

Initial Application Part I

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

RECEIVED: <u>05/25/2019</u>	REVIEWER: <u>MAM</u>	TYPE:	APP NO: <u>PMAM 19156 5040</u>
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

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



ADMINISTRATIVE APPLICATION CHECKLIST

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

Applicant: <u>Delaware Energy, LLC</u>	OGRID Number: <u>371195</u>
Well Name: <u>American Pharoah State SWD #1</u>	API: <u>Pending</u>
Pool: <u>SWD; Devonian</u>	Pool Code: <u>96101</u>

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

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

A. Location - Spacing Unit - Simultaneous Dedication

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

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

[I] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

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

☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

2) NOTIFICATION REQUIRED TO: Check those which apply.

- A. ☒ Offset operators or lease holders
 B. ☐ Royalty, overriding royalty owners, revenue owners
 C. ☒ Application requires published notice
 D. ☒ Notification and/or concurrent approval by SLO
 E. ☐ Notification and/or concurrent approval by BLM
 F. ☒ Surface owner
 G. ☒ For all of the above, proof of notification or publication is attached, and/or,
 H. ☐ No notice required

FOR OCD ONLY

- ☐ Notice Complete
☐ Application
 Content
 Complete

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

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

Sarah Presley

Print or Type Name

Signature

5/17/2019

Date

432-685-7005

Phone Number

s.presley@delawareenergy.com

e-mail Address

Delaware Energy, LLC
Application for Injection/SWD
American Pharoah State SWD #1

MAY 29 2019 PM03:10

UL F, Sec. 16, T-20-S, R-30-E, 1,615' FNL & 2,635' FWL, Eddy Co., NM

May 17, 2019

Contents:

1. Administrative Application Checklist
2. Form C-108: Application for Authority to Inject
3. Form C-108 Additional Questions Answered
4. Form C-102
5. Chemical Analysis of Bone Spring Formation Water Sample
6. Chemical Analysis of Wolfcamp Formation Water Sample
7. Chemical Analysis of Delaware Formation Water Sample
8. Planned wellbore diagram for the American Pharoah State SWD #1
9. ~~Tabular Data on All Wells of Public Record within the Area of Review which Penetrate the Proposed Injection Zone~~ (No applicable wells)
10. Map Identifying all Wells and Leases within Two Miles of Any Proposed Injection Well with a One Mile Radius Circle Drawn Around the Proposed Injection Well
11. Sample of Letter Sent with This Application Packet to Owner of Surface of the Land on Which the Well is to be Located and to each Leasehold Operator within One Mile of the Well Location
12. Formation Tops
13. Certified Mailers
14. Seismicity Assessment
15. Carlsbad Current-ARGUS Affidavit of publication

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance XXX Disposal _____ Storage
Application qualifies for administrative approval? XX Yes _____ No
- II. OPERATOR: Delaware Energy, LLC
ADDRESS: 405 North Marienfeld, Suite 250, Midland TX 79701
CONTACT PARTY: Mike McCurdy PHONE: 432-312-5251
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? _____ Yes XXXX No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Mike McCurdy TITLE: Vice-President

SIGNATURE:  DATE: 5/17/2019

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

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

III. WELL DATA

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

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

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

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

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

XIV. PROOF OF NOTICE

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

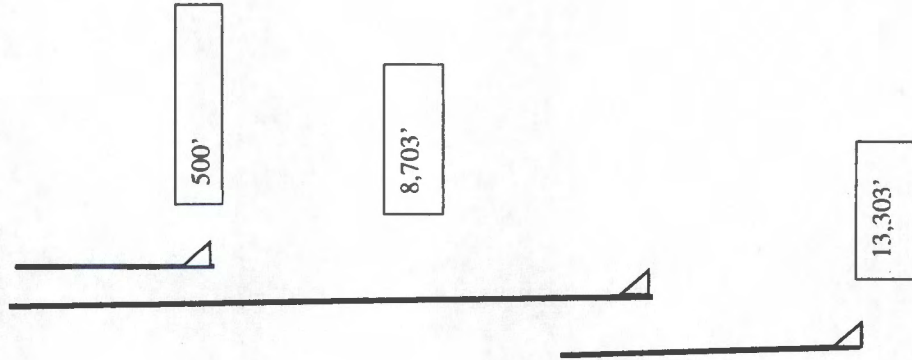
Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

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

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

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

INJECTION WELL DATA SHEET

OPERATOR: Delaware Energy, LLCWELL NAME & NUMBER: American Pharoah State SWD # 1WELL LOCATION: 1,615' FNL & 2,635' FWL F UNIT LETTER 16 SECTION 20S TOWNSHIP 30E RANGEWELLBORE SCHEMATIC see attached wellbore sketchWELL CONSTRUCTION DATASurface CasingHole Size: 17-1/2" Casing Size: 13-3/8", 54.5#Cemented with: 500 sx. or ft³Top of Cement: surface Method Determined: Plan to CirculateIntermediate CasingHole Size: 12-1/4" Casing Size: 9-5/8", 47#, L-80Cemented with: 2,500' sx. or ft³Top of Cement: surface Method Determined: Plan to CirculateProduction CasingHole Size: 8-1/2" Casing Size: 7-5/8", 39#, P-110Cemented with: 650 sx. or ft³Top of Cement: Top of Liner Method Determined: Plan to Circulate to liner topTotal Depth: 13,303'Injection Interval13,303' feet to 14,303'
(OPEN HOLE)

INJECTION WELL DATA SHEETTubing Size: 5.5" BTC x 5.5" Flush Joint Lining Material: Fiber GlassType of Packer: Weatherford Arrow Set 1XPacker Setting Depth: 13,253'Other Type of Tubing/Casing Seal (if applicable): noneAdditional Data

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

2. Name of the Injection Formation: Devonian3. Name of Field or Pool (if applicable): SWD; Devonian4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. N/A5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: Below: none

Next Higher: Delaware 3,803' - 6,403'; Bone Springs 6,403' - 8,703'; Wolfcamp 8,703' - 10,803'; Strawn 10,803' - 10,903';
 Atoka 10,903' - 12,403'; Morrow 12,403' - 12,693'

VII.

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

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

2. Whether the system is open or closed;

Open System, Commercial SWD

3. Proposed average and maximum injection pressure;

Average 1,500-2,500 PSI, Max 2,661 PSI

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

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

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

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

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

The proposed disposal interval is in the Devonian formation 13,303'-14,303'. Devonian is an impermeable organic Shale at the very top (13,193 ft, Woodford Shale) 100ft thick followed by permeable lime, dolomite, and small amount of shale 1000ft thick. There are no fresh water zones underlying the proposed injection zone. Usable water depth is from surface to +/- 40', the water source is older alluvium (Quaternary). All the fresh water wells in the area have an average depth to water of 135ft per State Engineer.

IX. Describe the proposed stimulation program, if any.

60,000 gallons 20% HCL acid job with packer

X. Attach appropriate logging and test data on the well

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

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

Attached is a water sample taken from 32.572495, -103.999225

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

Delaware Energy, L.L.C. has reviewed and examined available geologic and engineering data in the area of interest for the American Pharoah State SWD #1 and have found no evidence of faults or other hydrologic connections between Devonian disposal zone and the underground sources of drinking water.

Furthermore, there exist many impermeable intervals between the injection interval and the fresh ground water from the top of the Devonian Carbonate and the base of the ground water.

Mike McCurdy

Vice President

5/17/2019

Title

Date

III. WELL DATA

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

American Pharoah State SWD #1, Sec. 16-T20S-R30E, 1,615' FNL & 2,635' FWL, UL F, Eddy County, New Mexico

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

Casing Size	Setting Depth	Sacks of Cement	Hole Size	Top of Cement	Determined
13-3/8"	500'	500	17-1/2"	Surface	CIRC
9-5/8"	8,703'	2500	12-1/4"	Surface	CIRC
7-5/8"	8,503'-13,303'	650	8-1/2"	Liner Top	CIRC & CBL

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

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

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

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

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

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

Devonian Formation

Pool Name: SWD (Devonian)

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

13,303' to 14,303' (Open hole)

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

Well is a planned new drill for SWD

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

None, well is a planned new drill

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

Next Higher: Delaware 3,803' – 6,403'; Bone Springs 6,403' – 8,703'; Wolfcamp 8,703' – 10,803'; Strawn 10,803' – 10,903'; Atoka 10,903' – 12,403'; Morrow 12,403' – 12,693'

Next Lower: None

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) 748-1253 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-8178 Fax: (505) 334-8170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 478-3460 Fax: (505) 478-3465

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 96101	Pool Name SWD; DEVONIAN
Property Code	Property Name AMERICAN PHAROAH STATE SWD	Well Number 1
OGRID No. 371195	Operator Name DELAWARE ENERGY	Elevation 3203'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	16	20 S	30 E		1615	NORTH	2635	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

N.: 575154.3 E.: 648416.2 (NAD83)	N.: 575141.3 E.: 651059.9 (NAD83)	N.: 575132.9 E.: 653697.2 (NAD83)
2635'		
1615'		
SURFACE LOCATION Lat - N 32.576175° Long - W 103.977169° NWSPCE- N 573526.8 E 651048.3 (NAD-83)		
N.: 572512.8 E.: 648412.3 (NAD83)		
N.: 569871.9 E.: 648408.8 (NAD83)		

