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RECEIVED:	REVIEWER:	TYPESCLID	APP.NO: 1025259515
12/0/10	<u> </u>		PCELIO DID DIDID
7 /	•	ABOVE THIS TABLE FOR OCD DIVISION USE	ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Geological & Engineering Bureau -



1220 South St. Francis Drive, S	Santa Fe, NM 87505
ADMINISTRATIVE APPLIC	
THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE A REGULATIONS WHICH REQUIRE PROCESSING	
Applicant: LilyStream Water Solutions, LLC	OGRID Number: 373500
Well Name: Berry SWD No.1	API:30-015-xx
Pool: Proposed: SWD; Devonian-Silurian	Pool Code: 97869
SUBMIT ACCURATE AND COMPLETE INFORMATION R INDICATED	
1) TYPE OF APPLICATION: Check those which apply f A. Location – Spacing Unit – Simultaneous Dedic NSL NSP(PROJECT AREA)	- ·
B. Check one only for [1] or [1] [1] Commingling – Storage – Measurement DHC DTB PLC PC [11] Injection – Disposal – Pressure Increase – WFX PMX SWD DIPI	OLS OLM Enhanced Oil Recovery EOR PPR FOR OCD ONLY
 2) NOTIFICATION REQUIRED TO: Check those which of A. A. Offset operators or lease holders B. Royalty, overriding royalty owners, revenue C. Application requires published notice D. Notification and/or concurrent approval to the surface owner F. Surface owner G. For all of the above, proof of notification of the province of the surface owner H. No notice required 	npply. e owners by SLO by BLM Notice Complete Application Content Complete
3) CERTIFICATION: I hereby certify that the information administrative approval is accurate and complete understand that no action will be taken on this approval in the complete of the description of the description.	to the best of my knowledge. I also
Note: Statement must be completed by an individu	al with managerial and/or supervisory capacity.
	12/05/2018
Ben Stone	Date
Print or Type Name	002 400 0050
	903-488-9850 Phone Number
P. G	
Signature	ben@sosconsulting.us e-mail Address
	O ITIMIT (GGIOGO



December 5, 2018

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

Attn: Ms. Heather Riley, Director

Re: Application of LilyStream Water Solutions, LLC to permit for salt water disposal the Berry SWD Well No.1, to be located in Section 20, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico.

Dear Ms. Riley,

Please find the enclosed form C-108 Application for Authority to Inject, supporting the above-referenced request for salt water disposal. The well will be operated as a commercial endeavor offering operators in the area additional options for produced water disposal.

LilyStream Water Solutions seeks to optimize efficiency, both economically and operationally, of its operations in southeast New Mexico. Approval of this application is consistent with that goal as well as the NMOCD's mission of preventing waste and protection of correlative rights.

I would point out that this application for a proposed Devonian SWD interval includes the currently mandated increased One-Mile Area of Review including pertinent and available seismic information for the area and region. Published legal notice will ran December 4, 2018 in the Artesia Daily Press and all offset operators and other interested parties have been notified individually. The legal notice affidavit is included herein. This application also includes a wellbore schematic, area of review maps, affected party plat and other required information for a complete Form C-108. The well is located on private land and minerals. There are federal lands & minerals and private minerals within the one-mile radius notice area and the Bureau of Land Management and offset operators have been notified of this application.

I respectfully request that the approval of this salt water disposal well proceed swiftly and if you or your staff requires additional information or has any questions, please do not hesitate to call or email me.

Best regards,

Ben Stone, Partner SOS Consulting, LLC

Agent for LilyStream Water Solutions, LLC

Cc: Application attachment and file

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: Salt Water Disposal and the application QUALIFIES for administrative approval.

II. OPERATOR: LilyStream Water Solutions, LLC (Ogrid 373500)

ADDRESS: 1308 W. Ave. N, Lovington, NM 88260

CONTACT PARTY: Agent: SOS Consulting, LLC - Ben Stone (903) 488-9850

- III. WELL DATA: All well data and applicable wellbore diagrams are ATTACHED.
- IV. This is not an expansion of an existing project.
- V. A map is attached 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. A tabulation is attached of data on all wells of public record within the area of review which penetrate the proposed injection zone.

 *There are NO (0) Wells in the subject AOR which Penetrate the proposed Devonian interval. The data includes a description of each well's type, construction, date drilled, location, depth, and a schematic of any plugged well illustrating all plugging detail.

 *NO P&A Wells penetrate.
- VII. The following data is ATTACHED 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,
 - 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. Appropriate geologic data on the injection zone is ATTACHED 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. Stimulation program a conventional acid job may be performed to clean and open the formation.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted). Well Logs will be filed with OCD.
- *XI. There are 3 domestic water wells within one mile of the proposed salt water disposal well. 1 has been sampled and analysis will be forwarded upon receipt. Representative analyses are also ATTACHED.
- XII. An affirmative statement is ATTACHED that available geologic and engineering data has been examined and no evidence was found of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. "Proof of Notice" section on the next page of this form has been completed and ATTACHED. There are 8 offset operators and/or lessees within 1 mile and BLM minerals all have been noticed. Well location is Private.
- 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:	Ben Stone	TITLE:	SOS Consulting, LLC agent for LilyStream \	Nater Solution	ons, LLC
SIGNATURE	::	Jan	,	DATE: _	12/05/2018

E-MAIL ADDRESS: ben@sosconsulting.us

* 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:

FORM C-108 - APPLICATION FOR AUTHORIZATION TO INJECT (cont.)

III. WELL DATA - The following information and data is included (See ATTACHED Wellbore Schematic):

- 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 pursuant to the following criteria is ATTACHED.

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: *Affidavit is ATTACHED*.

- (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.

C-108 - Items III, IV, V

Item III - Subject Well Data

Wellbore Diagram - PROPOSED

Item IV - Tabulation of AOR Wells

NO wells penetrate the proposed injection interval.

Item V - Area of Review Maps

- 1. Two Mile AOR Map with One-Mile Fresh Water Well Radius
 - 2. One-Half Mile AOR Map

All Above Exhibits follow this page.



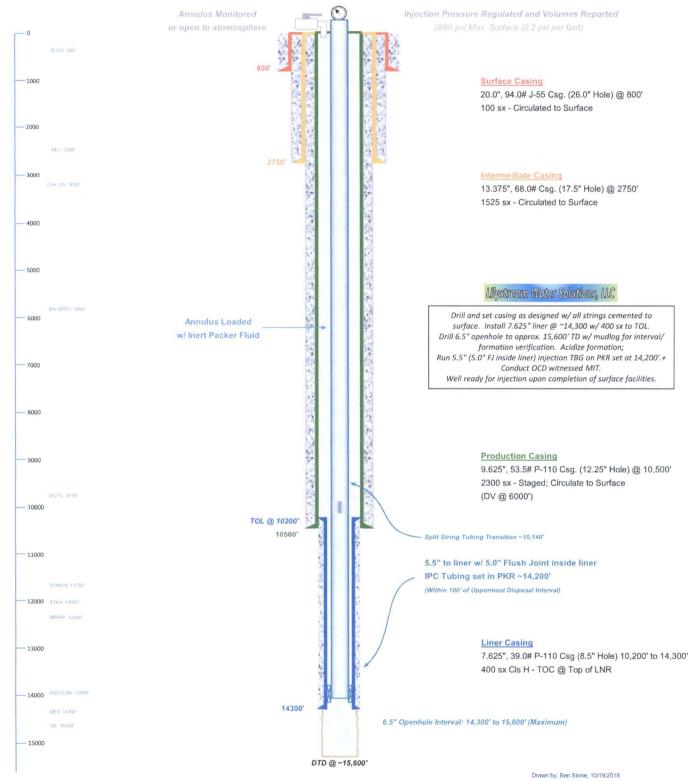
WELL SCHEMATIC - PROPOSED Berry SWD Well No.1

