone Produced Water Analysis

VII. Proposed Operations

Attach data on the proposed operation, including:

	Proposed Operation		
(1)	Average Rate:	20,000 bbls	
	Maximum Rate:	30,000 bbls	
(2)	Open or Closed:	Open	
(3)	Average Injection Pressure:	1,500 - 2,000	psi
	Maximum Injection Pressure:	2,561	psi

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

The anticipated sources of produced water proposed to be injected into the Devonian and Silurian formations are from the Delaware, Wolfcamp and Bone Springs Formations, which are known to be compatible with formation water from the Devonian Formation. Laboratory analysis of water samples collected from the respective formations is provided as **Attachment #4a.**

(5) ***If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water***

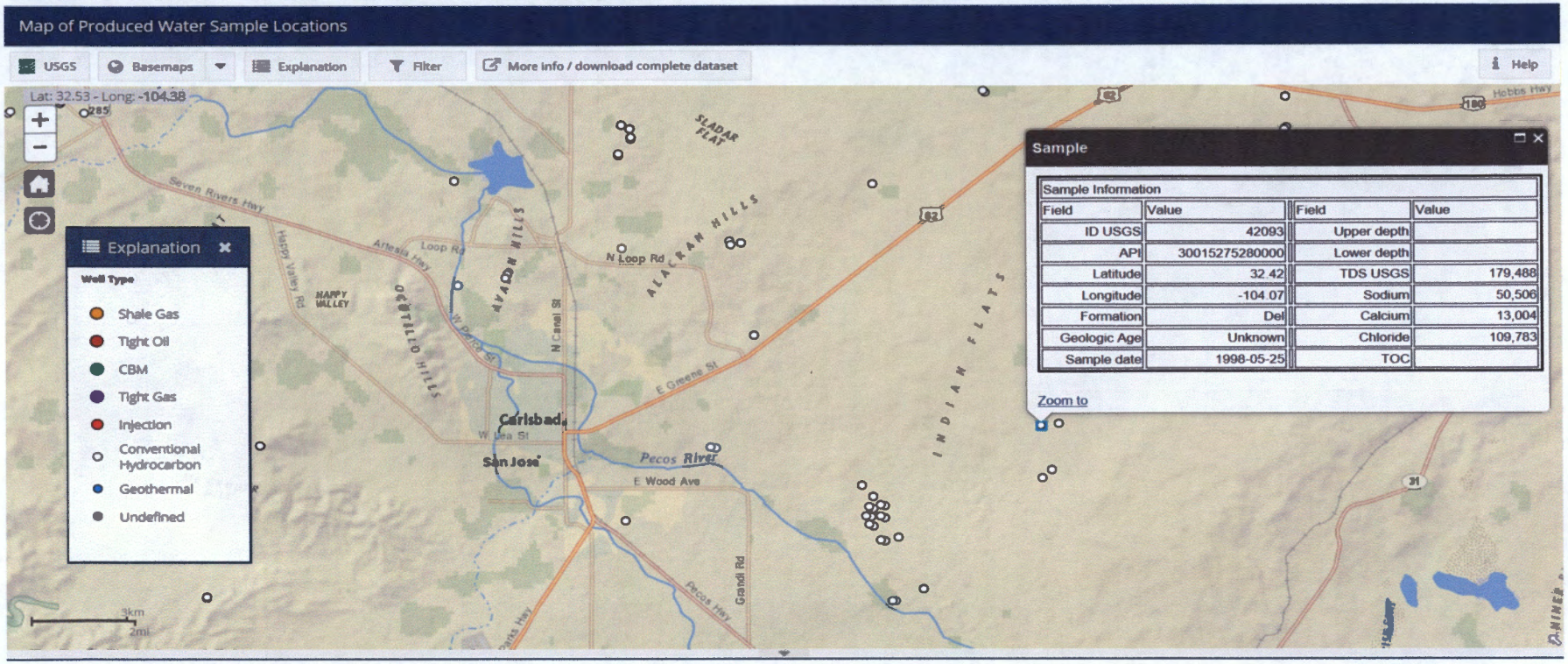
Laboratory analysis of water samples collected from the Devonian and Fusselman Formations are provided as **Attachment #4b.**

Safety, Spill Prevention and Release Response

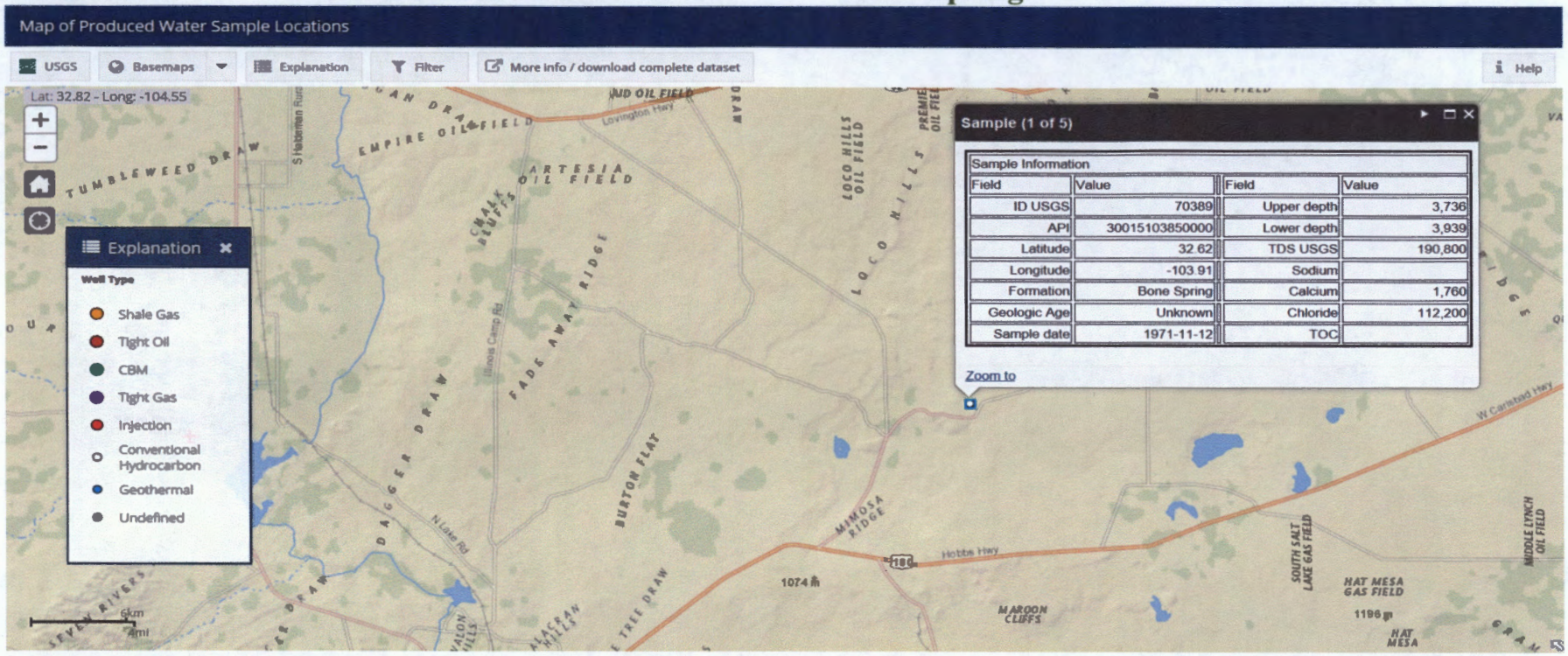
Above-ground storage tanks (ASTs) associated with the SWD operation will be placed into a steel-walled, lined containment system. The well, injection equipment and ASTs will be equipment with metering and pressure sensing devices in an effort to monitor and ensure the integrity of the equipment and prevent accidental releases to the environment.

In the event of an accidental releases to the environment, a Release Notification (NMOCD Form C-141) will be prepared, characterizing the release and proposing remediation activates designed to mitigate environmental impacts, as necessary. In the event of an accidental discharge of greater than 25 bbls, the NMOCD will be notified immediately.