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Sarah Presley 5.17.19
Signature Date

Sarah Presley
Printed Name

s.presley@delawareenergy.com
Email Address

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

MARCH 12 2019
Date Surveyed

[Signature]
Signature & Seal of Professional Surveyor

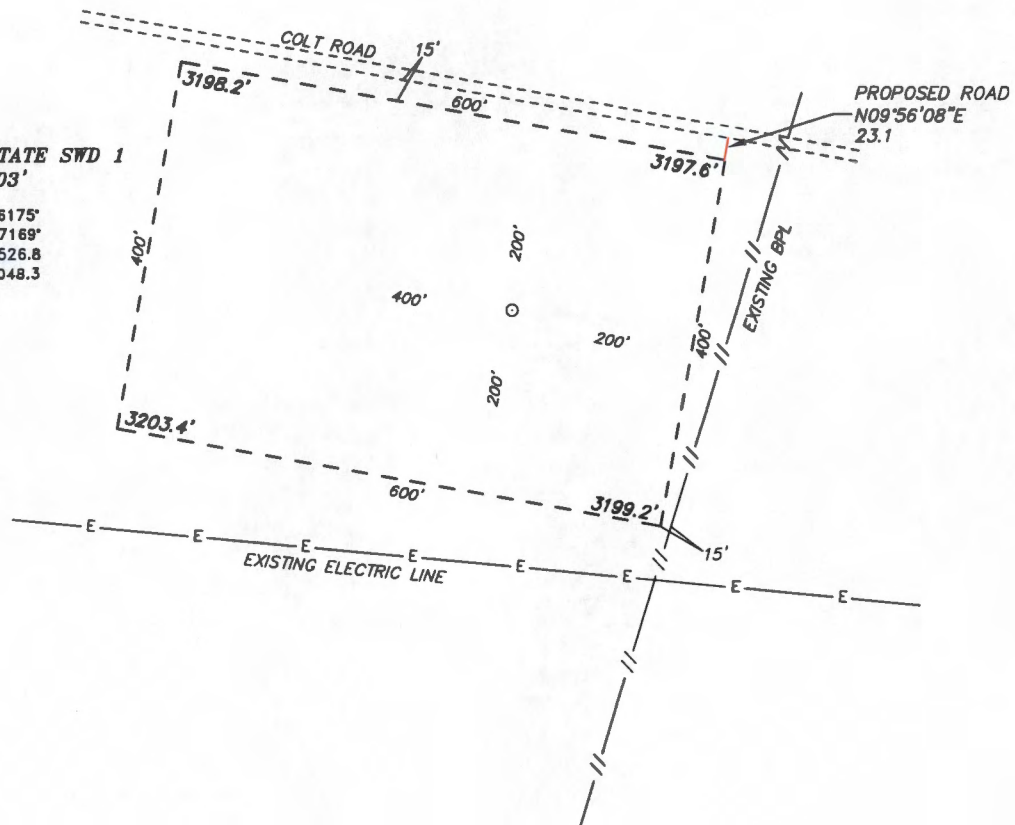
Gary L. Jones 7977
Certificate No. 7977
BASIN SURVEYS

0' 1000' 2000' 3000' 4000'
SCALE: 1" = 2000'
WO Num.: 34399

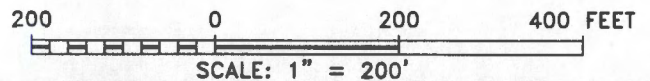
**SECTION 16, TOWNSHIP 20 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**

**AMERICAN PHAROAH STATE SWD 1
ELEV. - 3203'**

Lat - N 32.576175°
Long - W 103.977169°
NMSPCE- N 573526.8
E 851048.3
(NAD-83)



CARLSBAD, NM IS ±18 MILES TO THE SOUTHWEST OF LOCATION.



DELAWARE ENERGY

REF: AMERICAN PHAROAH STATE SWD 1 / WELL PAD TOPO

THE AMERICAN PHAROAH STATE SWD 1 LOCATED 1615' FROM
THE NORTH LINE AND 2635' FROM THE WEST LINE OF
SECTION 16, TOWNSHIP 20 SOUTH, RANGE 30 EAST.

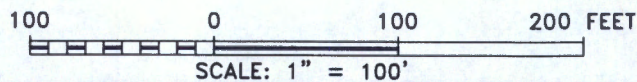
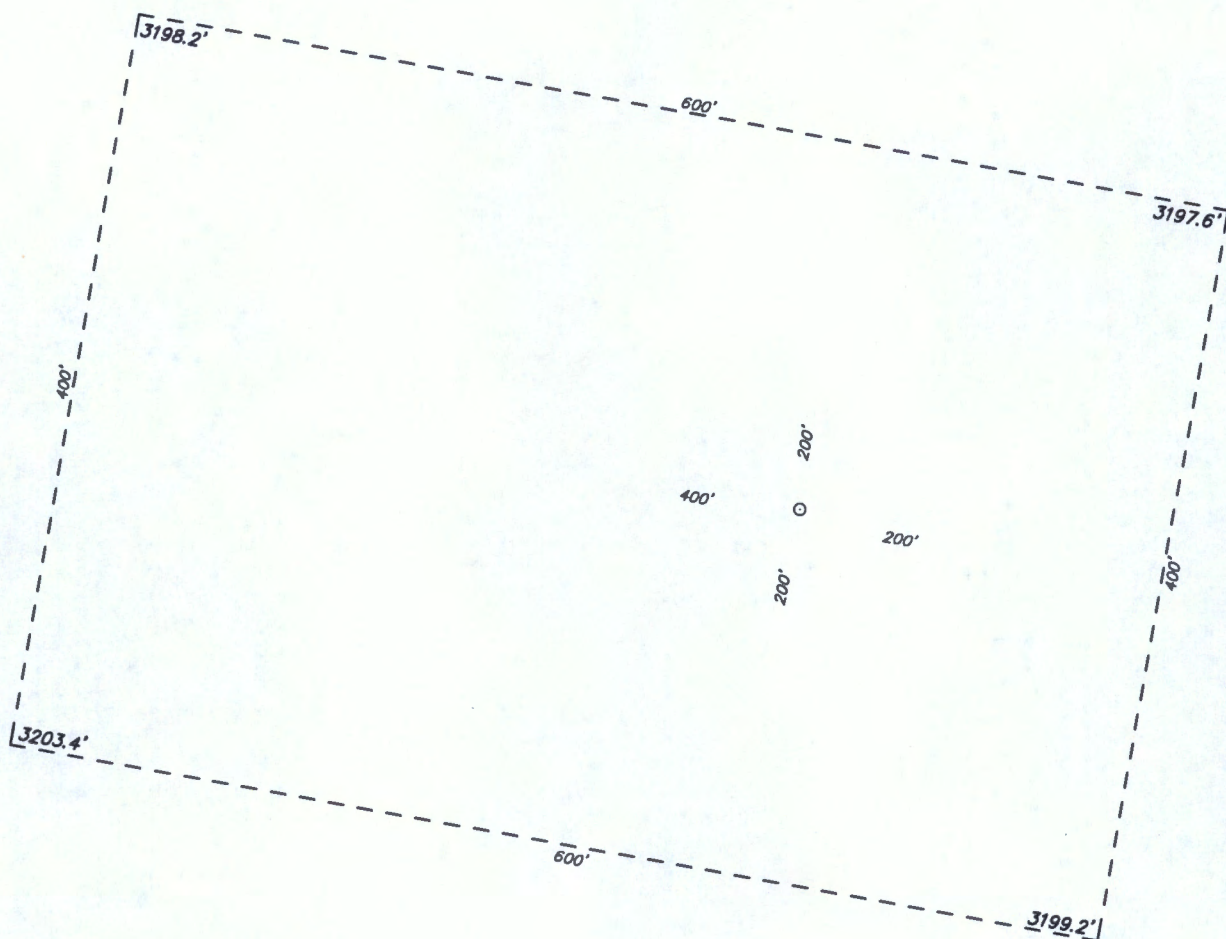
N.M.P.M., EDDY COUNTY, NEW MEXICO.

**basin
surveys**
focused on excellence
in the oilfield

P.O. Box 1786 (575) 393-7316 - Office
1120 N. West County Rd. (575) 392-2206 - Fax
Hobbs, New Mexico 88241 basin-surveys.com

W.O. Number: 34399	Drawn By: J GOAD	Date: 3-26-2019	Survey Date: 3-20-2019	Sheet 1 of 1 Sheets
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SECTION 16, TOWNSHIP 20 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



DELAWARE ENERGY

REF: AMERICAN PHAROAH STATE SWD 1 / WELL PAD TOPO

THE AMERICAN PHAROAH STATE SWD 1 LOCATED 1615' FROM
THE NORTH LINE AND 2635' FROM THE WEST LINE OF
SECTION 16, TOWNSHIP 20 SOUTH, RANGE 30 EAST.