API 30-015-xxxxx

690' FNL & 220' FWL, SEC. 20-T24S-R29E EDDY COUNTY, NEW MEXICO

SWD; Devonian-Sillurian (97869)

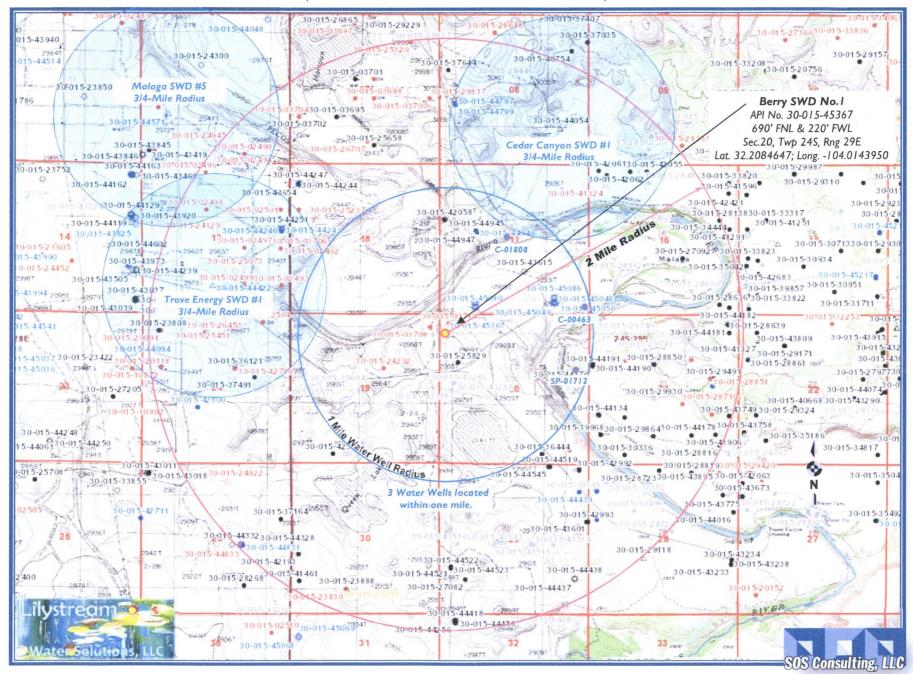
Spud Date: 1/15/201 SWD Config Dt: 2/15/2019





Berry SWD No.1 - Area of Review / 2 Miles

(Attachment to NMOCD Form C-108 - Item V)



Berry SWD Well No.1 - One Mile Area of Review / Overview Map = (Attachment to NMOCD Form C-108, Application for Authority to Inject.) 2950 T 2928T 3.6 miles E/SE of Malaga, NM Berry SWD No.1 2926T NENE 30-015-39856 30-015 API No. 30-015-45367 690' FNL & 220' FWL Sec.20, Twp 24S, Rng 29E Lat. 32.2084647; Long. -104.0143950 2938T 30-015-44945 30-015-44947 Welf 17 2926 29857 NWSE 2943T 30-015-43615 1×2946T 15745080 (N) Radius A Charles M30-015-45083 (N) 30-015-45080 ×29351 22992T 29691 ×2975T 30-015-44191 015-44176 30-015-44190 295IT 2980. 2959T 2979T 30-015-44134₃₀₋₀ 2-211 2927 4M 30-01 230-575-44545 30-015-42992 2928T OBI 30-015-44439 Eddy County, New Mexico \$30-015-4443 Lilystream

C-108 ITEM X

LOGS and AVAILABLE TEST DATA

A Standard Suite of Logs will be run after drilling the well and submitted to the Division.

C-108 ITEM VII - PROPOSED OPERATION

Berry SWD No.1

Commercial SWD Facility

Upon approval of all permits for SWD, operations would begin within 30 days. Completion of the well operations will take approximately 6-8 weeks. Facility construction including installation of the tank battery, berms, plumbing and other and associated equipment would be occurring during the same interval but at a different location from the well. In any event, it is not expected for the construction phase of the project to last more than 60 days, depending on availability of contractors and equipment.

Configure for Salt Water Disposal

Prior to commencing any work, an NOI sundry(ies) will be submitted to configure the well for SWD and will detail the completion workover including all work otherwise described above, any change to the procedure noted herein and to perform mechanical integrity pressure test per OCD test procedures. (Notify NMOCD 24 hours prior.) The casing/tubing annulus will be monitored for communication with injection fluid or loss of casing integrity.

Operational Summary

The SWD facility will not be fenced so that trucks may access for load disposal 24/7.

The well and injection equipment will be a closed system and equipped with pressure limiting devices and volume meters. The annulus, loaded with an inert, anti-corrosion packer fluid, will be monitored for pressure.

The tanks will be equipped with telemetry devices and visual alarms to alert the operator and customers of full tanks or an overflow situation.

Anticipated daily maximum volume is 30,000 bpd and an average of 17,500 bpd at a maximum surface injection pressure of 2860 psi (.2 psi/ft gradient – maximum pressure will be adjusted If the top of interval is modified after well logs are run).

Potential releases will be contained and cleaned up immediately. The operator shall repair or otherwise correct the situation within 48 hours before resuming operations. OCD will be notified within 24 hours of any release greater than 5 bbls. If required, remediation will start as soon as practicable. Operator shall comply with 19.15.29 NMAC and 19.15.30 NMAC; as necessary and appropriate and OCD form C-141 will be submitted promptly.

SOURCE ZONE

GLO	/YESO								Lab ID		
									Sample	ID	1146
	API No	300152							Sample		
	Well Name	PLATT	PA			009			•		
	Location			18	S 26	E	Lat / Long	32,71216	-104	.35742	
		7	330	S	990	W			County	Eddy	
	Operator	(when s	ample	d)	Yates	Petroleum	Corp.				
			Fie	ld	ATOK	١.			Unit M		
	San	ple Date	•		8/4/19	34	Analysis Date				
			Sar	nple S	ource W	elihead		Depth (if	known)		
				ter Ty		oduced W	ater		,		
	ph					7 . 5	alkalinit	y_as_caco3_i	mgL		
	ph_ter	np_F					hardnes	s_as_caco3_	mgL		
		cgravity					hardnes		•	1800	
		cgravity_	temp_	F			resistivi	ty_ohm_cm			
	tds_m	gL				120382	resistivi	ty_ohm_cm_t	emp	•	
	tds_m	gL_1800	;				conduct	ivity			
	chlorid	le_mgL				113000	conduct	ivity_temp_F			
	sodiun	n_mgL				71415	carbona	ite_mgL		0	
	calciur	n_mgL				2560	bicarbo	nate_mgL		476	
	iron_m	ıgL				0	sulfate_	mgL		2001	
	barium	_mgL					hydroxid	de_mgL			
	magne	esium_m	gL			0	h2s_mg	JL.		0	
	potass	ium_mg	L				co2_ m g	JL.			
	stronti	um_mgL					o2_mgL				
	manga	anese_m	gL				anionre	marks			

(Produced water data courtesy of NMT Octane NM WAIDS database.)