Attachment 4A - Source Zone Produced Water Delaware

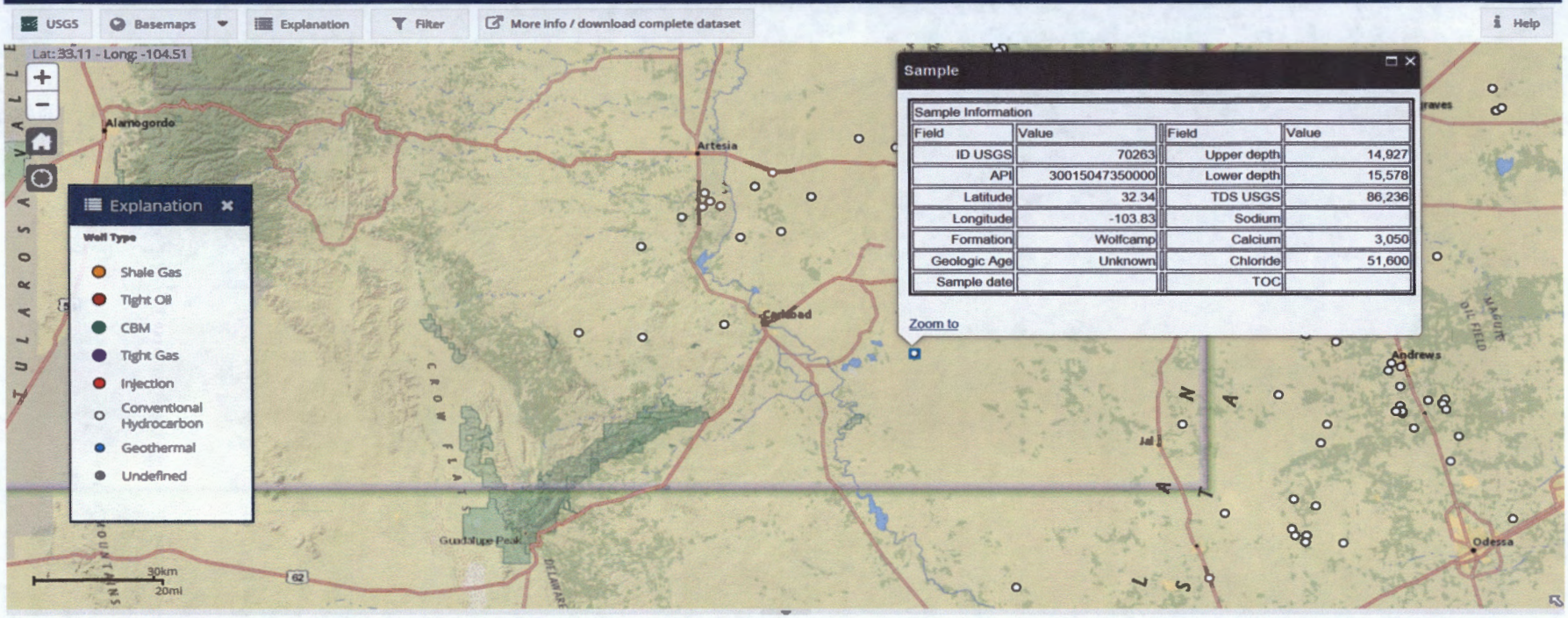


Attachment 4A - Source Zone Produced Water — Bone Spring



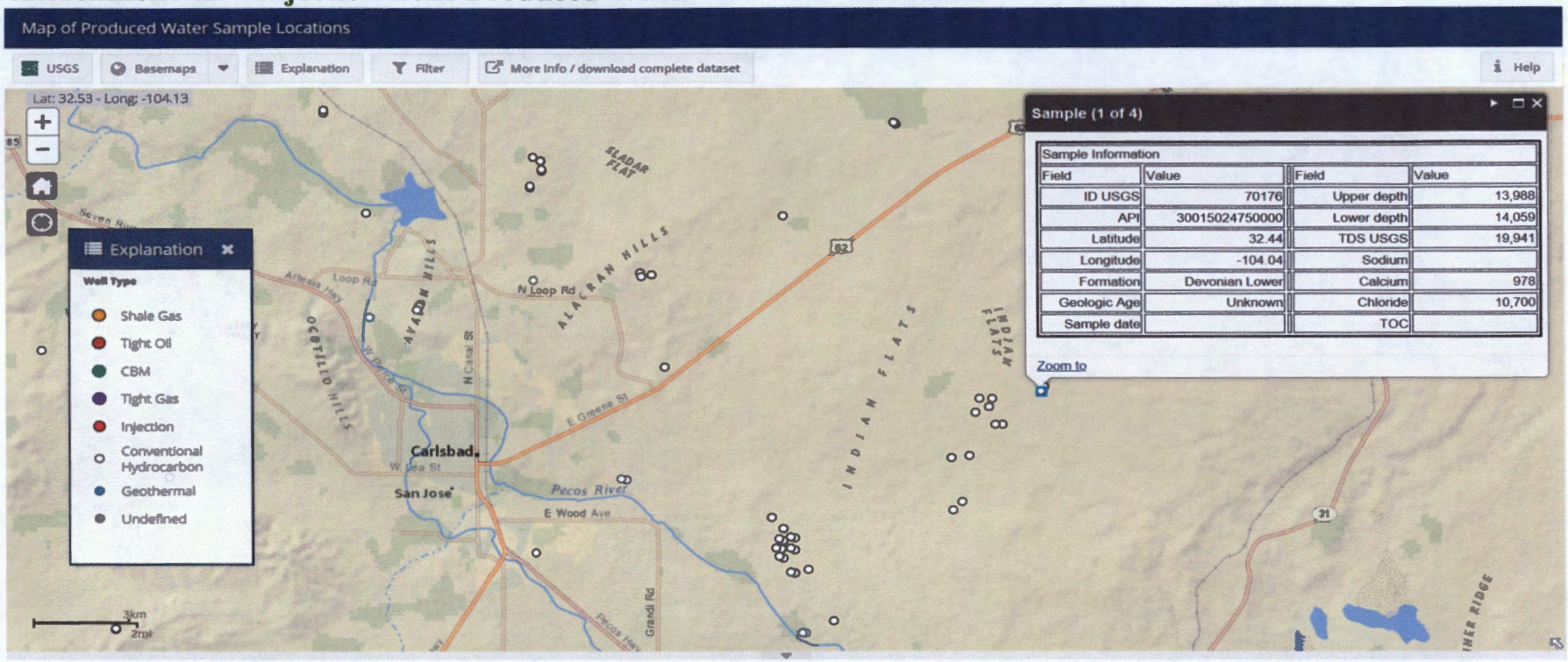
Attachment 4A - Source Zone Produced Water — Wolfcamp

Map of Produced Water Sample Locations



Sample Information			
Field	Value	Field	Value
ID USGS	70263	Upper depth	14,927
API	30015047350000	Lower depth	15,578
Latitude	32.34	TDS USGS	86,236
Longitude	-103.83	Sodium	
Formation	Wolfcamp	Calcium	3,050
Geologic Age	Unknown	Chloride	51,600
Sample date		TOC	

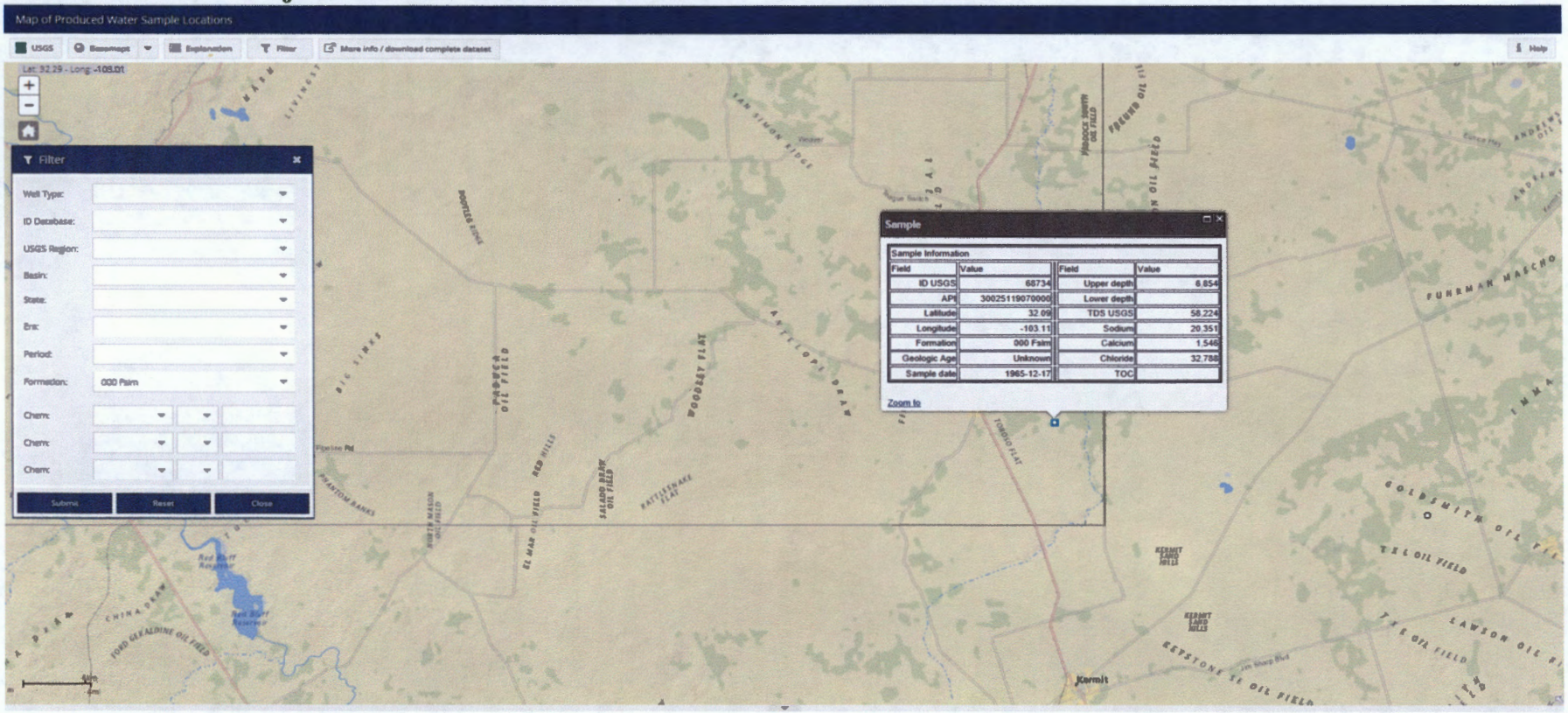
Attachment 4B - Injection Zone Produced Water Devonian