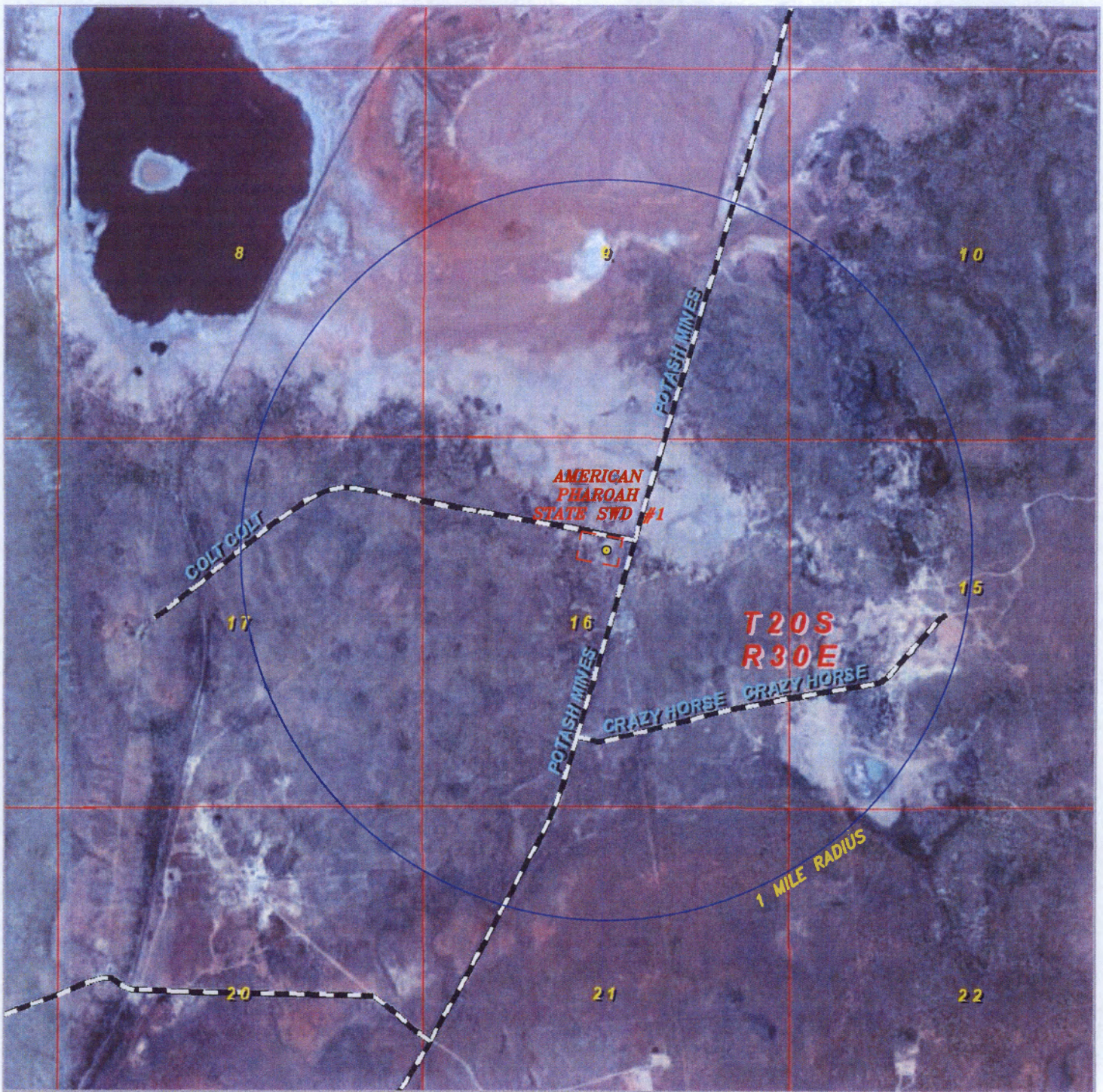
N.M.P.M., EDDY COUNTY, NEW MEXICO.



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basinsurveys.com

W.O. Number: 34399	Drawn By: J GOAD	Date: 3-26-2019	Survey Date: 3-20-2019	Sheet 1 of 1 Sheets
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AMERICAN PHAROAH STATE SWD 1

Located 1615' FNL and 2635' FWL
 Section 16, Township 20 South, Range 30 East,
 N.M.P.M., Eddy County, New Mexico.

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P.O. Box 1786
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 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

0' 1000' 2000' 3000' 4000'
 SCALE: 1" = 2000'

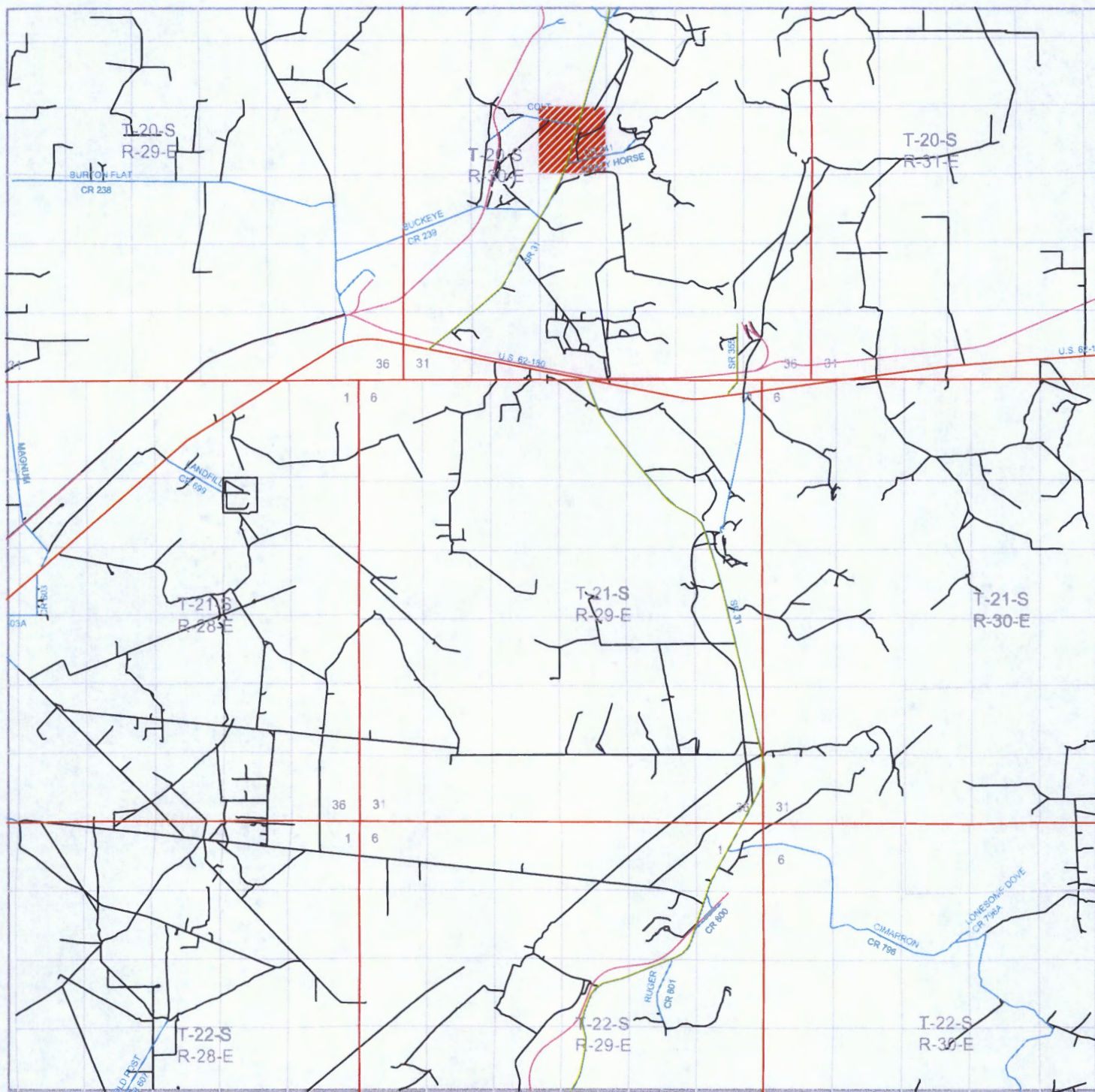
W.O. Number: JG 34399

Survey Date: 3-20-2019

YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND



DELAWARE
ENERGY



AMERICAN PHAROAH STATE SWD 1

Located 1615' FNL and 2635' FWL
 Section 16, Township 20 South, Range 30 East,
 N.M.P.M., Eddy County, New Mexico.