SOURCE ZONE

CI C	NECO											
GLC)/YESO									Lab I D		
	API No	3001524	4619							Sample	ID	1207
	Well Name	PLATT	PA				008	,		Sample	No	
	Location	ULSTR	26	18	s	26	E	Lat / Long	32,71245	-104	,35329	
		4	430	s	2	260	W			County	Eddy	
	Operator	(when sa	ample	d)	Ya	tes Pe	troleum	Corporation				
			Fiel	d	ΑT	OKA				Unit N		
	Sam	ple Date	:		1/19	/1985	,	Analysis Date				
			Car	nple S	Sou are	امسم	bood		Donth /	if less		
				ter Ty			duced V	/ater	Depin (if known)		
	m la				•				,			
	ph 	_					6		ity_as_caco3_			
	ph_ten	-							ss_as_caco3	_mgL		
	specific	cgravity						hardne	ss_mgL		11500	
	specific	cgravity_t	temp_	F				resistiv	vity_ohm_cm			
	tds_mo	j L					136324	resistiv	rity_ohm_cm_	temp		
	tds_mo	JL_180C						condu	ctivity			
	chlorid	e_mgL					121000	condu	ctivity_temp_F			
	sodium	_mgL					61571	carbon	ate_mgL			
	calcium	n_mgL					4160	bicarbo	onate_mgL		104	
	iron_m	gL					0	sulfate	_mgL		3720	
	barium	_mgL						hydrox	ide_mgL			
	magne	sium_mg	jL				7340	h2s_m	gL			
	potassi	ium_mgL						co2_m	gL			
	strontic	ım_mgL						o2_mg	L			

(Produced water data courtesy of NMT Octane NM WAIDS database.)

anionremarks

manganese_mgL



SOURCE ZONE

BONE SPRIN	G			Lab i D	
474 14	0004500005			Sample ID 584	7
API No	3001520225	T 040		Sample No	
Well Name	BIG EDDY UNI				
Location	ULSTR 21	20 S 31 E	Lat / Long 32,56399		
	660	N 660 W		County Eddy	
Operato	r (when sampled	I) MALLON OIL CO	MPANY		
	Field	BIG EDDY		Unit D	
Sa	mple Date	8/27/1999	Analysis Date	8/31/1999	
	Sam	nple Source	Den	th (if known)	
		er Typ	200		
		••			
ph		5.2	alkalinity_as_cac	o3_mgL	
ph_te	mp_F		hardness_as_cad	co3_mgL	
speci	ficgravity	1,125	hardness_mgL	•	
speci	ficgravity_temp_F	:	resistivity_ohm_o	sm .	
tds_n	ngL	181697	resistivity_ohm_c	m_temp_	
tds_n	ngL_180C		conductivity		
chlori	de_mgL	123750	conductivity_tem	p_F	
sodiu	m_mgL	73895.6	carbonate_mgL		
calciu	ım_mgL	5625	bicarbonate_mgL	. 13.725	
iron_i	mgL	337.5	sulfate_mgl.	787.5	
bariu	m_mgL		hydroxide_mgL		
magr	nesium_mgL		h2s_mgL	0	
potas	sium_mgL		co2_mgL		
stron	tium_mgL		o2_mgL		
mang	ganese_mgL		anionremarks		

(Produced water data courtesy of NMT Octane NM WAIDS database.)



SOURCE ZONE

WO	I ECAMD									
WO	LFCAMP							Lab ID		
	API No	3001520138						Sample	: ID	5688
	Well Name	MAHUN STA	ATE.		001			Sample	No	
	Location	ULSTR 16	22	S 22	E	Lat / Long	32.39340	-104	1.70979	
		1800	N	1980	w	_		County	Eddy	
	Operator	(when sample	ed)							
	- po ;	•	eld	ROCKY	'ARROYO			Unit F		
	San	nple Date		5/17/1968	8	Analysis Date				
			-	Sourc DS	ST .		Depth ((if known)		
		W	ater T	/p						
	ph				8.6	alkalinit	y_as_caco3_	_mgL		
	ph_ten	np_F				hardnes	ss_as_caco3	_mgL		
	specifi	icgravity				hardnes	ss_mgL			
	specifi	icgravity_temp	F			resistivi	ty_ohm_cm			
	tds_m	gL			35495	resistiv	ty_ohm_cm_	_temp_		
	tds_m	gL_180C				conduc	tivity			
	chlorid	le_mgl_			19000	conduc	tivity_temp_f	=		
		n_mgL					ate_mgL			
		n_mgL					nate mgL		830	
	iron_m					sulfate_			2500	
	barium	_					de_mgL		2000	
				,		•	_			
	•	esium_mgL				h2s_mg				
		sium_mgL				co2_m	-			
	stronti	um_mgL				o2_mgl	_			

(Produced water data courtesy of NMT Octane NM WAIDS database.)

anionremarks

manganese_mgL



DISPOSAL ZONE

DEMONIAN				
DEVONIAN				ab ID
API No.	3001510280			ample ID 6170
Well Name	JURNEGAN POIN	Γ 001	S	ample No
Location	ULSTR 05 24	S 25 E	Lat / Long 32.24037	-104.42375
	660 S	660 W	Cou	nty Eddy
Operator	r (when sampled)			
	Field	WILDCAT	U	nit M
Sa	mple Date	12/14/1964	Analysis Date	
	Samnle	Source DST	Depth (if know	n)
	Water T		20pu (ii 1410 ii	••
ph		7	alkalinity_as_caco3_mgL	
•	mp_F	·	hardness as caco3 mgL	
· -	ficgravity		hardness_mgL	
•	ficgravity_temp_F		resistivity_ohm_cm	
tds_n	ngL	229706	resistivity_ohm_cm_temp_	
tds_n	ngL_180C		conductivity	
chlori	de_mgL	136964	conductivity_temp_F	
sodiu	m_mgL		carbonate_mgL	
calciu	ım_mgL		bicarbonate_mgL	198
iron_i	mgL		sulfate_mgL	2511
bariu	m_mgL		hydroxide_mgL	
magn	esium_mgL		h2s_mgL	
potas	sium_mgL		co2_mgL	
stron	tium_mgL		o2_mgL	
				*

(Produced water data courtesy of NMT Octane NM WAIDS database.)

anionremarks

manganese_mgL



Geologic Information

The Devonian and Silurian consist of carbonates including light colored dolomite and chert intervals interspersed with some tight limestone intervals. Several thick sections of porous dolomite capable of taking water are believed present within the subject formations in the area. Depth control data was inferred from deep wells to the south and east. If the base of Devonian and top of Silurian rocks come in as expected the well will only be drilled deep enough for adequate logging rathole.

At a proposed depth of 15,600' BGL (Below Ground Level) the well will TD approximately 1,300' below the estimated top of the Devonian. Mud logging through the interval will ensure the target interval remains in Devonian and Silurian. Once Devonian is determined, the casing shoe depth will be set at an approximate maximum upper depth of 14,300' BGL. Injection will occur through the resulting openhole interval. Should mud or other logs indicate depth adjustment is required to exploit the desired formation as described; sundries with appropriate data will be filed with the OCD.