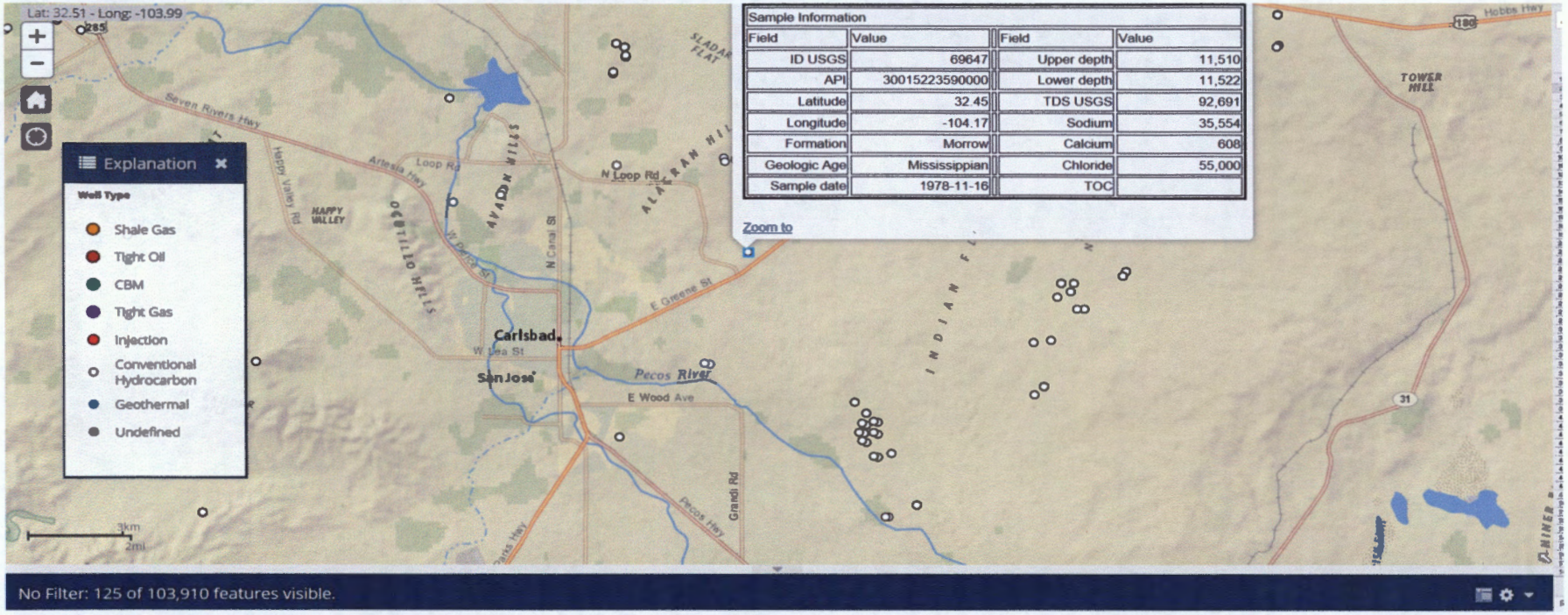
Sample Information

Field	Value	Field	Value
ID USGS	70176	Upper depth	13,988
API	30015024750000	Lower depth	14,059
Latitude	32.44	TDS USGS	19,941
Longitude	-104.04	Sodium	
Formation	Devonian Lower	Calcium	978
Geologic Age	Unknown	Chloride	10,700
Sample date		TOC	

Attachment 4B - Injection Zone Produced Water Fusselman



Attachment 4A - Source Zone Produced Water — Morrow



Sample Information			
Field	Value	Field	Value
ID USGS	69647	Upper depth	11,510
API	30015223590000	Lower depth	11,522
Latitude	32.45	TDS USGS	92,691
Longitude	-104.17	Sodium	35,554
Formation	Morrow	Calcium	608
Geologic Age	Mississippian	Chloride	55,000
Sample date	1978-11-16	TOC	

Zoom to

ATTACHMENT #5

A. Geological Description

B. Seismic Information

VIIIa Geologic Description

a. Attach appropriate geologic data on the injection zone including appropriate lithological detail, geologic name, thickness, and depth.

The proposed injection interval consists of sedimentary rock formations deposited during the Devonian and Silurian Periods. The Devonian Formation consists of porous dolomites, chert intervals and limestone (McGlasson, E.H. 1967). The thickness of the Devonian and Silurian Formations is estimated to be approximately 1,000 feet (ft.) locally. Sections of porous dolomite and limestone are believed to be present at the proposed injection site. The proposed injection interval is overlain by the Woodford Shale, which ranges in thickness from 100 to 300 ft. consists of organic-rich dark shales, black cherts, siltstone, sandstone and greenish-colored shales (Broadhead, R.F., 2010). Inferred depths of the proposed injection zone were estimated utilizing completions data from wells within the vicinity.

During the advancement of the proposed well, mud logging data will be utilized to ensure that the thickness of the Devonian and Silurian Formation is adequately defined, allowing for the proper placement of the packer, casing shoe and determination of the open-hole injection interval. Should logging data indicate depth adjustments are required for the casing program, applicable Sundry Notices will be filed with the NMOCD.

b. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/kg or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

A search of the USGS database suggests the historic presence of **five (5) inactive wells** and one (1) active well within the vicinity of the Site. **Two (2)** of the wells were completed in Alluvium and Bolson Deposits. **Two (2)** of the wells were completed in the Capitan Limeston formation. **One (1)** of the wells was completed in the Rustler Formation and **one (1)** of the wells was completed in the Carlsbad Limestone formation. Data from wells with available information suggested static water levels ranged from **13.29 ft. bgs** as measured in a well approximately **0.90 Mi Southwest** of the Site to **37.92 ft. bgs** as measured in a well approximately **1.1 Mi. North - Northwest** of the Site. Available data suggests the historic presense of **four (4)** USGS wells within a 1-Mile radius of the proposed injection well. The status of the wells is unknown.

A search of the NMOSE database suggests the historic presence of **two (2)** wells within a 1-mile radius of the Site. The wells are were drilled to depths ranging from **70 to 80 ft. bgs**. If available and producing, **two (2)** of the identified fresh water wells will be sampled. Analytical results, if applicable, are provided in Attachment #6.

Other known water sources in the area include the Rustler Formation, which outcrops in the area, the underlying Salado and Castile Formations and the Capitan Reef. Groundwater within the Rustler, Salado, Castile and Capitan Reef is not a a source of drinking water. No usable water is expected to be encountered beyond **300 Ft.** bgs.

New Mexico Office of the State Engineer
Water Column/Average Depth to Water

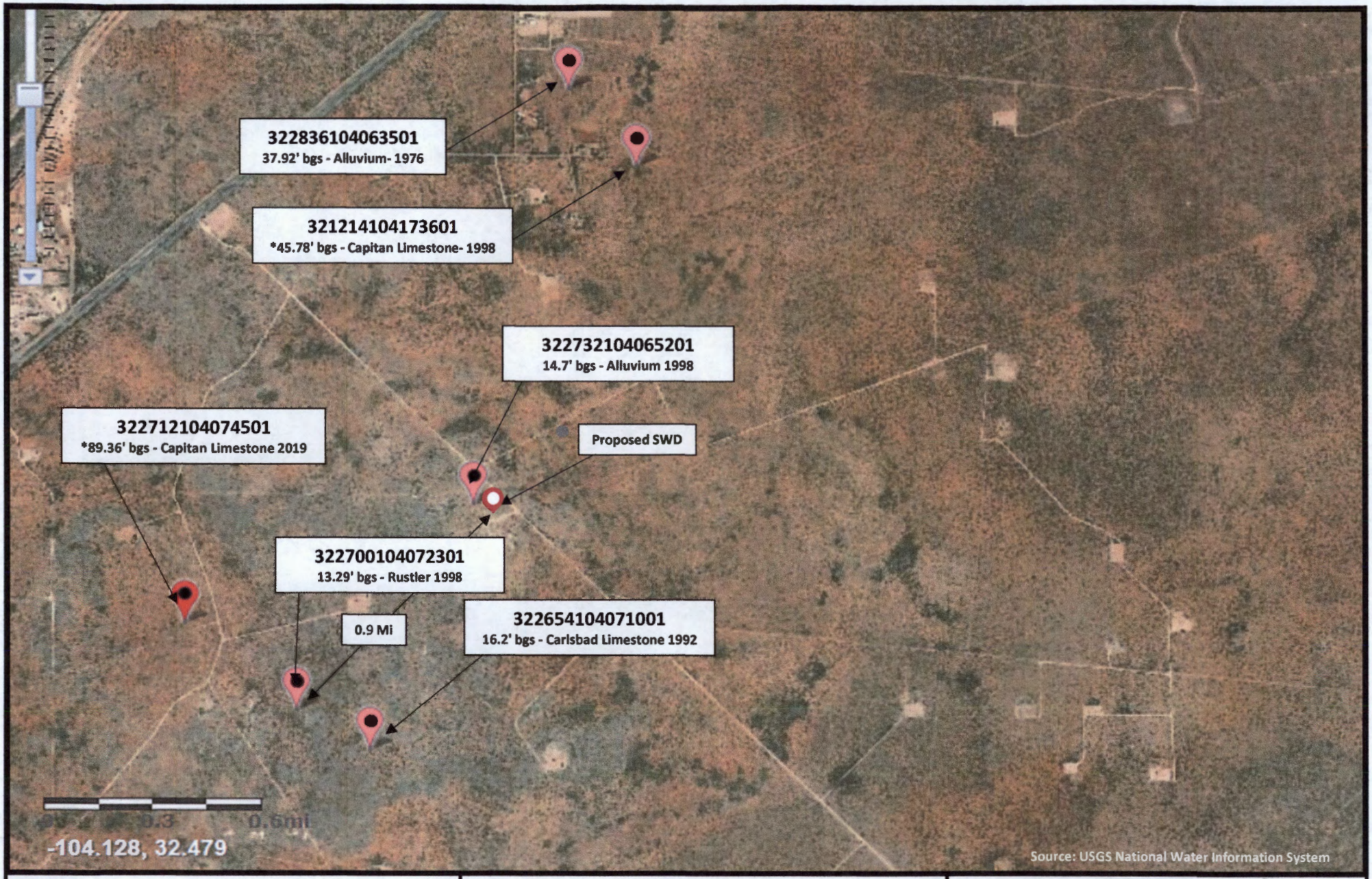
(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters)

No records found.

UTMNAD83 Radius Search (in meters):

Easting (X): 583182.7 **Northing (Y):** 3591624.2 **Radius:** 1608

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.