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 basinsurveys.com

0' 1000' 2000' 3000' 4000'
 SCALE: 1" = 2000'

W.O. Number: JG 34399

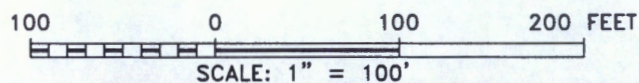
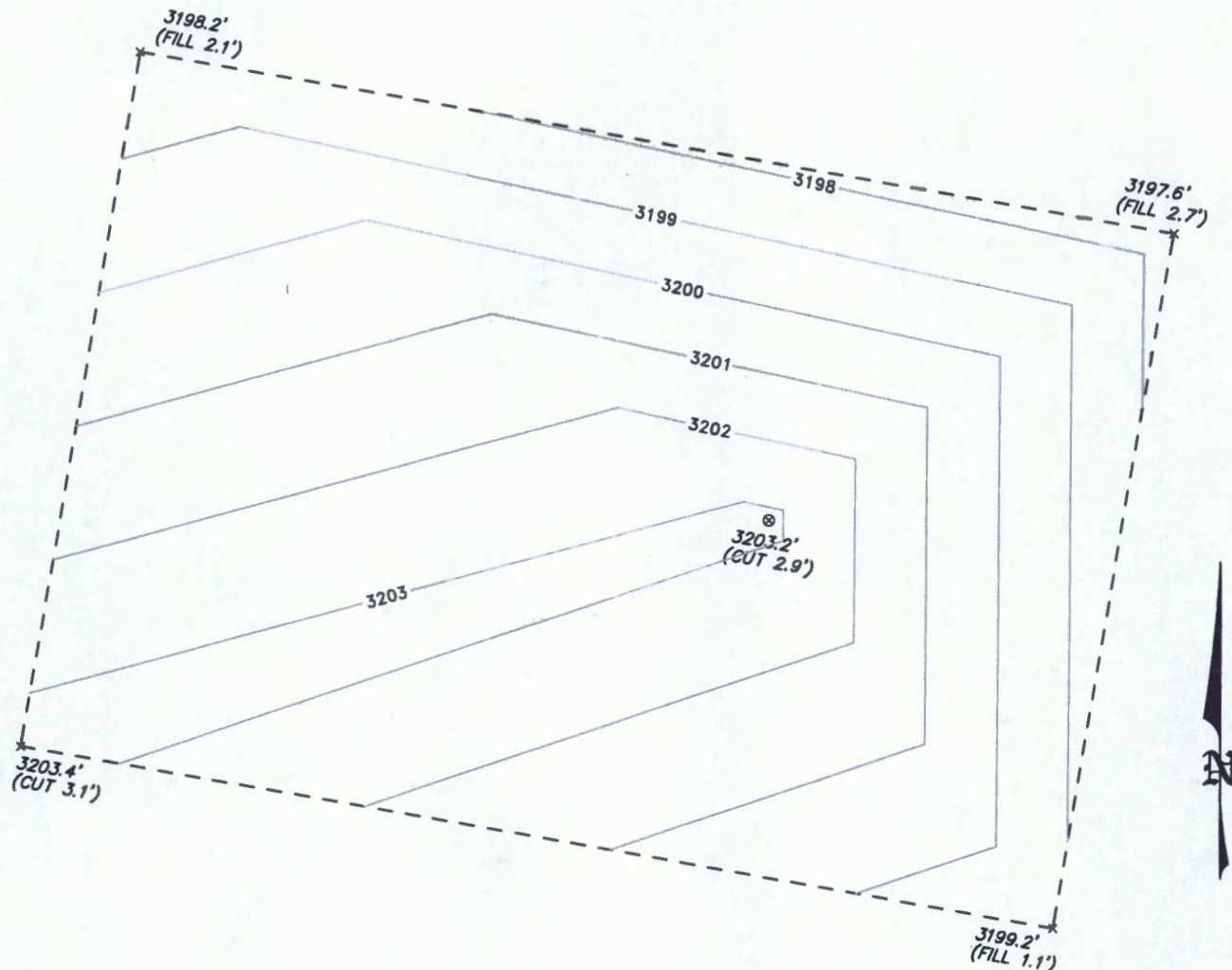
Survey Date: 3-20-2019

YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND



DELAWARE
ENERGY

**SECTION 16, TOWNSHIP 20 SOUTH, RANGE 30 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**



DELAWARE ENERGY

REF: AMERICAN PHAROAH STATE SWD 1 / CUT & FILL

THE AMERICAN PHAROAH STATE SWD 1 LOCATED 1615' FROM
THE NORTH LINE AND 2635' FROM THE WEST LINE OF
SECTION 16, TOWNSHIP 20 SOUTH, RANGE 30 EAST.

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

basin
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in the oilfield

P.O. Box 1786 (575) 393-7316 - Office
1120 N. West County Rd. (575) 392-2206 - Fax
Hobbs, New Mexico 88241 basin-surveys.com

W.O. Number: 34399	Drawn By: J GOAD	Date: 3-26-2019	Survey Date: 3-20-2019	Sheet 1 of 1 Sheets
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Sec 22, T25S, R28E

North Permian Basin Region

P.O. Box 740

Sundown, TX 79372-0740

(806) 229-8121

Lab Team Leader - Shella Hernandez

(432) 495-7240

Bone Spring

Water Analysis Report by Baker Petrolite

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

Summary		Analysis of Sample 534665 @ 75 F					
Sampling Date:	03/10/11	Anions	mg/l	meq/l	Cations	mg/l	meq/l
Analysis Date:	03/18/11	Chloride:	109618.0	3091.92	Sodium:	70275.7	3058.82
Analyst:	SANDRA GOMEZ	Bicarbonate:	2135.0	34.99	Magnesium:	195.0	16.04
TDS (mg/l or g/m3):	184911.1	Carbonate:	0.0	0.	Calcium:	844.0	42.12
Density (g/cm3, tonne/m3):	1.113	Sulfate:	747.0	15.55	Strontium:	220.0	5.02
Anion/Cation Ratio:	1	Phosphate:			Barium:	0.8	0.01
		Borate:			Iron:	6.5	0.23
		Silicate:			Potassium:	869.0	22.22
Carbon Dioxide:	0.50 PPM	Hydrogen Sulfide:		0 PPM	Aluminum:		
Oxygen:		pH at time of sampling:		7	Chromium:		
Comments:		pH at time of analysis:			Copper:		
		pH used in Calculation:		7	Lead:		
					Manganese:	0.100	0.
					Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO ₃		Gypsum CaSO ₄ ·2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		CO ₂ Press
F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	1.08	188.52	-1.20	0.00	-1.18	0.00	-0.11	0.00	0.58	0.29	1.72
100	0	1.10	208.05	-1.29	0.00	-1.20	0.00	-0.15	0.00	0.35	0.29	2.35
120	0	1.12	224.17	-1.36	0.00	-1.19	0.00	-0.17	0.00	0.16	0.00	3.17
140	0	1.13	243.17	-1.42	0.00	-1.18	0.00	-0.18	0.00	0.00	0.00	4.21

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

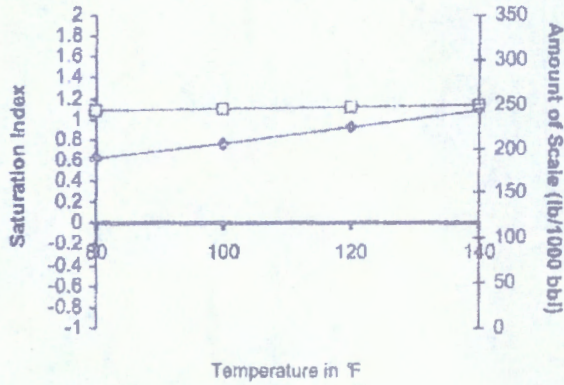
Note 3: The reported CO₂ pressure is actually the calculated CO₂ fugacity. It is usually nearly the same as the CO₂ partial pressure.

Scale Predictions from Baker Petrolite

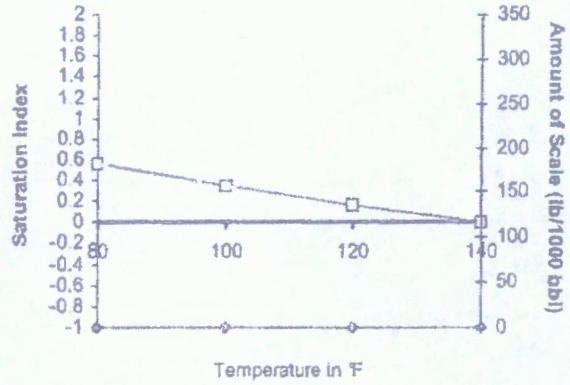
Analysis of Sample 534665 @ 75 °F for

03/18/11

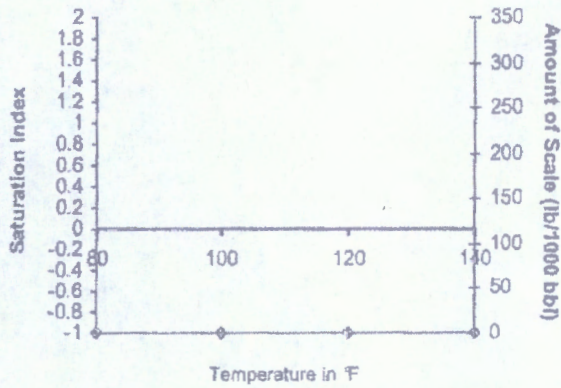
Calcite - CaCO_3



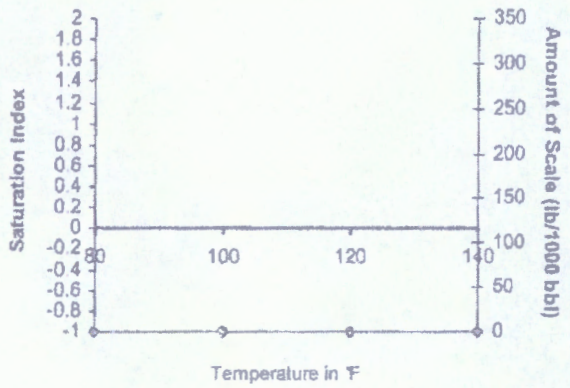
Barite - BaSO_4



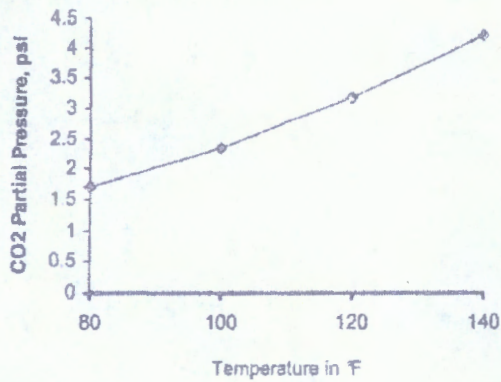
Gypsum - $\text{CaSO}_4 \cdot 2\text{H}_2\text{O}$