The Devonian is overlain by the Woodford Shale and Mississippian Lime and underlain by the Middle and Lower Ordovician; Simpson, McKee and Ellenburger.

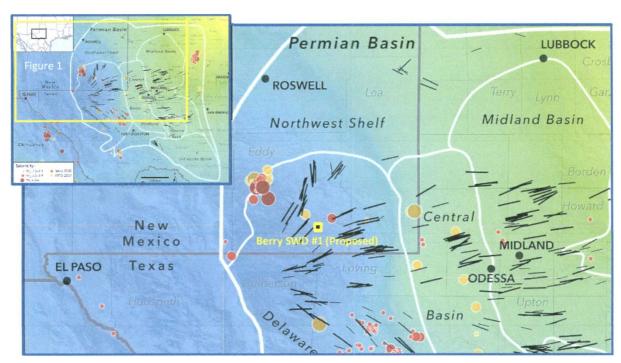
Fresh water in the area is generally available from valley and basin fill of the Carlsbad-Pecos segment of the lower Pecos Valley complex of Quaternary alluvial sand and gravel deposits. State Engineer's records show water wells in the area with a depth to groundwater of 25 to 150 feet with an average depth to groundwater of 21 feet.

There are 2 water wells located within one mile of the proposed SWD; at least one is being sampled and analyses will be forwarded upon receipt. Additionally, 2 representative samples are included herein that are of similar depth and proximity to the Pecos River.

Geological Data

EARTHQUAKE / SEISMIC INFORMATION SUPPLEMENT

Map Source: <u>State of stress in the Permian Basin, Texas and New Mexico</u>: <u>Implications for induced</u> seismicity (Figure 1); Jens-Erik Lund Snee/ Mark Zoback, February 2018



PROJECT VICINITY

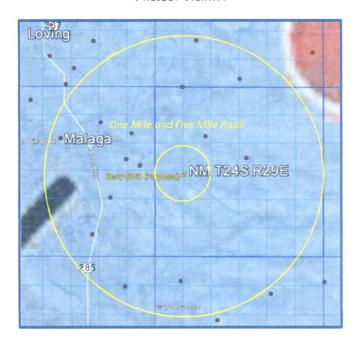


Figure 1. State of stress in the Permian Basin, Texas and New Mexico. Black lines are the measured orientations of the maximum horizontal stress (SHmax), with line length scaled by data quality. The colored background is an interpolation of measured relative principal stress magnitudes (faulting regime) expressed using the Aφ parameter (see text for details) of Simpson (1997). Blue lines are fault traces known to have experienced normalsense offset within the past 1.6 Ma, from the USGS Quaternary Faults and Folds Database (Crone and Wheeler, 2000). The boundary between the Shawnee and Mazatzal basement domains is from Lund et al. (2015), and the Precambrian Grenville Front is from Thomas (2006). The Permian Basin boundary is from the U.S. Energy Information Administration, and the subbasin boundaries are from the Texas Bureau of Economic Geology Permian Basin Geological Synthesis Project. Earthquakes are from the USGS National Earthquake Information Center, the TexNet Seismic Monitoring Program, and Gan and Frohlich (2013). Focal mechanisms are from Saint Louis University (Herrmann et al., 2011).

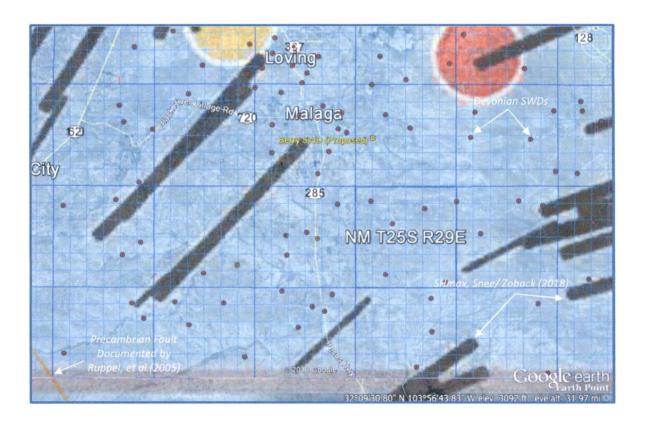
Geological Data

EARTHQUAKE / SEISMIC INFORMATION SUPPLEMENT (cont.)

In the following map, a layer with USGS historical earthquake data is overlaid and, a layer showing lines to represent Precambrian faults as documented by Ruppel, et al. (2005). Finally, a layer showing all currently permitted SWDs completed or proposed to be completed in the Devonian (Silurian) formation.

The USGS earthquakes shown are well know to the area. The cluster to the NW represents the seismic events in and around the Dagger Draw area (40.0 miles) in 2002. The 2012 quake located approximately 13 miles due east of Loving is also shown (10.0 miles). This was perhaps the most significant of the area in recent years but was determined to not be related to oil and gas activity.

The Precambrian faults and existing Devonian SWDs are discussed in more detail on the next page.



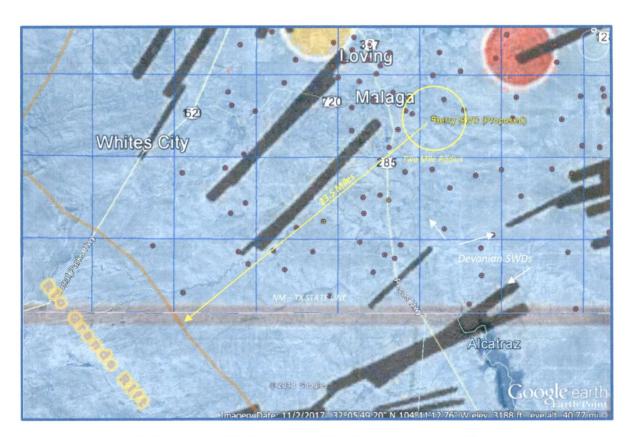
REGIONAL VIEW - DEVONIAN SWD LOCATIONS, PRECAMBRIAN FAULTS, SHMAX, USGS MAGNITUDE

Geological Data

EARTHQUAKE / SEISMIC INFORMATION SUPPLEMENT (cont.)

The primary Precambrian fault in the area as documented by Ruppel, et al. (2005) is represented on this map by the tan colored line; the fault is running southeast to northwest. The proposed Berry SWD is located 23.5 miles from the fault. Other Devonian SWDs in the area are also shown by small purple dots completed or proposed to be completed in the Devonian (Silurian) formation.

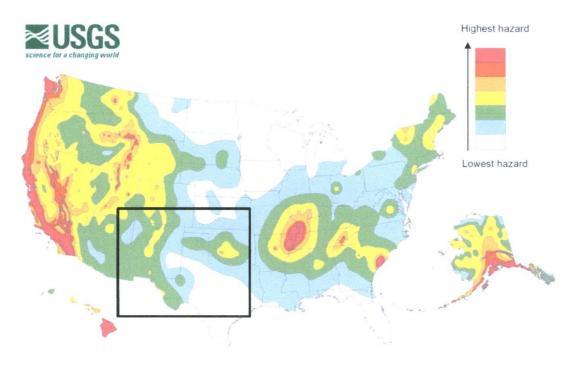
The previously referenced study by Snee and Zoback evaluated the strike-slip probability using probabilistic FSP (Fault Slip Potential) analysis of known faults in the Permian Basin. The study predicts that the Precambrian fault shown here has less than a 10% probability of being critically stressed to the point of creating an induced seismicity event. The main reason for the low probability is due to the relationship of the strike of the fault to the regional S_{Hmax} orientation in this area.