LEGEND:

- Proposed SWD Location
- USGS Water Well (Reported)

Figure 3 - USGS Groundwater Resource Map

LilyStream Water Solutions, LLC

Bonds SWD #1

API No. Pending

Legals: UL M, Sec. 20,T21S, R28E

Eddy County, New Mexico

LOWRY environmental

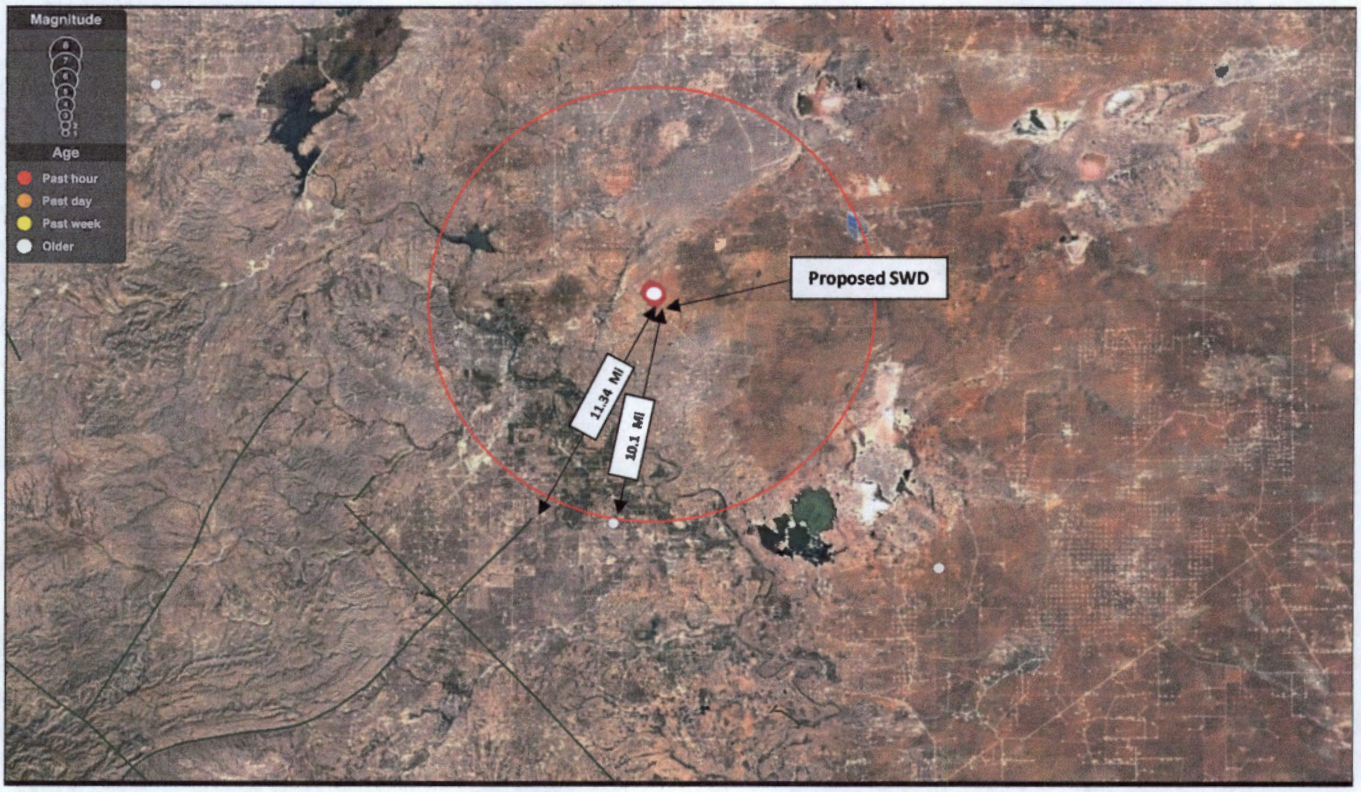
Drafted by: jwl Checked by: client Date: 2/11/2019

VIIIb Seismic Information

The proposed injection well is located within the western portion of the Delaware Basin in **Unit Letter "M", Section 20, Township 21 South, Range 28 East** in Eddy County, New Mexico. A review of USGS data available on the ComCat Earthquake Catalog indicates the nearest seismic event exceeding a magnitude of 0.1 occurred approximately **10.1 Mi Southwest** of Site. The seismic event was reported as a magnitude 3.9 occurring in November of 1974.

The nearest fault trace is approximately **11.34 Mi Southwest** of the proposed injection well. The fault trace is indicative of a normal fault striking Northeast-Southwest.

Data available on the ComCat Earthquake Catalog suggests the recorded seismic events within the region did not occur on the described faults.



Faults traces are depicted as green linear features. Seismic events with available data are depicted as grey dots of which the size is representative of the magnitude. Details regarding the depicted faults are provided on the following page.

Sources:

Bureau of Economic Geology. Accessed February 2019. Permian Basin Geologic Synthesis Project. https://gis.utlands.utsystem.edu/ags/rest/services/GeologicFeatures/MapServer

U.S. Geological Survey (USGS). February 2019. Earthquakes Hazard Program: ComCat Earthquake Catalog. https://earthquake.usgs.gov/learn/kml.php

VIIIb Seismic Information

A recent publication prepared by Snee and Zoback (2018) entitled "State of Stress in the Permian Basin, Texas and New Mexico" discusses the fault slip potential of fault traces complied from Ewing et al. (1990), Green and Jones (1997), Ruppel et al. (2005) as well the USGS Quaternary Faults and Fold Database. A map detailing their findings with the proposed injection well location superimposed is provided below:

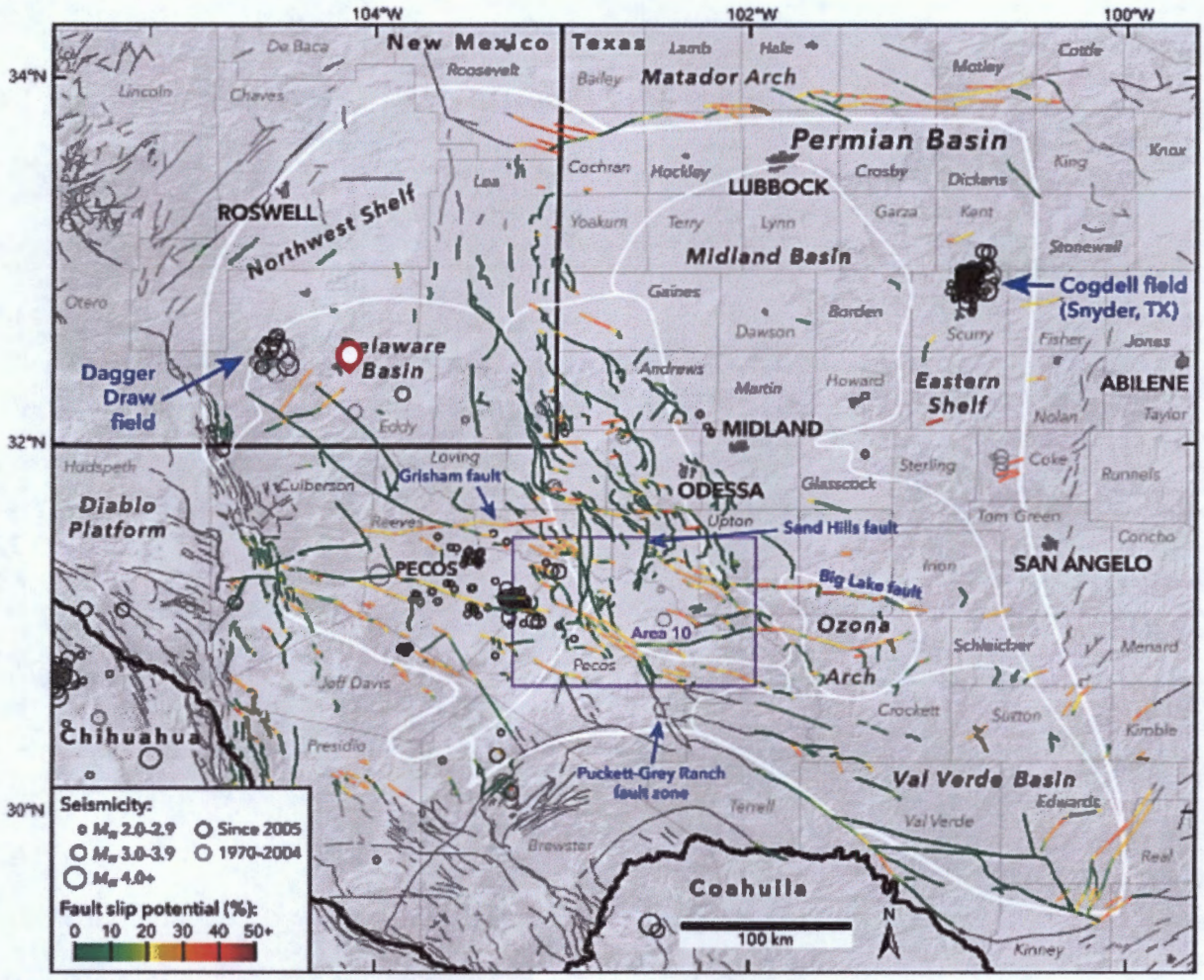


Figure 3. Results of our probabilistic FSP analysis across the Permian Basin. Data sources are as in Figures 1 and 2.