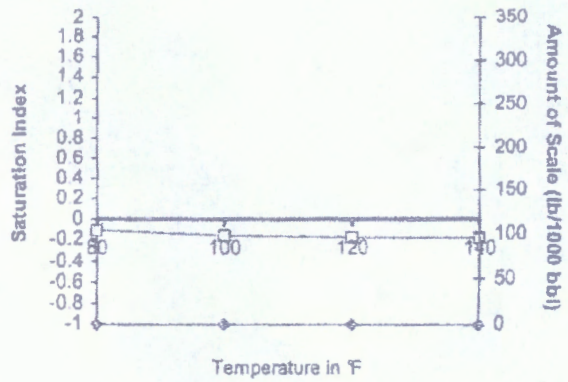
Anhydrite - CaSO_4



Carbon Dioxide Partial Pressure



Celestite - SrSO_4



Wolfcamp



Water Analysis

Date: 23-Aug-11

2708 West County Road, Hobbs NM 88240

Phone (575) 392-5556 Fax (575) 392-7307

Analyzed For

Brushy Draw 1#1

Company	Well Name	County	State
	BD	Lea	New Mexico

Sample Source

Swab Sample

Sample #

Eddy

1-265-295

1

Formation

Depth

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

Cations

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

Anions

Chlorides	in Mg/L	130,000	in PPM	110,922
Sulfates	in Mg/L	250	in PPM	213
Bicarbonates	in Mg/L	127	in PPM	108

Total Hardness (as CaCO3)	in Mg/L	15,000	in PPM	12,799
Total Dissolved Solids (Calc)	in Mg/L	213,549	in PPM	182,209
Equivalent NaCl Concentration	in Mg/L	182,868	in PPM	158,031

Scaling Tendencies

*Calcium Carbonate Index 507,520

Below 500,000 Remote / 500,000 - 1,000,000 Possible / Above 1,000,000 Probable

*Calcium Sulfate (Gyp) Index 1,000,000

Below 500,000 Remote / 500,000 - 10,000,000 Possible / Above 10,000,000 Probable

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

Remarks RW=.048@70F

Report # 3188

See 16, T23S R 28E



PRODUCTION DEPARTMENT

MILLER CHEMICALS, INC.

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

Delaware Brushy Canyon

WATER ANALYSIS REPORT

Company :
Address :
Lease : LOVING "AIB"
Well : #15
Sample Pt. : WELLHEAD

Date : MARCH 17, 2008
Date Sampled : MARCH 17, 2008
Analysis No. :

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

PROBABLE MINERAL COMPOSITION

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

REMARKS:



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

Water Analysis

Code 214942

Client Information

Delaware Energy
County: Eddy

Rep: Derrick Boutwell

Sample Information

Lease/Well: America Pharaoh St/SWD

Sample Point: Stock Tank

Date Sampled: 04/23/2019

Date Reported: 04/25/2019

Results

Cations

Ion	Concentration(mg/L)
Barium (as Ba)	0
Calcium (as Ca)	655
Iron (as Fe)	0
Sodium (as Na)	329
Magnesium (as Mg)	111

Other Measurements

Measurement	Value
pH	7.88
SG	1.003
Turbidity	7
CO ₂	
Total Dissolved Solids	2975.000

Anions

Ion	Concentration(mg/L)
Chlorides (as Cl)	678
Sulfate (as SO ₄)	1056
Carbonate (as CO ₃)	0
Bicarbonates (as HCO ₃)	146
Sulfide (as S ₂ -)	0

Scaling Indices

Temp(F)	CaCO ₃	CaSO ₄ *2H ₂ O	CaSO ₄	BaSO ₄
80	1.2185	0.0000	0.0000	-28.0944
120	1.5702	0.0000	0.0000	-28.3081
160	1.9854	0.0000	0.0000	-28.4380
200	2.3628	0.0000	0.0000	-28.4956
250	2.7048	0.0000	0.0000	-28.4552