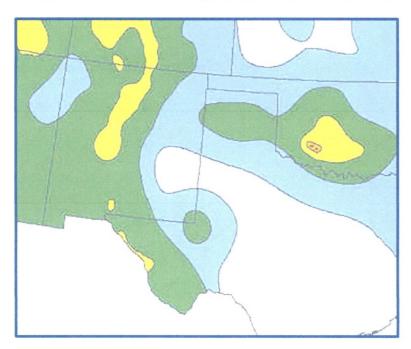
VICINITY - PERMITTED DEVONIAN SWDs, PRECAMBRIAN FAULT, SHMAX

Geological Data

EARTHQUAKE / SEISMIC INFORMATION SUPPLEMENT (cont.)



2014 map data: The USGS notes in its report that <u>fracking</u> may be to blame for a sizeable uptick in earthquakes in places like <u>Oklahoma</u>. "Some states have experienced increased seismicity in the past few years that may be associated with human activities such as the disposal of wastewater in deep wells," the report says. USGS hopes to use that data in future maps but it isn't included in this one. "Injection-induced earthquakes are challenging to incorporate into hazard models because they may not behave like natural earthquakes and their rates change based on man-made activities," the report says.

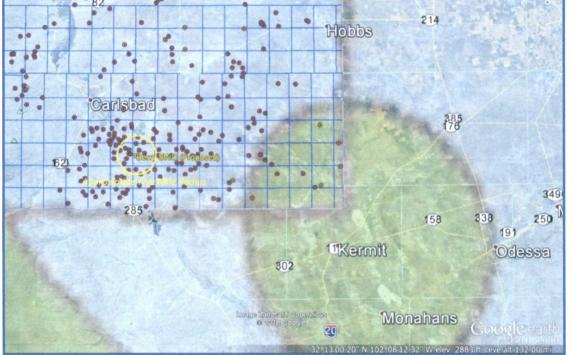


Geological Data

EARTHQUAKE / SEISMIC INFORMATION SUPPLEMENT (cont.)

USGS 2014 MAP DATA OVERLAY IN GOOGLE EARTH



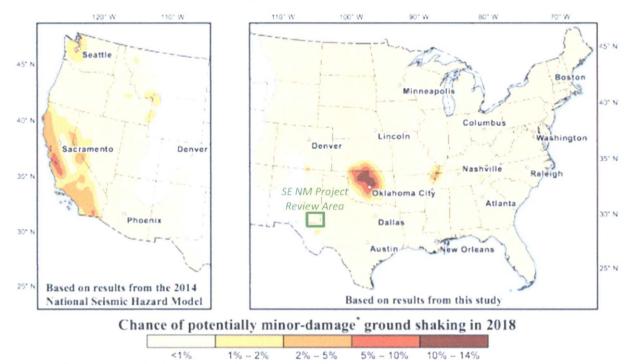


An updated USGS map for 2018 is on the next page. While methodology remained essentially the same according to USGS, the interpreted results and color-coding did have some modification. However, the subject area in southeast New Mexico on both maps remains very low and on the 2018 map, the area is assigned a value of <1% of "potentially minor-damage ground shaking".

Geological Data

EARTHQUAKE / SEISMIC INFORMATION SUPPLEMENT (cont.)





equivalent to Modified Mercalli Intensity VI, which is defined as: "Felt by all, many frightened. Some beavy furniture moved, a few instances of fallen plaster. Damage slight."

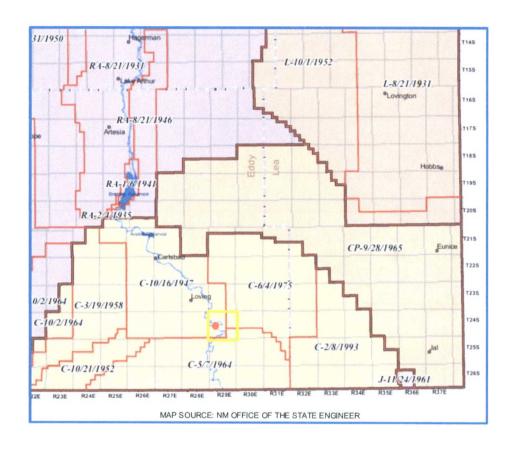
Map showing chance of damage from an earthquake in the Central and Eastern United States during 2018. Percent chances are represented as follows: pale yellow, less than 1 percent; dark yellow, 1 to 2 percent; orange, 2 to 5 percent; red, 5 to 10 percent; dark red, 10 to 12 percent. See Hazard from the western United States from the 2014 National Seismic Hazard Maps (Petersen et al., 2014) for comparison.

The USGS has produced the 2018 one-year probabilistic seismic hazard forecast for the central and eastern United States from induced and natural earthquakes. For consistency, the updated 2018 forecast is developed using the same probabilistic seismicity-based methodology as applied in the two previous forecasts.

Based on publicly available data for the subject area, it is reasonable to believe the risk of induced seismic activity due to disposal injection into this well is extremely low.

C-108 - Item XI

Groundwater Basins - Water Column / Depth to Groundwater



The subject well is located within the Carlsbad Basin.

Fresh water in the area is generally available from valley and basin fill of the Carlsbad-Pecos segment of the lower Pecos Valley complex of Quaternary alluvial sand and gravel deposits. State Engineer's records show water wells in 24S-29E with an average depth to water at 21 feet.

There are three (3) water wells (domestic, abandoned) located within one mile of the proposed SWD. Two representative analyses are included with this application. They are from offsetting applications but are closely matched and represent the shallow fresh water available in the area.



C-108 Item XI

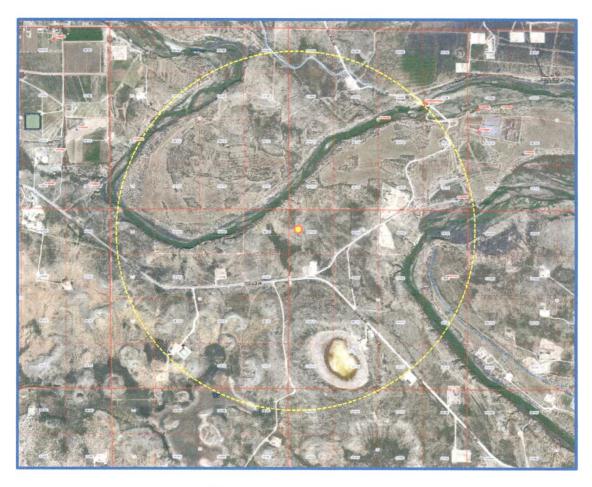
Water Wells Within One Mile

Berry SWD No.1 - Water Well Locator Map

There are 3 water wells/PODs within a one-mile radius of the proposed SWD.

One or two will be sampled – analyses will be forward upon receipt.

Representative analyses of 2 wells with similar depth and proximity to Pecos River are included.



Data from NM Office of the State Engineer displayed in OSE-GIS System.



C-108 ITEM XI - WATER WELLS IN AOR

Depth to Ground Water



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

(A CLW##### in the POD suffix indicates the POD has been replaced & no longer serves a water right file.) (R=POD has been replaced, O=orphaned.