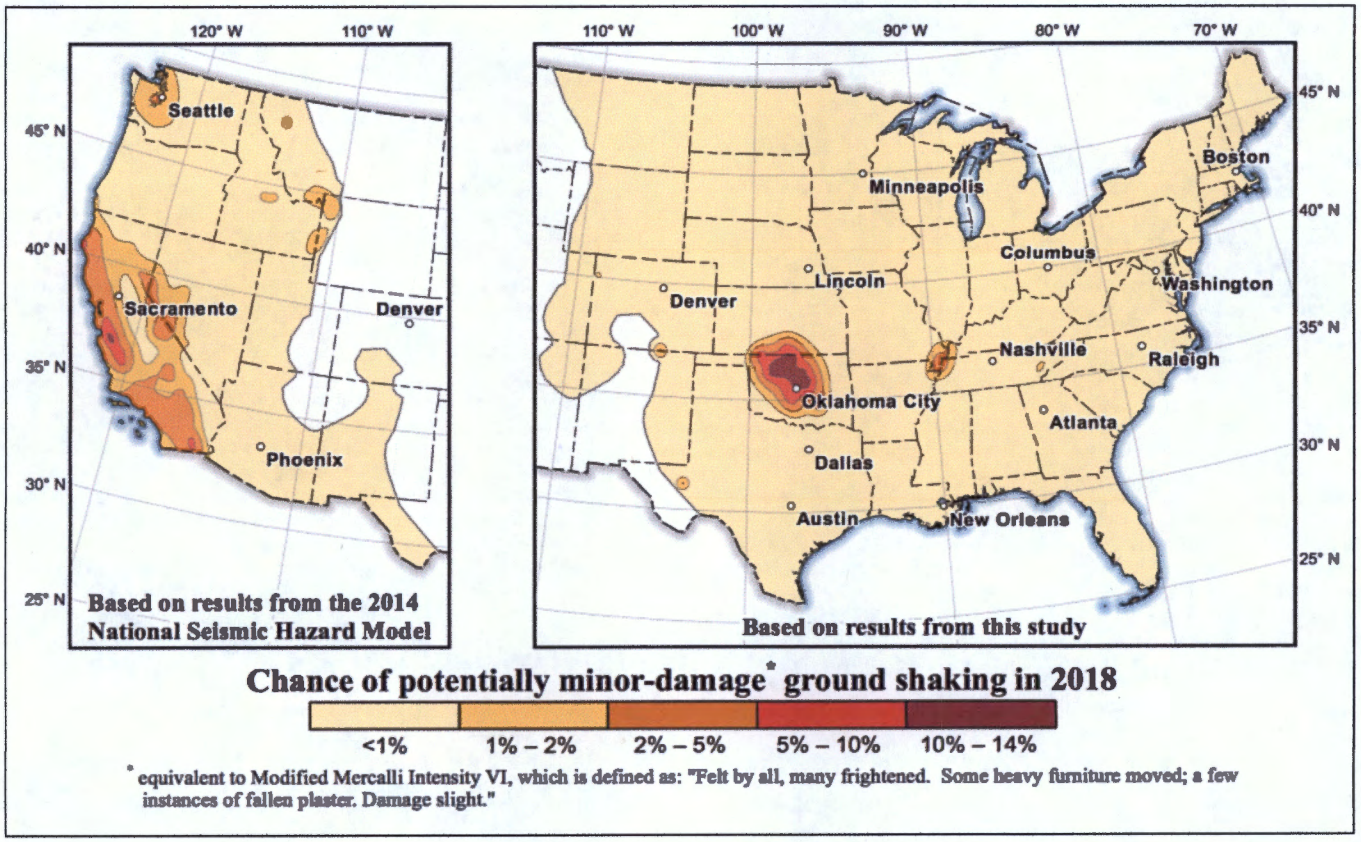
Based on the proposed injection well's distance to known faults, relative low faulting and seismic activity in the area, review of historical earthquake data and the presence of confining layers above and beneath the proposed injection zone, it is unlikely that the proposed injection activities will contribute to a fault-slip event.

Source:

Snee, Jens-Erik Lund, and Mark D. Zoback. 2018 "State of Stress in the Permian Basin, Texas and New Mexico; Implication for Induced Seismicity." The Leading Edge 37 (February 2018).

VIIIb Seismic Information

Data from the 2018 USGS One-Year probabilistic seismic hazard forecast suggests there was a less than 1% chance of potentially minor-damage from induced and natural ground shaking in 2018, as depicted on the map below:



Source:

U.S. Geological Survey (USGS). February 2019. Earthquakes Hazard Program: Short-term Induced Seismicity Models. https://earthquake.usgs.gov/hazards/induced/index.php#2018

ATTACHMENT #6

Fresh Water Laboratory Analysis (*if applicable*)

Fresh Water Sample Location Map (*if applicable*)

CARDINAL Laboratories

PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

April 29, 2019

JOEL LOWRY

LOWRY ENVIROMENTAL & ASSOCIATES

PO BOX 296

LOVINGTON, NM 88260

RE: BONDS

Enclosed are the results of analyses for samples received by the laboratory on 04/18/19 12:15.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-18-11. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (*). For a complete list of accredited analytes and matrices visit the TCEQ website at www.tceq.texas.gov/field/qa/lab_accred_certif.html.

Cardinal Laboratories is accreditated through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Total Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.4	Regulated VOCs (V1, V2, V3)

Cardinal Laboratories is accredited through the State of New Mexico Environment Department for:

Method SM 9223-B	Total Coliform and E. coli (Colilert MMO-MUG)
Method EPA 524.2	Regulated VOCs and Total Trihalomethanes (TTHM)
Method EPA 552.2	Total Haloacetic Acids (HAA-5)

Accreditation applies to public drinking water matrices for State of Colorado and New Mexico.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

Celey D. Keene

Celey D. Keene

Lab Director/Quality Manager

CARDINAL Laboratories

PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

Analytical Results For:

LOWRY ENVIROMENTAL & ASSOCIATES PO BOX 296 LOVINGTON NM, 88260	Project: BONDS Project Number: NONE GIVEN Project Manager: JOEL LOWRY Fax To:	Reported: 29-Apr-19 15:28

Sample ID	Laboratory ID	Matrix	Date Sampled	Date Received
BOUNDS #1 -1	H901421-01	Water	16-Apr-19 15:20	18-Apr-19 12:15

Sample project changed from 'Bounds' to 'Bonds' as per Joel 04/29/19. This is the revised report and will replace the one sent on 04/26/19.

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

CARDINAL Laboratories

PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

Analytical Results For:

LOWRY ENVIROMENTAL & ASSOCIATES PO BOX 296 LOVINGTON NM, 88260	Project: BONDS Project Number: NONE GIVEN Project Manager: JOEL LOWRY Fax To:	Reported: 29-Apr-19 15:28

BOUNDS #1 -1

H901421-01 (Water)

Analyte	Result	MDL	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Notes
Cardinal Laboratories										
Inorganic Compounds										
Chloride*	**52.0**		4.00	mg/L	1	9042202	AC	22-Apr-19	4500-Cl-B	
TDS*	**2530**		5.00	mg/L	1	9042303	AC	24-Apr-19	160.1	

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Celey D. Keene, Lab Director/Quality Manager

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Analytical Results For:

LOWRY ENVIROMENTAL & ASSOCIATES PO BOX 296 LOVINGTON NM, 88260	Project: BONDS Project Number: NONE GIVEN Project Manager: JOEL LOWRY Fax To:	Reported: 29-Apr-19 15:28

Inorganic Compounds - Quality Control

Cardinal Laboratories

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch 9042202 - General Prep - Wet Chem										
Blank (9042202-BLK1)				Prepared & Analyzed: 22-Apr-19						
Chloride	ND	4.00	mg/L							
LCS (9042202-BS1)				Prepared & Analyzed: 22-Apr-19						
Chloride	104	4.00	mg/L	100		104	80-120			
LCS Dup (9042202-BSD1)				Prepared & Analyzed: 22-Apr-19						
Chloride	104	4.00	mg/L	100		104	80-120	0.00	20	
Batch 9042303 - Filtration										
Blank (9042303-BLK1)				Prepared: 23-Apr-19 Analyzed: 24-Apr-19						
TDS	ND	5.00	mg/L							
LCS (9042303-BS1)				Prepared: 23-Apr-19 Analyzed: 24-Apr-19						
TDS	558		mg/L	527		106	80-120			
Duplicate (9042303-DUP1)	**Source: H901409-18**			Prepared: 23-Apr-19 Analyzed: 24-Apr-19						
TDS	325000	5.00	mg/L		391000			18.3	20	

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Celey D. Keene, Lab Director/Quality Manager

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PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

Notes and Definitions

ND	Analyte NOT DETECTED at or above the reporting limit
RPD	Relative Percent Difference
**	Samples not received at proper temperature of 6°C or below.
***	Insufficient time to reach temperature.
-	Chloride by SM4500Cl-B does not require samples be received at or below 6°C
	Samples reported on an as received basis (wet) unless otherwise noted on report

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

CARDINAL Laboratories

101 East Marland, Hobbs, NM 88240
(575) 393-2326 FAX (575) 393-2476

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Company Name:	Lowry Environmental	**BILL TO**	
Project Manager:	Joel Lowry	**P.O. #:**	
Address:	PO Box 896	**Company:**	Lowry Env
City:	Lovington **State:**	**Zip:** #	**Attn:** Joel Lowry
Phone #:	432-466-4450 **Fax #:**		**Address:** PO Box 896
Project #:	**Project Owner:**		**City:**
Project Name:	Bonds		**State:** **Zip:**
Project Location:	Eddy Co		**Phone #:**
Sampler Name:	Joel Lowry		**Fax #:**

FOR LAB USE ONLY				MATRIX						PRESERV.			SAMPLING		ANALYSIS REQUEST										
Lab I.D.	**Sample I.D.**	(G)RAB OR (C)OMP.	# CONTAINERS	GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER :	ACID/BASE:	ICE / COOL	OTHER :	**DATE**	**TIME**	Chloride	TPH	BTEX 8021	TDS							
H9014 21																									
1	Bonds #1-1	G	1	X									4/16/19	3:20	X										