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

Comments

32.572495, -103.999225

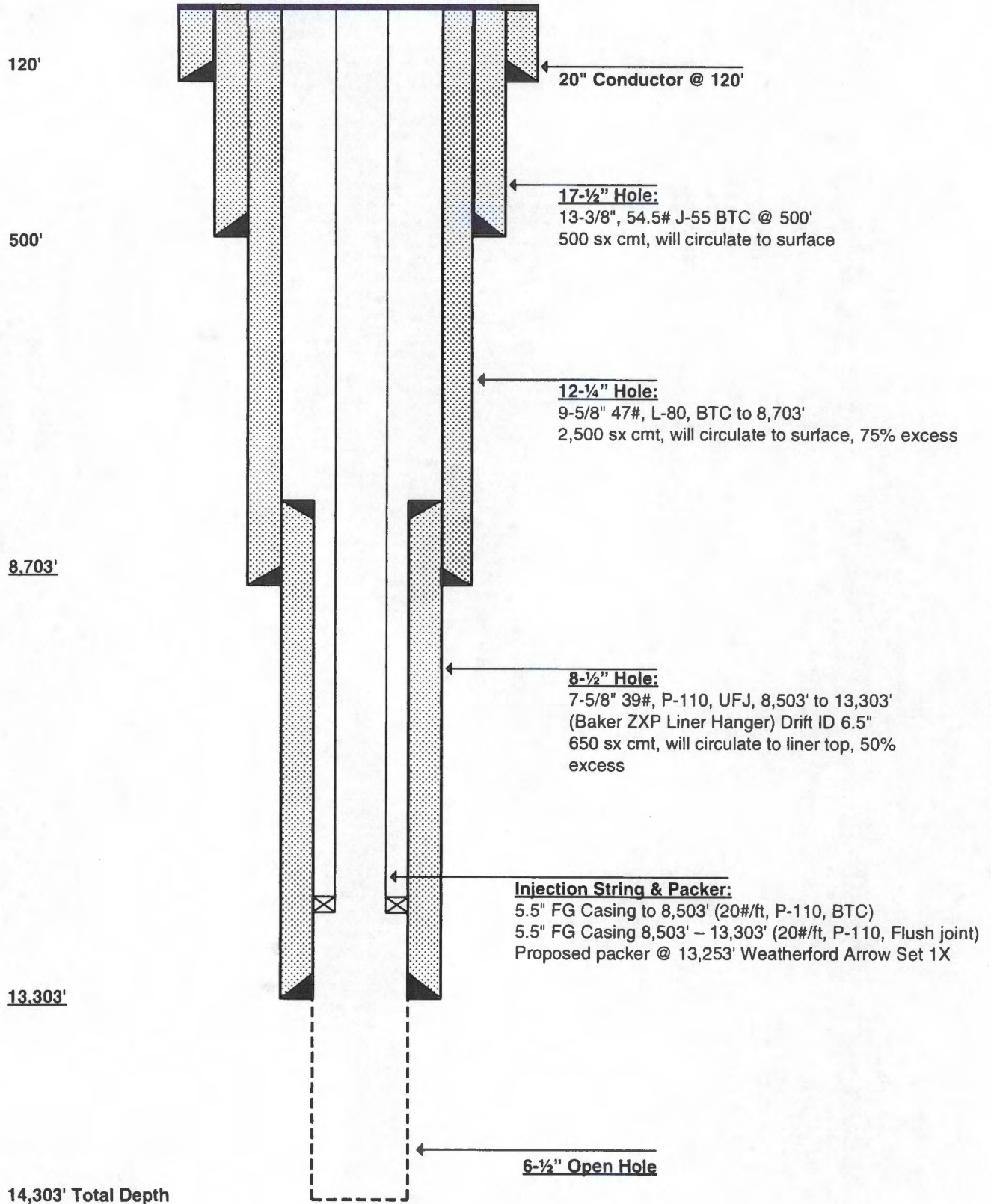
American Pharoah State SWD # 1

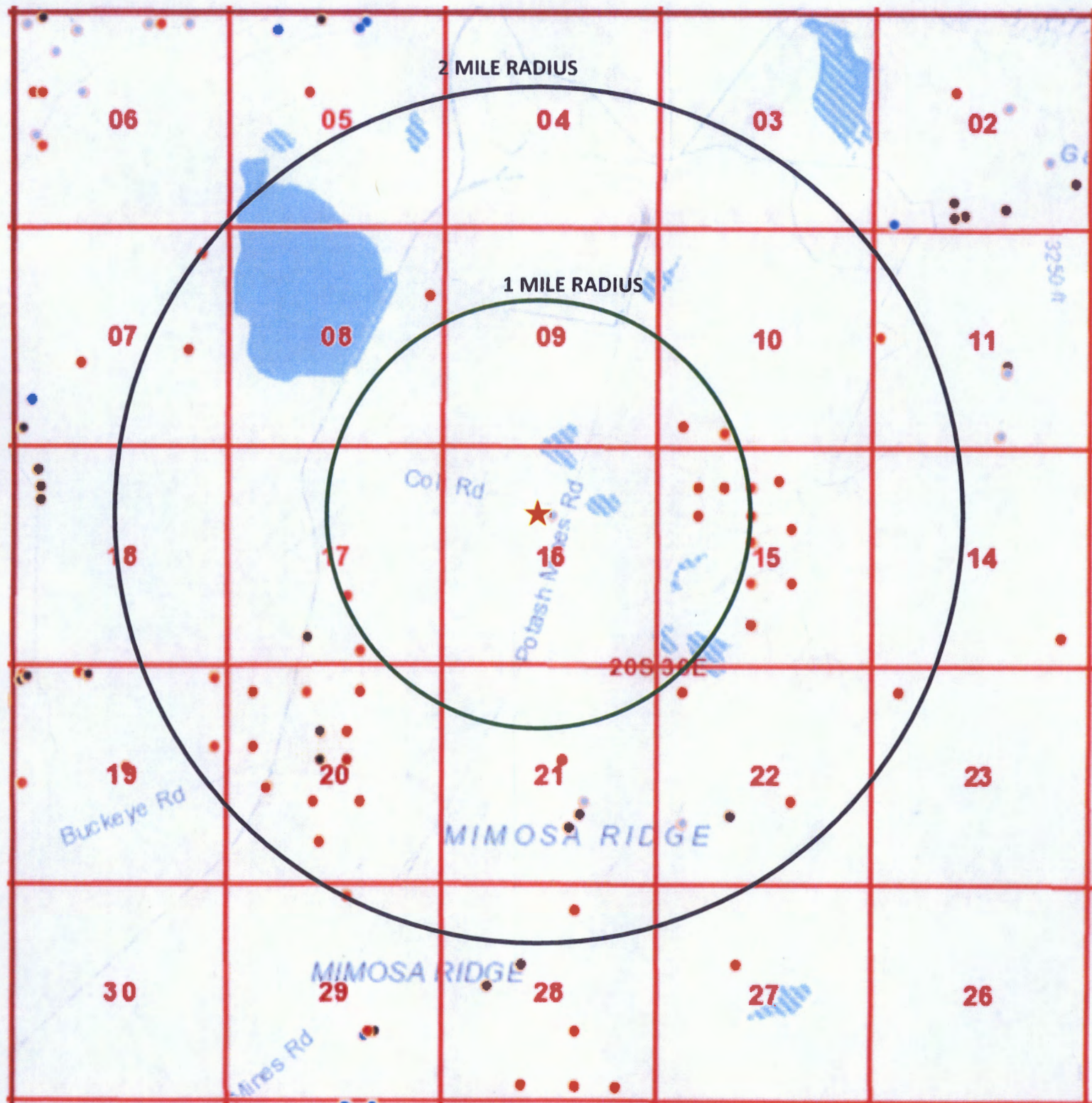
API # PENDING
1,615' FNL & 2,635' FWL, Sec. 16, T20S, R30E, UL "F"
EDDY COUNTY, NEW MEXICO

ELEVATION:

GL: 3,203'

PROPOSED WELLBORE



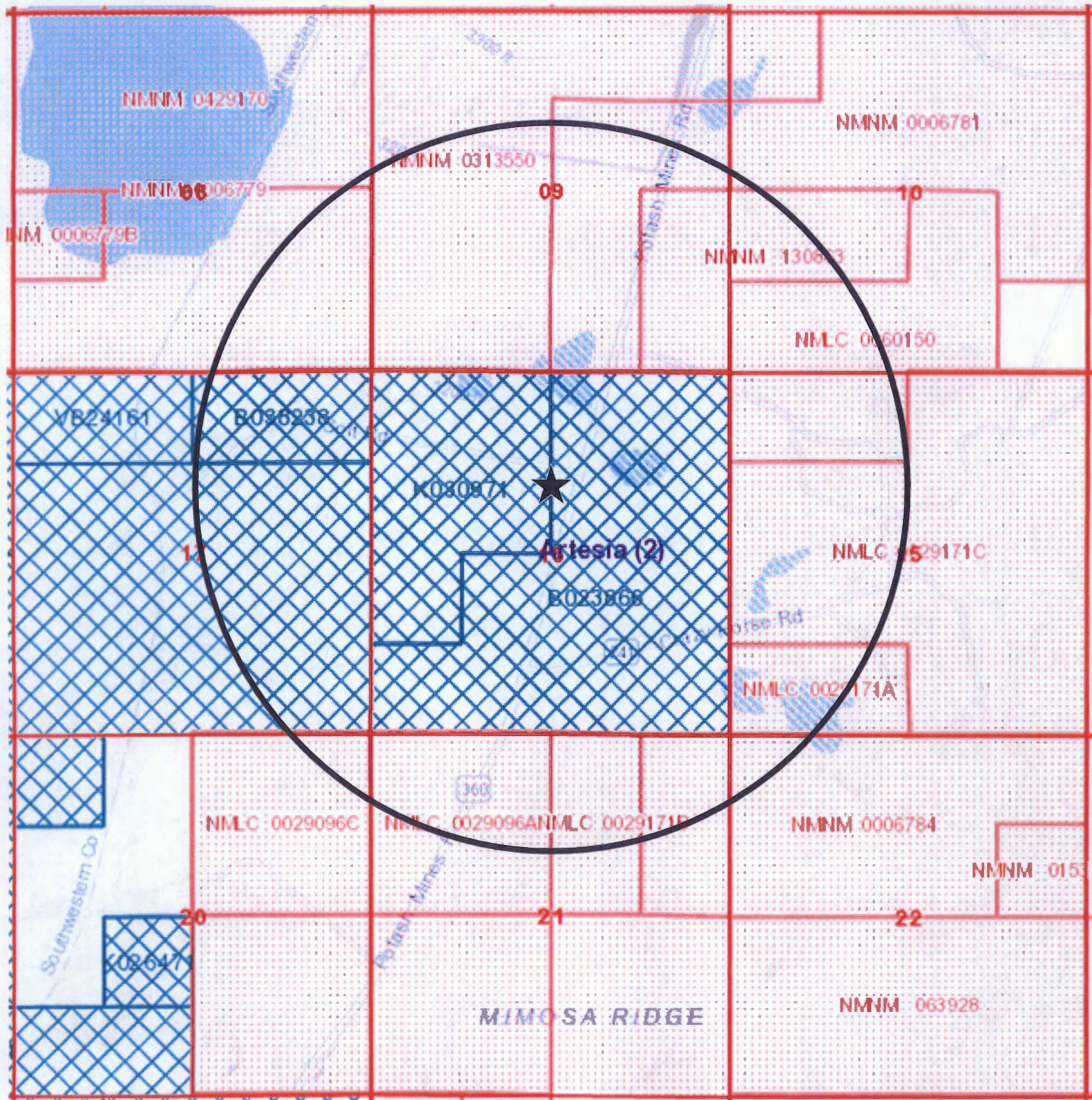


WELLS – ONE MILE RADIUS

NO WELLS PENETRATE THE DEVONIAN FORMATION IN THE AOR

SECTION 16-T20S-R30E

★ American Pharoah State WD #1
(Proposed Location)
Delaware Energy, LLC



LEASES - ONE MILE RADIUS

★ American Pharoah State SWD #1
Sec. 16-T20S-R30E
Eddy Co. NM

American Pharoah State SWD #1

LEASES – ONE MILE RADIUS

Section 8, T20S-R30E

Federal Lease (NMNM 0429170)

- **Devon Energy Production Co. LP (Lessee)**
333 West Sheridan Ave.
Oklahoma City, Oklahoma 73102-5015

Federal Lease (NMNM 0006779)

- **ConocoPhillips Co (Lessee)**
3300 N A St # 6-100
Midland, TX 79705
- **Bureau of Land Management**
620 E. Greene Street
Carlsbad, NM 88220

Section 9, T20S-R30E

Federal Leases (NMNM 0313550 & NMLC 0060150)

- **Occidental Permian LP (Lessee)**
6001 Deauville Blvd.
Midland, TX 79706
- **Bureau of Land Management**
620 E. Greene Street
Carlsbad, NM 88220