C=the file is closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)

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

(In feet)

		POD		_	٠.	_										
POD Number	4 ",	Sub- basin	County		Q 16	4	70	Tws	Rng		X	,	, Y			Water Column
C 00349	C	CUB	ED		1	3	18	245	29E	591401		4773		2734		
C 00381	C	CUB	ED	3	2	3	07	245	29E	591682	2 356	6297	•	2797		
C 00463		.C	ED	4	4	4	17,	24S	29E	594332	2 356	542 82	•	260	4	256
C 00856		CUB	ED	1	2	4	30	245	29E	592538	3 356	51644	•	380		
C 00857		CUB	ED.	3	1	4	30	24\$	29E	592135	356	51440	•	306		
C 00862		CUB	ED	1	2	4	30	248	29E	592538	356	61644	•	155		
C 00863		CUB	ED	3	3	1	16	245	29E	594524	356	5091	•	220		
C 00863 CLW199506	0	CUB	ED	3	3	1	16	24 S	29E	594524	356	55091	•	220		
C 02713		CUB	ED	4	4	1	16	248	29E	591633	3 35	6594	4	230	18	212
C 03615 POD1		CUB	ED	1	3	2	06	245	29E	591964	35	6850) 🌍	60	36	24
C 03615 POD2		CUB	ED	4	2	4	06	24S	29E	592661	35	6801	3 😜	60	26	34

Average Depth to Water:

21 feet

Minimum Depth:

4 feet

Maximum Depth:

36 feet

Record Count: 11

PLSS Search:

Township: 24S

Range: 29E



Customer Analytical Services Laboratory

9669 Grogans Mill Road The Woodlands, TX 77380 Telephone: 877.251.3479

Fax: 281.363.7724

WESTERN ENVIRONMENTAL MANAGEMENT, CARLSBAD, NM

wan Overbeck

WESTERN ENVIRONMENTAL MANAGEMENT, 3106 EAST GREENE

STREET

CARLSBAD, NM 88221

United States

Customer #: 4000101850

Ship To #: 4000101850

Sold To #: 1000090673

WATER ANALYSIS REPORT

Project ID: WDLW170815024

Sales Rep: Laird, Kelly

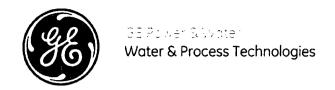
Receive Date: 15-Aug-2017

Report Date: 24-Aug-2017

Report Authorized By:

Susan Overbeck

24-Aug-2017



Customer: WESTERN ENVIRONMENTAL

Project ID: WDLW170815024

Submitted Samples: 2

SAMPLE INFORMATION

Sample Name	Grid	Bottles	Asset	Sampling Point	Sampled Date	Lab Sample ID
#C02256		3		GGENR	08-Aug-2017	WDLW170815067
#C 00329/#C00684/ #C01154		3		GGENR	08-Aug-2017	WDLW170815068



Customer: WESTERN ENVIRONMENTAL

Project ID: WDLW170815024

Sample Name:

#C02256

Lab Sample ID: WDLW170815067

Sampled Date:

8-Aug-2017

Parameter Name	Result	Units	Reporting Limit
pH Analysis			
pH ·	7.7	•	1.0
Automated Colorimetric Analysis			
Chloride, as Cl	466	ppm	0.5
CP Analysis			
Calcium Hardness, Total, as CaCO₃	969	ppm	0.5
Hardness, Total, as CaCO₃	1420	ppm	1
Magnesium Hardness, Total, as CaCO₃	448	ppm	0.5
Fotal Dissolved Solids			
Solids, Total Dissolved, at 105°C	2620	ppm	20



Customer: WESTERN ENVIRONMENTAL

Project ID: WDLW170815024

Sample Name:

#C 00329/#C00684/#

Lab Sample ID: WDLW170815068

Sampled Date:

8-Aug-2017

Parameter Name	Result	Units	Reporting Limit
H Analysis			
i	7.6	-	1.0
utomated Colorimetric Analysis			
hloride, as Cl	470	ppm	0.5
P Analysis			
alcium Hardness, Total, as CaCO₃	963	ppm	0.5
ardness, Total, as CaCO₃	1420	ppm	1
lagnesium Hardness, Total, as CaCO₃	451	ppm	0.5
otal Dissolved Solids			
olids, Total Dissolved, at 105°C	2580	ppm	20

Notes:

- 1) mg/kg = ppm : 0.1wt% = 1000ppm
- 2) Filtered results may be slightly higher than non-filtered results. This is due to method variances.

C-108 ITEM XII - GEOLOGIC AFFIRMATION

We have examined available geologic and engineering data and have found no evidence of open faults or other hydrologic connection between the disposal interval and any underground sources of drinking water.

Ben Stone, Partner SOS Consulting, LLC

Project:

Lilystream Water Solutions, LLC

Berry SWD No.1

Reviewed 12/03/2018

C-108 ITEM XIII - PROOF OF NOTIFICATION

IDENTIFICATION AND NOTIFICATION OF INTERESTED PARTIES

Exhibits for Section

Affected Parties Map

List of Interested Parties

Notification Letter to Interested Parties

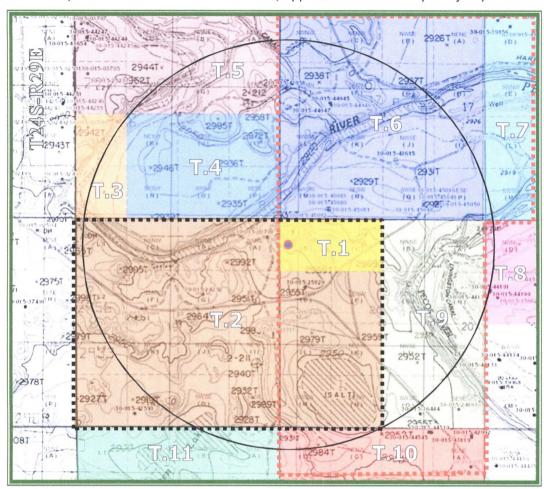
Proof of Certified Mailing

Published Legal Notice

Berry SWD Well No.1 – Affected Parties Plat

~ ONE MILE EXTENDED AREA of REVIEW ~

(Attachment to NMOCD Form C-108, Application for Authority to Inject.)





LEGEND

- T.I Private Surface C.K & B.J. Berry
- T.2 Strata Production Company

 BLM Lease NMNM-017224
- T.3 MRC Permian Company
- T.4 Chevron USA, Inc.
- T.5 Matador Production Company
- T.6 Oxy USA, Inc.

- T.7 Oxy USA, Inc.
- T.8 EOG Resources
 BLM Lease NMNM-085893
- T.9 Oxy USA, Inc.
- T.10 Oxy USA, Inc.
- T.II Murchison Oil & Gas, Inc. BLM Lease NMNM-107384

Research performed by Adventure Resources



C-108 ITEM XIII - PROOF OF NOTIFICATION AFFECTED PARTIES LIST

SOS Consulting is providing electronic delivery of C-108 applications.

ALL APPLICABLE AFFECTED PARTIES ARE PROVIDED A LINK IN THE NOTICE LETTER

TO A SECURE SOS/ CITRIX SHAREFILE® SITE TO VIEW AND DOWNLOAD

A FULL COPY OF THE SUBJECT C-108 APPLICATION IN PDF FORMAT.