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analyses. All claims including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Relinquished By: Joel Lowry	**Date:** 4/18/19 **Time:** 10:20	**Received By:** Martha Turner	
Relinquished By: Martha Turner	**Date:** 4/18/19 **Time:** 12:15	**Received By:** Jodi Henson	
Delivered By: (Circle One) Sampler - UPS - Bus - Other: D.6°C / #97	**Sample Condition** Cool: ☑ Yes ☐ No Intact: ☑ Yes ☐ No	**CHECKED BY: (Initials)**	

Phone Result: ☐ Yes ☐ No **Add'l Phone #:**
Fax Result: ☐ Yes ☐ No **Add'l Fax #:**
REMARKS:

FORM-006 R 2.0

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476

ATTACHMENT #7

Affirmative Statement

XII. AFFIRMATIVE STATEMENT

Re: LilyStream Water Solutions, LLC
Bonds SWD #1
Legals: UL M, Sec. 20, T21S, R28E

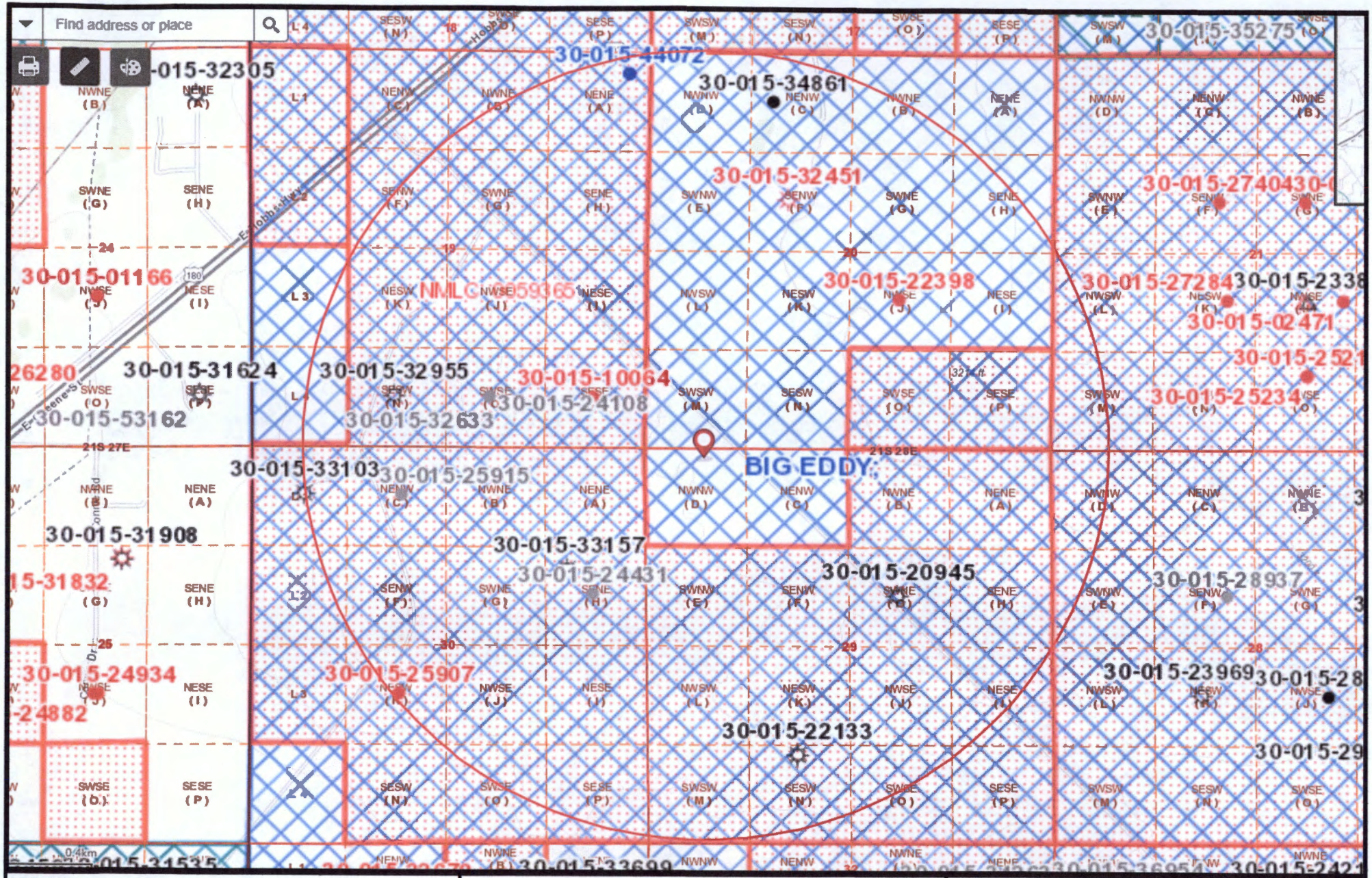
Available geologic and engineering data has been examined and we find no evidence of open faults or any hydrologic connection between the disposal interval and any underground sources of drinking water.

Joel W. Lowry

LOWRY environmental

ATTACHMENT #8

Proof of Notice Documentation



LEGEND:

- Proposed SWD Location
- 1-Mile Radius

Figure 4 - Leasehold Operator Map

LilyStream Water Solutions, LLC

Bonds SWD #1

API No. Pending

Legals: UL M, Sec. 20,T21S, R28E

Eddy County, New Mexico

LOWRY environmental

Drafted by: jwl Checked by: client Date: 2/11/2019

XIV. PROOF OF NOTICE

Surface Owner: ✓

Mark Bond
2917 Ocotillo Canyon Drive
Carlsbad, NM 88220
7018 2290 0000 5825 4830

Leasehold Operators within a One-Mile Radius:

BOPCO, LP
6401 Holiday Hill Rd Bldg 5
Midland, TX 79707
7018 2290 0000 5825 4946

BEPCO, LP
201 Main St.
Fort Worth, TX 76102
7018 2290 0000 5825 4946

POCO Resources, LLC
3307 E. Castleberry Road
Artesia, NM 88210
7018 2290 0000 5825 4878

Altura Energy LTD
P.O. Box 4294
Houston, TX 77210
7018 2290 0000 5825 4922

Marathon Oil Permian LLC
5555 San Felipe St.
Houston, TX 77056
7018 2290 0000 5825 4939

CMB OG NM LLC
201 Main St Ste 2700
Fort Worth, TX 76102
7018 2290 0000 5825 4847

CTV OG NM LLC
201 Main St Ste 2700
Fort Worth, TX 76102
7018 2290 0000 5825 4861

MRC Permian Company
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240
7018 2290 0000 5825 4892

Thru Line OG NM LLC
201 Main St #2700
Fort Worth, TX 76102
7018 2290 0000 5825 4885

SRBI OG NM LLC
201 Main St #2700
Fort Worth, TX 76102
7018 2290 0000 5825 4908

Regulatory Agency:

NMOCD - Santa Fe
1220 S. St. Francis Dr.
Santa Fe, NM 87505

NMOCD - District 2
811 S. First
Artesia, NM 88210
7018 2290 0000 5825 4854

XIV. PROOF OF NOTICE

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Certified Mail Restricted Delivery $0.00
Adult Signature Required $0.00
Adult Signature Restricted Delivery $
Postage $1.75
Total Postage and Fees $8.05
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City, State, ZIP+4®
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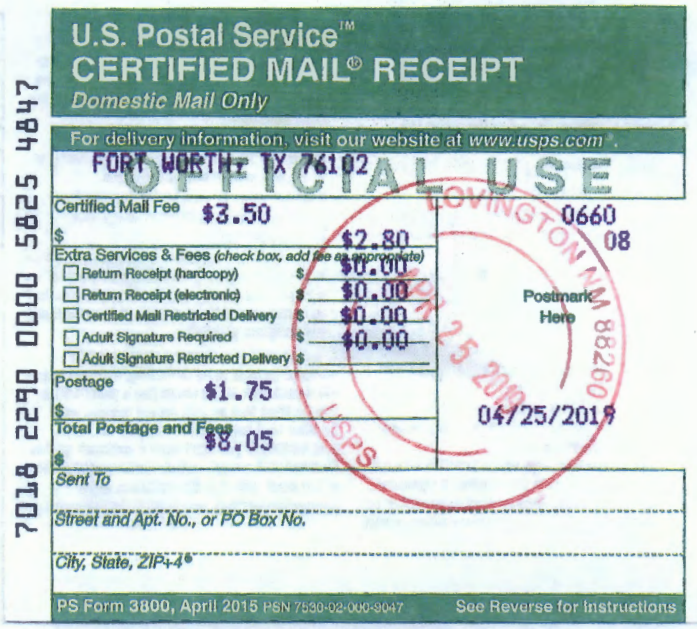
LOVINGTON NM 88260
APR 25 2019
USPS
0660 08
Postmark Here
04/25/2019
7018 2290 0000 5825 4830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Adult Signature Required $0.00
Adult Signature Restricted Delivery $
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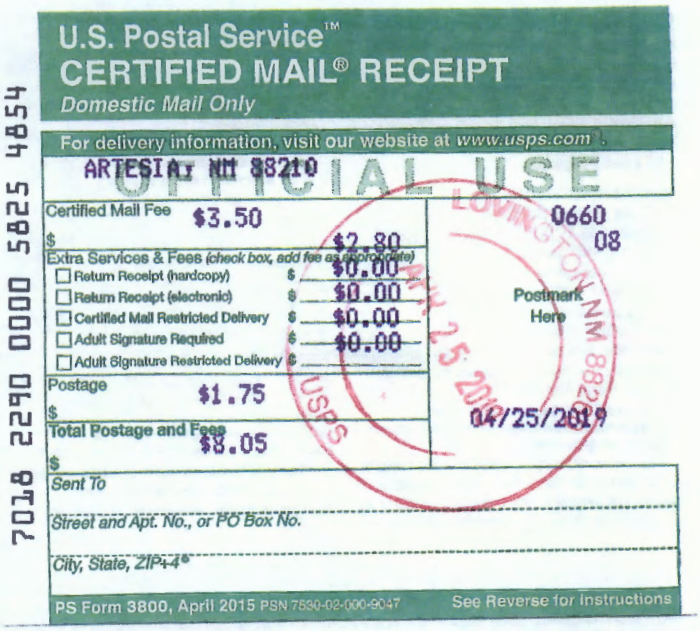
LOVINGTON NM 88260
APR 25 2019
USPS
0660 08
Postmark Here
04/25/2019
7018 2290 0000 5825 4847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Adult Signature Restricted Delivery $
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USPS
0660 08
Postmark Here
04/25/2019
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Return Receipt (electronic) $0.00
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Adult Signature Required $0.00
Adult Signature Restricted Delivery $
Postage $1.75
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Street and Apt. No., or PO Box No.
City, State, ZIP+4®
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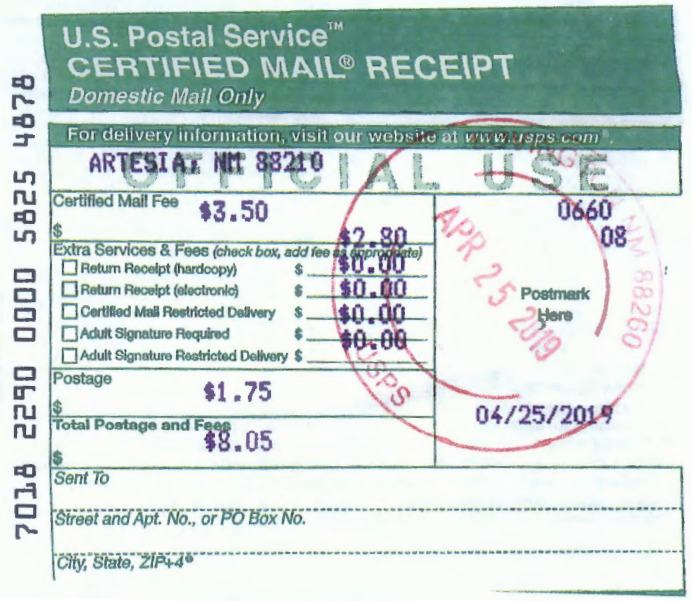
LOVINGTON NM 88260
APR 25 2019
USPS
0660 08
Postmark Here
04/25/2019
7018 2290 0000 5825 4861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OFFICIAL USE
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Extra Services & Fees (check box, add fee as appropriate)
Return Receipt (hardcopy) $2.80
Return Receipt (electronic) $0.00
Certified Mail Restricted Delivery $0.00
Adult Signature Required $0.00
Adult Signature Restricted Delivery $
Postage $1.75
Total Postage and Fees $8.05
Sent To
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
LOVINGTON NM 88260
APR 25 2019
USPS
0660 08
Postmark Here
04/25/2019
7018 2290 0000 5825 4878

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Extra Services & Fees (check box, add fee as appropriate)
Return Receipt (hardcopy) $2.80
Return Receipt (electronic) $0.00
Certified Mail Restricted Delivery $0.00
Adult Signature Required $0.00
Adult Signature Restricted Delivery $
Postage $1.75
Total Postage and Fees $8.05
Sent To
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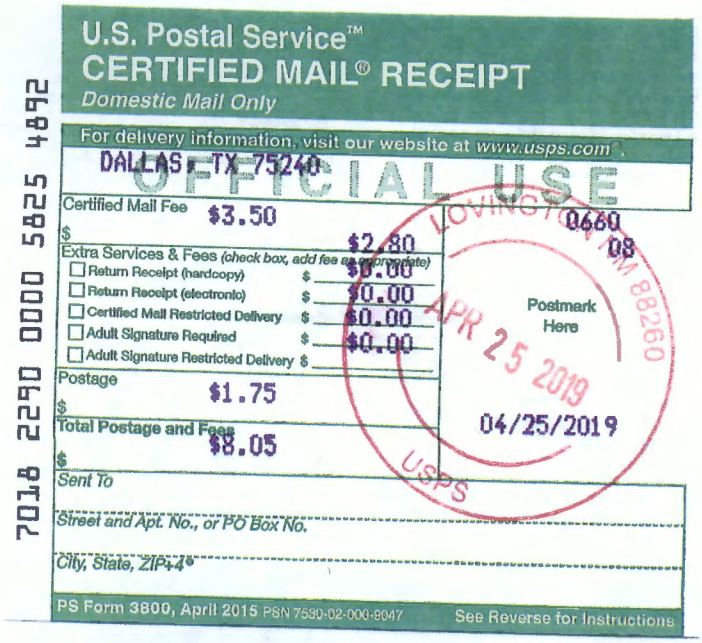

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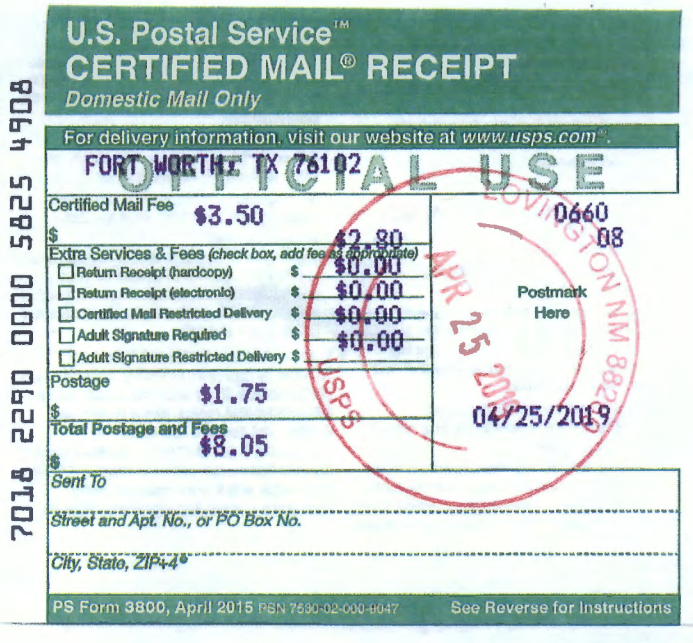

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FORT WORTH, TX 76102

OFFICIAL USE

Certified Mail Fee	$3.50
Extra Services & Fees (check box, add fee as appropriate)	$2.80
☐ Return Receipt (hardcopy)	$0.00
☐ Return Receipt (electronic)	$0.00
☐ Certified Mail Restricted Delivery	$0.00
☐ Adult Signature Required	$0.00
☐ Adult Signature Restricted Delivery	$
Postage	$1.75
Total Postage and Fees	$8.05

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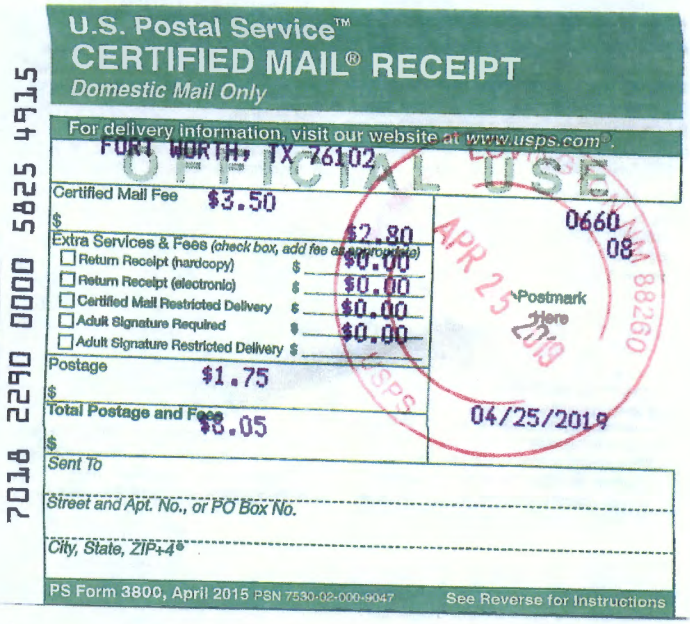

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Extra Services & Fees (check box, add fee as appropriate)	$2.80
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☐ Return Receipt (electronic)	$0.00
☐ Certified Mail Restricted Delivery	$0.00
☐ Adult Signature Required	$0.00
☐ Adult Signature Restricted Delivery	$
Postage	$1.75
Total Postage and Fees	$8.05

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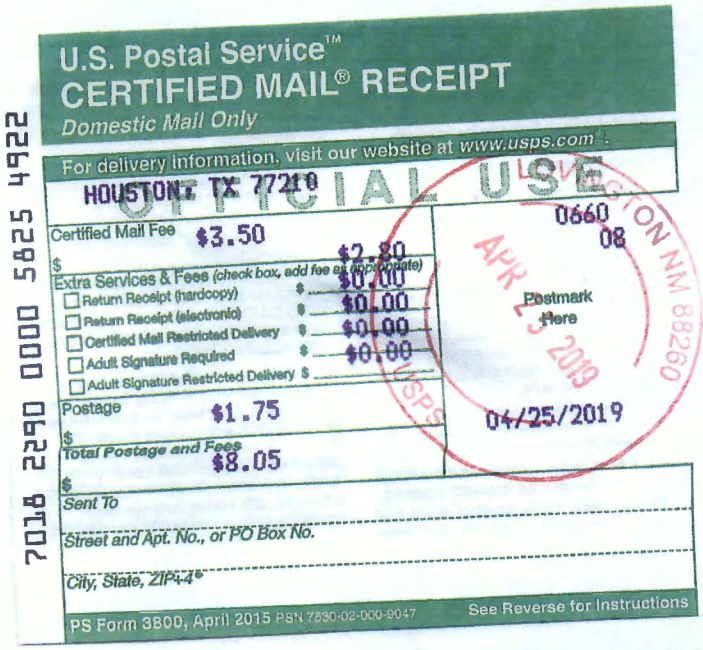