Section 10, T20S-R30E

Federal Lease (NMLC 0060150)

- **Occidental Permian LP (Lessee)**
6001 Deauville Blvd.
Midland, TX 79706
- **Bureau of Land Management**
620 E. Greene Street
Carlsbad, NM 88220

Section 15, T20S-R30E

Federal Lease (NMLC 0060150 & NMLC 0029171A)

- **Occidental Permian LP (Lessee)**

6001 Deauville Blvd.

Midland, TX 79706

Federal Lease (NMLC 0029171C)

- **EGL Resources Inc. (Lessee)**

223 W Wall St. Ste 900

Midland, TX 79701

- **Bureau of Land Management**

620 E. Greene Street

Carlsbad, NM 88220

Section 16, T20S-R30E

State Lease (K030971)

- **Occidental Permian LP (Lessee)**

6001 Deauville Blvd.

Midland, TX 79706

State Lease (B023866)

- **GRB Properties Inc. (Lessee)**

3300 N A St # 2-100

Midland, TX 79705

Section 17, T20S-R30E

State Lease (B023866)

- **GRB Properties Inc. (Lessee)**

3300 N A St # 2-100

Midland, TX 79705

State Lease (B038238)

- **First National Bank of Artesia (Lessee)**

2001 W Main St.

Artesia, NM 88210

Section 20, T20S-R30E

Federal Lease (NMLC 0029096C)

- **V-F Petroleum Inc. (Lessee)**
500 W Texas Ave.
Midland, TX 79701
- **Bureau of Land Management**
620 E. Greene Street
Carlsbad, NM 88220

Section 21, T20S-R30E

Federal Lease

- **V-F Petroleum Inc.**
500 W Texas Ave.
Midland, TX 79701
- **WPX Energy Permian, LLC**
3500 One Williams Center
Tulsa, OK 74172
- **Bureau of Land Management**
620 E. Greene Street
Carlsbad, NM 88220

Section 22, T20S-R30E

Federal Lease (NMNM 0006784)

- **Magnum Hunter Production Inc. (Lessee)**
909 Lake Carolyn Pkwy #600
Irving, TX 75039
- **Bureau of Land Management**
620 E. Greene Street
Carlsbad, NM 88220

American Pharoah State SWD #1
Location: 1,615' FNL & 2,635' FWL
Sec. 16, T-20-S, R-30-E

Estimated Pre-Drill Formation Tops

Top of Salt	428'
Base Salt	1,503'
Capitan	2,003'
Delaware Mountain Group	3,803'
Bone Spring/Abo	6,403'
Wolfcamp	8,703'
Strawn	10,803'
Atoka	10,903'
Morrow	12,403'
Mississippian	12,693'
Woodford	13,193'
Devonian	13,303'

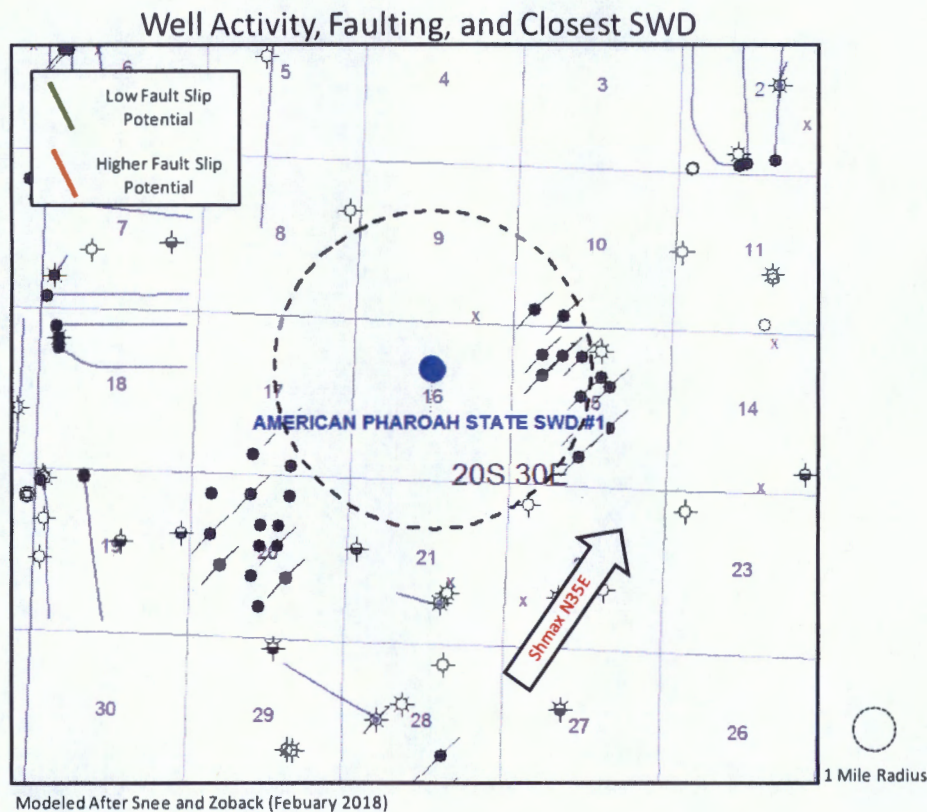
Statement Regarding Seismicity and Well Location (American Pharoah State SWD #1)

Historically, the area near the proposed American Pharoah State SWD #1 has not seen any major seismic activity. There have been two seismic events (as per public data available on the USGS database) in the area. All events are over 20 miles from the proposed SWD location. The most recent event (March 18, 2012) is 21.0 miles south, and another older event, 20.7 miles to the SW, measured 3.9 on November 28, 1974.

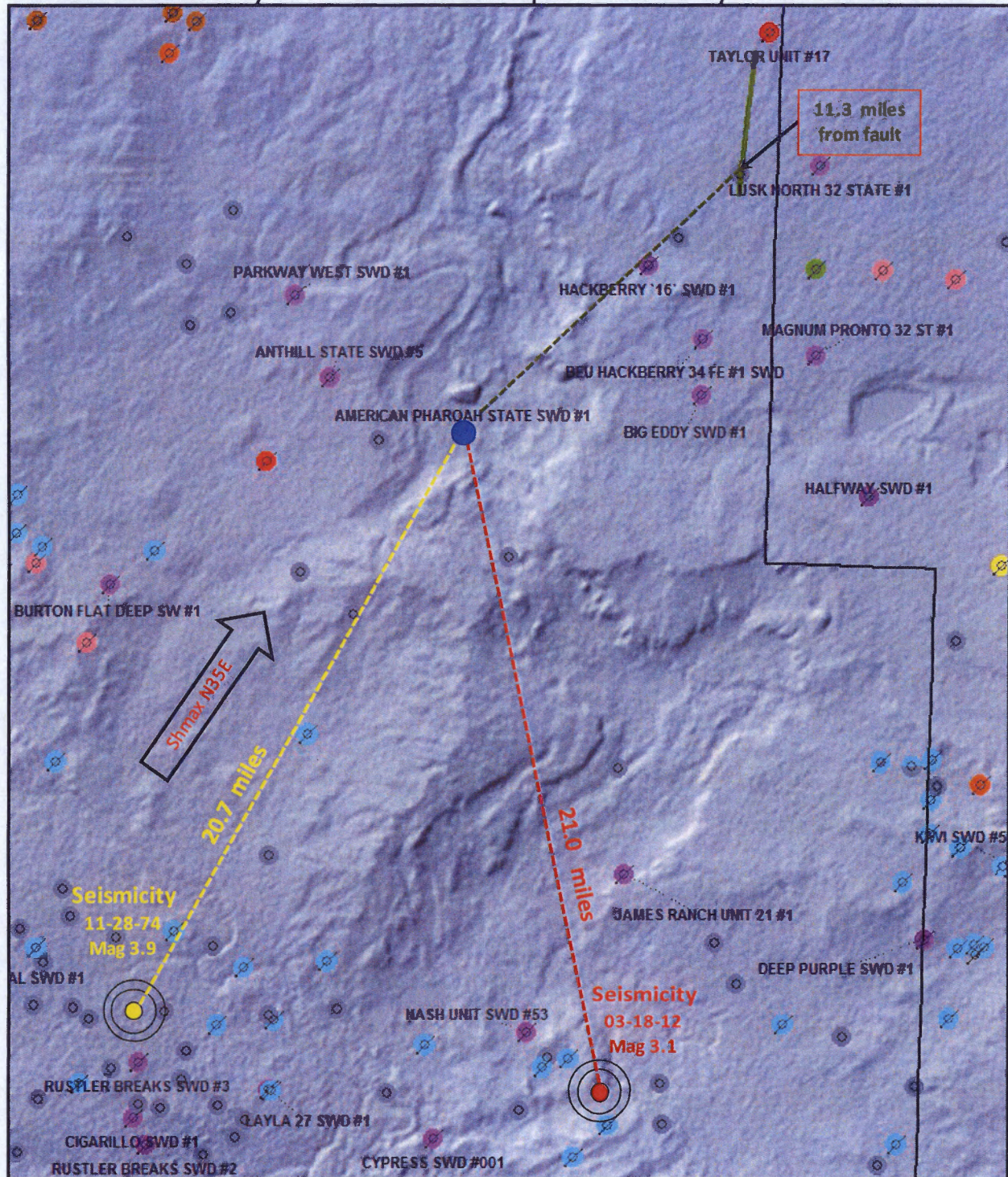
Delaware Energy does not own 2D or 3D seismic data near the proposed SWD location therefore the fault interpretations are based on data obtained from the USGS New Mexico Faults Database (2005) and other published data. Based on these sources the closest faults would be approximately 11.3 miles northeast of the location. A recent technical paper written by Snee and Zoback, "State of Stress in the Permian Basin, Texas and New Mexico: Implications for induced seismicity", was published in the February 2018 edition of The Leading Edge. The study evaluates the strike-slip probability of known faults using FSP analysis. The study predicts that the N-S trending fault in the area (green) should have a very low probability of being critically stressed resulting in an induced seismicity event. Any SW-NE trending faults in the area (orange) would have a higher probability of being critically stressed, resulting in potential slip, due to the relationship of the strike of the fault and the regional Shmax orientation (approx. N 35 deg E) in the area. The exact position of this fault relative to the proposed location, and depth of the target formation, is unknown. Risk of potential contact with this fault is reduced due to the distance of the proposed SWD well from the fault (11.3 miles).