SURFACE OWNER

C.K. & B.J. BERRY (Notified via USPS Certified Mail)
Barbara J. Berry, Trustee
P.O. Box 352
Eagle Nest, NM 87718-0352

Certified: 7018 0360 0001 8569 5432

OFFSET MINERALS LESSES and OPERATORS (All Notified via USPS Certified Mail)

BLM Lease NMNM-017224 (T.2 on Plat)

Lessee

STRATA PRODUCTION COMPANY
 P.O. Box 1030
 Roswell, NM 88202
 Certified: 7018 0360 0001 8569 5449

Operator CUEVIDON LICA

CHEVRON USA, INC. Attn: Linda McMurray, Permitting Team 6301 Deauville Blvd. Midland, TX 79706 Certified: 7018 0360 0001 8569 5456

Fee Lease - McDonald (T.3 on Plat)

Lessee

4 MRC PERMIAN COMPANY 5400 LBJ Freeway, Ste.1500 Dallas, TX 75240 Certified: 7018 0360 0001 8569 5463

<u>Fee Lease - McDonald (T.4 on Plat)</u> <u>Lessee</u>

CHEVRON USA, INC. Attn: Linda McMurray, Permitting Team 6301 Deauville Blvd. Midland, TX 79706

Fee Lease - McDonald (T.5 on Plat) Lessee

5 MATATOR PRODUCTION COMPANY 5400 LBJ Freeway, Ste.1500 Dallas, TX 75240 Certified: 7018 0360 0001 8569 5470

C-108 ITEM XIII - PROOF OF NOTIFICATION AFFECTED PARTIES LIST (cont.)

<u>Fee Lease – McDonald & Brantley; B&D Holdings (T.6, T.7, T.9 & T.10 on Plat)</u> <u>Lessee & Operator</u>

6 OXY USA, INC.

6001 Deauville Blvd.

Midland, TX 79706

Certified: 7018 0360 0001 8569 5487

BLM Lease NMNM-014777 (T.8 on Plat - cont.)

Lessee & Operator

7 EOG RESOURCES

P.O. Box 4362

Houston, TX 77210-4362

Certified: 7018 0360 0001 8569 5494

Split Fee Surface/ BLM Leases NMNM-013996 (T.11 on Plat)

Lessee

8 MURCHISON OIL & GAS, INC.

7250 Dallas Parkway, Ste.1400

Dallas, TX 75024

Certified: 7018 0360 0001 8569 5500

OFFSET MINERALS OWNERS (Notified via USPS Certified Mail)

U.S. DEPARTMENT OF INTERIOR
 Bureau of Land Management
 Oil & Gas Division
 620 E. Greene St.
 Carlsbad, NM 88220

Certified: 7018 0360 0001 8569 5517

REGULATORY

NEW MEXICO OIL CONSERVATION DIVISION (FedEx'ed original and copy) 1220 S. St. Francis Dr. Santa Fe, NM 87505

NEW MEXICO OIL CONSERVATION DIVISION (FedEx'ed copy) 811 S. First St. Artesia, NM 88210



December 3, 2018

NOTIFICATION TO INTERESTED PARTIES via U.S. Certified Mail – Return Receipt Requested

To Whom It May Concern:

Lilystream Water Solutions, LLC, Lovington, New Mexico, has made application to the New Mexico Oil Conservation Division to drill and complete for salt water disposal the Berry SWD Well No.1. The proposed commercial operation will be for produced water disposal from area operators. As indicated in the notice below, the well is located in Section 20, Township 24 South, Range 29 East in Eddy County, New Mexico.

The published notice states that the interval will be from 14,300 feet to 15,600 feet into the Devonian-Silurian formation.

Following is the notice published in the Artesia Daily Press, Artesia, New Mexico on or about December 4, 2018.

LEGAL NOTICE

Lilystream Water Solutions, LLC, 1308 W. Ave. N, Lovington, NM 88260, is filing Form C-108 (Application for Authority to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for a salt water disposal well. The proposed well, the Berry SWD No.1, is located 609' FNL and 220' FWL, Section 20, Township 24 South, Range 29 East, Eddy County, New Mexico; approximately 3.6 miles east/ southeast of Malaga, NM.

Produced water from area production will be commercially disposed into the Devonian and Silurian formations at a maximum interval depth of 13,150' to 14,500' at a maximum surface pressure of 2630 psi and a rate limited only by such pressure.

Interested parties wishing to object to the proposed application must file with the New Mexico Oil Conservation Division, 1220 St. Francis Dr., Santa Fe, NM 87505, (505)476-3460 within 15 days of the date of this notice. Additional information may be obtained from the applicant's agent, SOS Consulting, LLC, (903)488-9850 or, email info@sosconsulting.us.

You have been identified as a party who may be interested as an offset lessee or operator.

You are entitled to a full copy of the application. A full copy in PDF format is posted on the SOS Consulting **ShareFile** site and is available for immediate download.

Use the URL link: https://sosconsulting.sharefile.com/d-s20d2efbcb484ef7a

(Please Note: The ShareFile service is powered by Citrix Systems and is completely secure.*)

The link to this file will be active for 30 days from the date of this letter. Your company can access and download the file a maximum of five (5) times. (One copy may be downloaded and shared as needed amongst your company.)

If preferred, you may call SOS Consulting, LLC at 903-488-9850, or email info@sosconsulting.us, and the same PDF file copy will be expedited to you via email.

Please use a subject like, "Berry SWD Sept2018 PDF Copy Request".

Thank you for your attention in this matter.

Best regards,

Ben Stone, SOS Consulting, LLC

Agent for Lilystream Water Solutions, LLC

Cc: Application File

SOS Consulting is committed to providing superior quality work using technology to assist clients and interested parties in obtaining the documentation required. SOS will continue to utilize methods for reducing papers copies and are less energy and resource intensive.

We hope you'll partner with us and appreciate these efforts.

* You will be asked for your email, name and company.

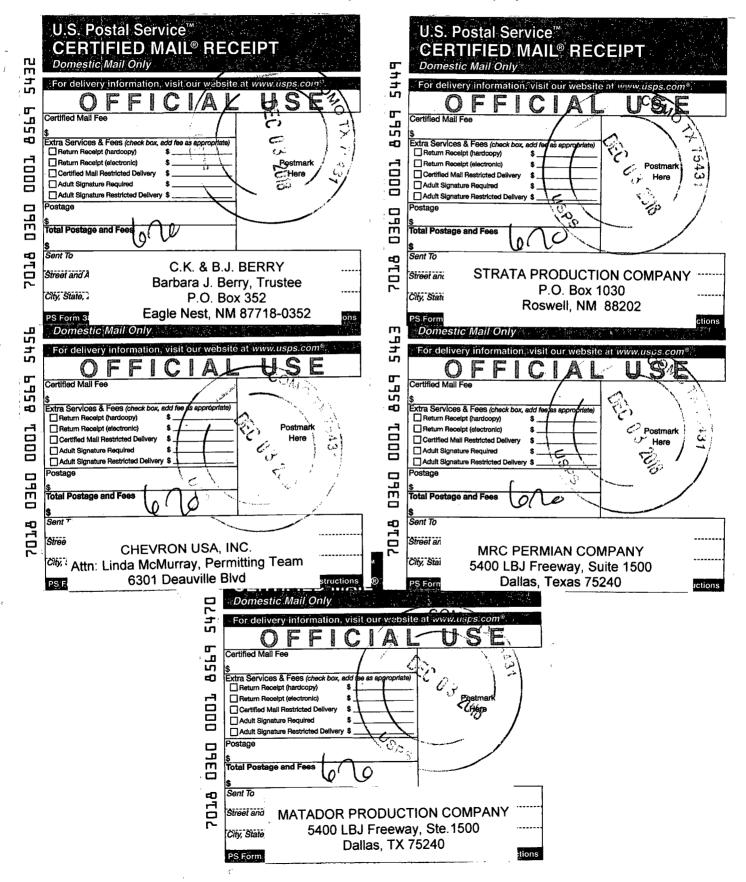
This will not be used by anyone except keeping track of the file downloads.