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HOUSTON, TX 77210

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☐ Return Receipt (hardcopy)	$0.00
☐ Return Receipt (electronic)	$0.00
☐ Certified Mail Restricted Delivery	$0.00
☐ Adult Signature Required	$0.00
☐ Adult Signature Restricted Delivery	$
Postage	$1.75
Total Postage and Fees	$8.05

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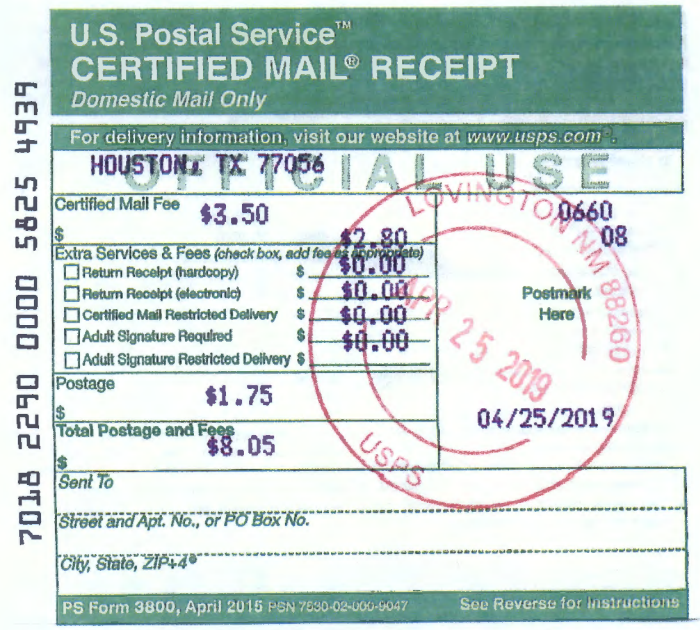

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HOUSTON, TX 77056

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Extra Services & Fees (check box, add fee as appropriate)	$2.80
☐ Return Receipt (hardcopy)	$0.00
☐ Return Receipt (electronic)	$0.00
☐ Certified Mail Restricted Delivery	$0.00
☐ Adult Signature Required	$0.00
☐ Adult Signature Restricted Delivery	$
Postage	$1.75
Total Postage and Fees	$8.05

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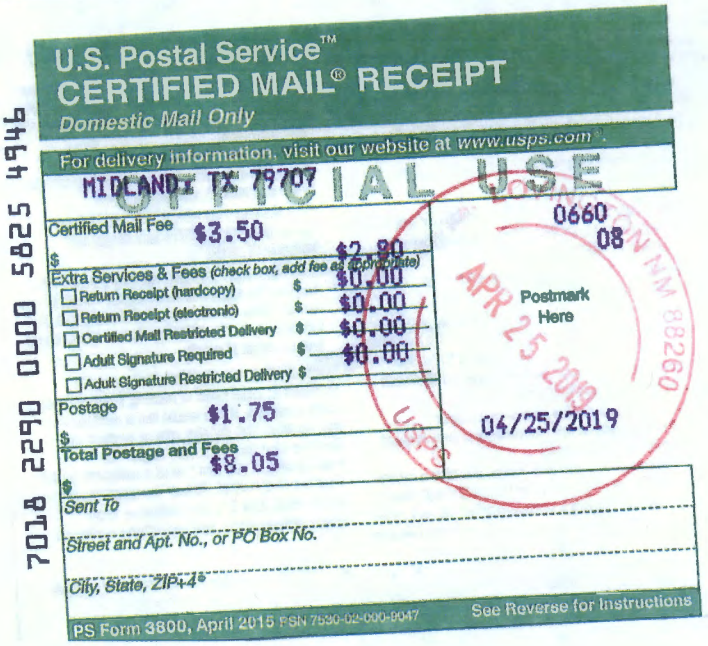

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☐ Certified Mail Restricted Delivery	$0.00
☐ Adult Signature Required	$0.00
☐ Adult Signature Restricted Delivery	$
Postage	$1.75
Total Postage and Fees	$8.05

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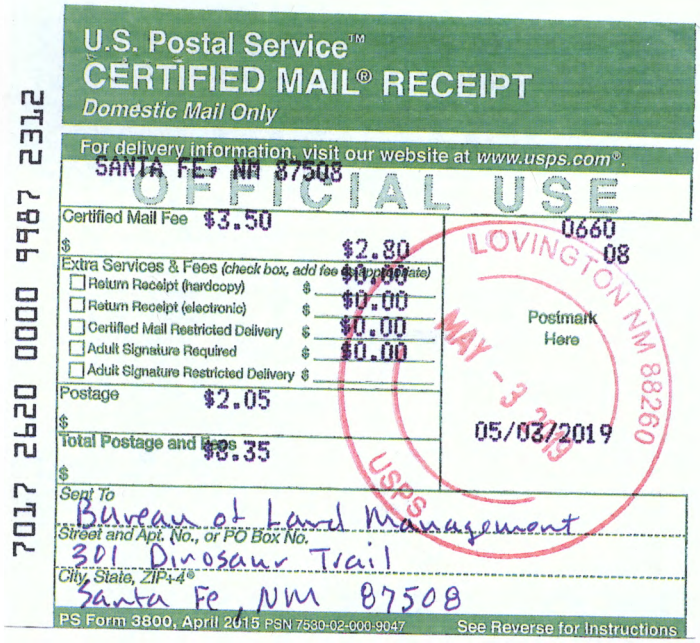
XIV. PROOF OF NOTICE



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SANTA FE, NM 87508

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$2.80
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- Adult Signature Required $0.00
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XIV. PROOF OF NOTICE

Affidavit of Publication

Affidavit of Publication

No. 25099

State of New Mexico

County of Eddy:

Danny Scott

being duly sworn sayes that he is the **Publisher**

of the Artesia Daily Press. a daily newspaper of General circulation. published in English at Artesia. said county and state. and that the hereto attached

Legal Ad

was published in a regular and entire issue of the said Artesia Daily Press. a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for

1 Consecutive weeks/day on the same day as follows:

First Publication	May 3. 2019
Second Publication	
Third Publication	
Fourth Publication	
Fifth Publication	
Sixth Publication	
Seventh Publication	

Subscribed and sworn before me this

7th day of May 2019

OFFICIAL SEAL
Latisha Romine
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires: 5/12/2023

Latisha Romine

Latisha Romine

Notary Public. Eddy County. New Mexico

Copy of Publication

Legal Notice

LilyStream Water Solutions, LLC, 1308 W. Ave D, Lovington, NM 88260, is filing Form C-108 for an application for Authority to Inject with the New Mexico Oil and Conservation Division requesting administrative approval for a salt water disposal well. The proposed newly drilled well, the Bonds SWD No. 1 is located at 20' FSL & 850' FWL, Section 20, Township 21S Range 28E, N.M.P.M., Eddy County, New Mexico; approximately 7 miles East of Carlsbad down NM 62-180 and 1 Mile South on Creosote Road . (API # to be assigned). Produced water from area oil and gas producing wells will be commercially disposed into the Devonian and Silurian formations from 12,803' to 13,753' below surface. Expected maximum injection rate is 30,000 bpd, and the expected maximum injection pressure is 2,561 psi. Questions concerning the application can be directed to the applicant's agent Lowry Environmental, LLC, PO Box 948, Lovington, NM 88260, by phone (432) 466-4450 or email joel@lowryenvironmental.com. Objections or request for hearing must be directed to the Oil Conservation Division, (505) 476-3440, 1220 South Saint Francis Drive, Santa Fe, NM 87504, within 15 days.

Published in the Artesia Daily Press, Artesia, N.M., May 3, 2019 Legal No. 25099.

April 15, 2019

NOTIFICATION TO INTERESTED PARTIES

Via U.S. Certified Mail - Return Receipt Requested

RE: Application for Authroization to Inject
Bonds SWD #1
Township 21S, Range 28E, N.M.P.M
Section 20, 20' FSL & 850' FWL
Eddy County, New Mexico

To Whom It May Concern:

Enclosed for your review is a copy of a C-108 Application submitted by LilyStream Water Solutions, LLC, Lovington, New Mexico, to the New Mexico Oil Conservation Division to drill and complete for produced water disposal the Bonds SWD #1.

The well is located in Section 20, Township 21S, Range 28E, 20' FSL and 850' FWL, Eddy County, New Mexico.

As required by NMOCD, we are notifying you because you have been indentified as an operator or surface owner and therefor an affected party by this action. Any objections must be submitted in writing to NMOCD, 1220 S. St. Francis Drive, Santa Fe, New Mexico 87505. Objections must be received within fifteen (15) days of receipt of this letter.

The well will be a commercial SWD well taking produced water from oil and gas operations in the surrounding area. Please contact Joel Lowry with Lowry Environmental and Associates, LLC, at 432.466.4450 , with any questions or concerns regarding this well or application.

Respectfully,

Joel W. Lowry
LOWRY
environmental

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MAY 0 2 2019

LAND DEPARTMENT

April 15, 2019

NOTIFICATION TO INTERESTED PARTIES

Via U.S. Certified Mail - Return Receipt Requested

RE: Application for Authroization to Inject
Bonds SWD #1
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Respectfully,

Joel Lowry

Joel W. Lowry
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environmental

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maild to
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Thru Line OG NM LLC
SRBI OG NM LLC
210 Main St. Ste 2700
FTWORTH 76102

Emailed Christian 5/2/19