The proposed American Pharoah State SWD #1 is located well away from the nearest active Devonian SWD well or any other SWD wells (see map below). The well should meet current OCD and Industry recommended practices.

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



Proximity to Historic Earthquake Activity and Faults



Modeled After Snee and Zoback (February 2018)

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

CARLSBAD
CURRENT-ARGUS

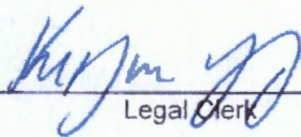
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Ad No.
0001282811

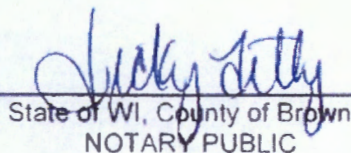
DELAWARE ENERGY, L.L.C.
405 N. MARIENFELD
SUITE 250
MIDLAND TX 79701

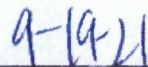
I, a legal clerk of the **Carlsbad Current-Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements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

04/10/19


Legal Clerk

Subscribed and sworn before me this
10th of April 2019.


State of WI, County of Brown
NOTARY PUBLIC


My Commission Expires

LEGAL NOTICE

Delaware Energy, L.L.C., 405 N. Marienfeld St. Suite 200, Midland, TX 79701, has filed a form C-108 (Application for Authorization to Inject) with the Oil Conservation Division seeking administrative approval to drill the American Pharoah State SWD #1 as a Commercial Salt Water Disposal well.

The American Pharoah State SWD #1 is located at 1,615' FNL and 2,635' FWL, Unit Letter F, Section 16, Township 20 South, Range 30 East, Eddy County, New Mexico. The well will dispose of water produced from oil and gas wells into the Devonian Formation from 13,303' to 14,303' at a maximum rate of 25,000 barrels of water per day at a maximum pressure of 2,661 psi. Interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days. Additional information can be obtained by contacting Delaware Energy, L.L.C., at (432) 685-7005.

Pub: April 10, 2019 #1282811

Ad# 0001282811
P O : American Pharoah State
of Affidavits 0 00



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American Pharoah
 State SWD#1
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 Total Postage and Fees \$

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 Cenoco Phillips Co.
 Street and Apt. No., or PO Box No.
 3300 North A Street Bldg 6-100
 City, State, ZIP+4®
 Midland, TX 79705

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 223 W Wall St. Suite 900
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 Midland, TX 79701

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 Midland, TX 79705

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 620 E. Greene Street
 City, State, ZIP+4®
 Carlsbad, NM 88220

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American Pharoah
 State SWD#1
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MAY 2 3 2019

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 Total Postage and Fees \$

Sent To
 Devon Energy Production Co. LP
 Street and Apt. No., or PO Box No.
 333 West Sheridan Ave.
 City, State, ZIP+4®
 Oklahoma City, OK 73102

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☐ Return Receipt (hardcopy) \$
☐ Return Receipt (electronic) \$
☐ Certified Mail Restricted Delivery \$
☐ Adult Signature Required \$
☐ Adult Signature Restricted Delivery \$

American Pharoah
 State SWD#1
 Postmark
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MAY 2 3 2019

Postage \$
 Total Postage and Fees \$

Sent To
 First National Bank of Artesia
 Street and Apt. No., or PO Box No.
 2001 W Main St.
 City, State, ZIP+4®
 Artesia, NM 88210

PS Form 3800, April 2015 PSN 7530-02-000-9047

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☐ Return Receipt (electronic) \$
☐ Certified Mail Restricted Delivery \$
☐ Adult Signature Required \$
☐ Adult Signature Restricted Delivery \$

Postage

\$

Total Postage and Fees

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Occidental Permian Ltd.

Street and Apt. No., or PO Box No.

6001 Deauville

City, State, ZIP+4®

Midland, TX 79706

PS Form 3800, April 2015 PSN 7530-02-000-9047

American Pharoah
State SWD #1

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State SWD #1

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V-F Petroleum Inc.

Street and Apt. No., or PO Box No.

500 W Texas Ave.

City, State, ZIP+4®

Midland, TX 79701

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811 S First Street

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Artesia, NM 87210

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New Mexico State Land Office

Street and Apt. No., or PO Box No.

310 Old Santa Fe Trail

City, State, ZIP+4®

Santa Fe, NM 87501

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American Pharoah
State SWD #1

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MAY 2 3 2019

See Reverse for Instructions

McMillan, Michael, EMNRD

From: Sandy Lawlis <sandy@vfpetroleum.com>
Sent: Saturday, June 1, 2019 1:25 PM
To: McMillan, Michael, EMNRD
Subject: [EXT] NOTICE OF PROTEST Delaware Energy American Pharoah State SWD #1 Well Application. PLEASE CONFIRM RECEIPT.
Attachments: 1649_001.pdf

Please note my new e-mail address: sandy@vfpetroleum.com

From: scanner@vfpetroleum.com [mailto:scanner@vfpetroleum.com]
Sent: Saturday, June 01, 2019 2:07 PM
To: Sandy
Subject: Attached Image

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

May 16, 2019

Surface Owner / Offset Operators

Re: Notification of Application for Authorization to Inject
American Pharoah State SWD #1 Well

Ladies and Gentlemen:

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

<u>Well:</u>	American Pharoah State SWD #1
<u>Proposed Disposal Zone:</u>	Devonian Formation (from 13,303' - 14,303')
<u>Location:</u>	1,615' FNL & 2,635' FWL, UL F, Sec. 16, T20S, R30E, Eddy Co., NM
<u>Applicants Name:</u>	Delaware Energy, L.L.C.
<u>Applicants Address:</u>	405 N. Marienfeld, Suite 200, Midland, TX 79701

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

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

Sincerely,



Sarah Presley

DISTRIBUTION LIST

Surface Owner:

State of New Mexico
310 Old Santa Fe Trail
Santa Fe NM 87501

Offset Operators/Leasehold Owners:

Bureau of Land Management
620 E. Greene Street
Carlsbad, NM 88220

ConocoPhillips Co
3300 N A St # 6-100
Midland, TX 79705

Devon Energy Production Co. LP
333 West Sheridan Ave.
Oklahoma City, Oklahoma 73102-5015

EGL Resources Inc.
223 W Wall St. Suite 900
Midland, TX 79701

First National Bank of Artesia
2001 W Main St.
Artesia, NM 88210

GRB Properties Inc.
3300 N A St # 2-100
Midland, TX 79705

Magnum Hunter Production Inc.
909 Lake Carolyn Pkwy #600
Irving, TX 75039

Occidental Permian LP
6001 Deauville Blvd.
Midland, TX 79706

V-F Petroleum Inc.
500 W Texas Ave.
Midland, TX 79701

WPX Energy Permian, LLC
3500 One Williams Center
Tulsa, OK 74172

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

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

Goetze, Phillip, EMNRD

From: Rutley, James <jrutley@blm.gov>
Sent: Monday, June 3, 2019 11:46 AM
To: McMillan, Michael, EMNRD; Murphy, Kathleen A, EMNRD; Goetze, Phillip, EMNRD; Jones, William V, EMNRD; Lowe, Leonard, EMNRD
Subject: [EXT] Delaware Energy - American Pharoah State SWD 1
Attachments: Delaware Energy - American Pharoah State SWD 1 - rec 2019-05-28.PDF; Delaware Energy - American Pharoah State SWD 1 - 1615FNL & 2635 FWL S16 20S 30E.jpg

Good Afternoon Mike,

We received the American Pharoah State SWD 1 from Delaware Energy. The surface location is within the half mile safety buffer for deep wells and would be denied if a Federal Application. I've attached a map where the location sits relative to the half mile buffer across the road (yellow). The location is within Intrepid's LMR and would require an waiver from Intrepid Potash.

Thanks,

Jim

James S. Rutley

Geologist (Potash Specialist)

Carlsbad Field Office

Bureau of Land Management

(575) 234-5904

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