You will not be solicited by SOS or anyone else. Data is stored on Citrix Systems servers only.



C-108 - Item XIV

Proof of Notice (Certified Mail Receipts)



C-108 - Item XIV

Proof of Notice (Certified Mail Receipts - cont.)



C-108 - Item XIV

Proof of Notice – Legal Notice Newspaper of General Circulation

Legal Notice

Lilystream Water Solutions, LLC, 1308 W. Ave. N, Lovington, NM 88260, is filing Form C-108 (Application for Authority to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for a salt water disposal well. The proposed well, the Berry SWD No.1, is located 609' FNL and 220' FWL, Section 20, Township 24 South, Range 29 East, Eddy County, New Mexico; approximately 3.6 miles east/southeast of Malaga, NM.

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Published in the Artesia Daily Press, Artesia, N.M., Dec. 4, 2018 Legal No. 24932.

The above is the "Proof Copy" sent from the Artesia Daily Press.

The affidavit of publication will be forwarded as soon as it is received.

Affidavit of Publication

State of New Mexico County of Eddy: **Danny Scott** being duly sworn sayes that he is the 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 Consecutive weeks/day on the same day as follows: First Publication December 4, 2018 Second Publication Third Publication Fourth Publication Fifth Publication Sixth Publication Seventh Publication,

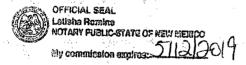
Subscribed and sworn before me this

4th

day of

December

2018



Latisha Romine

Notary Public, Eddy County, New Mexico

Copy of Publication:



Lilystream Water Solutions, LLC, 1308 W. Ave. N, Lovington, NM 88260, is filing Form C-108 (Application for Authority to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for a salt water disposal well. The proposed well, the Berry SWD No.1, is located 609' FNL and 220' FWL, Section 20, Township 24 South, Range 29 East, Eddy County, New Mexico; approximately 3.6 miles east/ southeast of Malaga, NM.

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Published in the Artesia Daily Press, Artesia, N.M., Dec. 4, 2018 Legal No. 24932.

FORM C-108 Technical Review Summary [Prepared by reviewer and included with application; V17] DATE RECORD: First Rec: ____ Admin Complete: ____ or Suspended: ____ Add. Request/Reply: ___ ORDER TYPE: WFX / PMX / SWD Number: _____ Order Date: ____ Legacy Permits/Orders: __ Well No. 1 Well Name(s): BENNY SW) API : 30-0 15-45367 Spud Date: New or Old (EPA): (UIC Class II Primacy 03/07/1982) Footages 724 FWL Lot or Unit \(\int \) Sec \(\frac{20}{0} \) Tsp \(\frac{245}{0} \) Rge \(\frac{25E}{0} \) County \(\frac{E46}{0} \), BLM 100K Map: CAnLSbh Operator: WAtenscrube, UCOGRID: Contact: COMPLIANCE RULE 5.9: Total Wells: Inactive: Fincl Assur: Compl. Order? IS 5.9 OK? Date: WELL FILE REVIEWED () Current Status: __ WELL DIAGRAMS: NEW: Proposed Or RE-ENTER: Before Conv. After Conv. Logs in Imaging: Planned Rehab Work to Well: _ Sizes (in) Settina Cement Cement Top and Well Construction Details Borehole / Pipe Depths (ft) (Sx.br Cf **Determination Method** Stage Tool 000 Planned __or Existing __Surface 1754/133/84 Planned or Existing Interm/Prod 2750 Planned__or Existing __Interm/Prod 10500 Planned_or Existing __ Prod/Liner 14300 Planned_or Existing _ Liner Inj Length Planned_or Existing _(OH/ PERF **Completion/Operation Details:** 1200 Injection or Confining Drilled TD 756 PBTD Depths (ft) Tops Injection Lithostratigraphic Units: Units NEW TD NEW PBTD Marin Differ (A) Adjacent Unit: Litho. Struc. Por. 13950 NEW Open Hole or NEW Perfs Confining Unit: Litho. Struc. Por. Tubing Size (17) in. Inter Coated? ____ **Proposed Inj Interval TOP:** Proposed Packer Depth / / / ft **Proposed Inj Interval BOTTOM:** Min. Packer Depth 1420 (100-ft limit) Confining Unit: Litho. Struc. Por. Proposed Max. Surface Press. psi Adjacent Unit: Litho. Struc. Por. Admin. Inj. Press. 250 (0.2 psi per ft) AOR: Hydrologic and Geologic Information POTASH: R-111-P MANOticed? BLM Sec Ord WIPP Noticed? Salt/Salado T: B: NW: Cliff House fm USDW: Aquifer(s) Quetern Max Depth_____ BY 35 HYDRO AFFIRM STATEMENT By Qualified Person () adj _____NA___ No. GW Wells in 1-Mile Radius? _____ FW Analysis?___ NMOSE Basin: CAPLAN CAPITAN REEF: thru_ YESUS MC, 135,1 On Lease Operator Only or Commercial 🗢 Disposal Fluid: Formation Source(s) _ Disposal Interval: Inject Rate (Avg/Max BWPD): 17.5 1/3 4/4 Protectable Waters? Source: System: Closed or Open HC Potential: Producing Interval? Network Producing? Method: Logs/DST/P&A/Other Neg 10hc 2-Mi Radius Pool Map C AOR Wells: 1/2-M ____ or ONE-M ___RADIUS MAP/WELL LIST: Total Penetrating Wells: ____ [AOR Hor: ___ AOR SWITCH Penetrating Wells: No. Active Wells__ No. Corrective? on which well(s)? _Diagrams?_ Penetrating Wells: No. P&A Wells No. Corrective? on which well(s)? Diagrams? Induced-Seismicity Risk Assess: analysis submitted \(\forall \) historical/catalog review \(\forall \) fault-slip model \(\forall \) probability \(\forall \) [70 \(\forall \) [70 \(\forall \) [70 \(\forall \)] NOTICE: 1/2-M or ONE-M : Newspaper Date 24-01 Mineral Owner BLM Surface Owner 3 23 2 N. Date 12-03-2 RULE 26.7(A): Identified Tracts? Y Affected Persons*: 5trute, Chrurun, mnc, OXX

Additional COAs:

P) 52"-7541Fuct Fut, 5" Linese

Order Conditions: Issues:

new definition as of 12/28/2018 [any the mineral estate of United States or state of New Mexico; SWD operators within the notice radius]

Pending Application for High-Volume Devonian Disposal Well C-108 Application for Berry SWD No. 1 – LilyStream Water Solutions LLC

