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

APPLICATION OF MESQUITE SWD, INC. TO AMEND APPROVALS FOR SALT WATER DISPOSAL WELLS IN LEA AND EDDY COUNTIES.

APPLICATION

Mesquite SWD, Inc. ("Mesquite"), OGRID No. 161968, through its undersigned attorneys, hereby makes this application to the Oil Conservation Division pursuant to the provisions of N.M. Stat. Ann. § 70-2-12, for an order amending the size of tubing approved by the Division for certain Salt Water Disposal Wells approved by the Division to be drilled in Lea and Eddy Counties. All of the relevant Salt Water Disposal Wells are scheduled to be drilled, as approved by the Division, for injection into the Devonian Formation. In support of this application, Mesquite states as follows:

1. Mesquite is the operator of the below-listed Salt Water Disposal Wells and has received approval from the Division to drill these wells. The wells and related administrative orders are as follows:

NMOCD Order Number	Order Date	Well Name	Legal Description
SWD-1667	2/23/2017	San Dunes SWD #2	Unit K, Sec. 8, T24S-R31E, Eddy County, N.M.
SWD-1642	8/5/2016	Scott B SWD #1	Unit N, Sec. 23, T24S-R28E, Eddy County, N.M.
SWD-1638	7/26/2016	VL SWD #1	Unit I, Sec. 14, T24S-R28E, Eddy County, N.M.
SWD-1558	6/26/2015	Station SWD #1	Unit F, Sec. 7, T24S-R32E, Lea County, N.M.
SWD-1636	7/15/2016	Cypress SWD #1	Unit L, Sec. 34, T23S, R29E, Eddy County, N.M.

EXHIBIT

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			Unit D, Sec. 35, T23S, R30E, Eddy
SWD-1610	1/13/2016	Gnome East SWD #1	County, N.M.
			Unit I, Sec. 24, T23S, R31E, Eddy
SWD-1602	12/1/2015	Uber East SWD #1	County, N.M.
			Unit B, Sec. 15, T23S, R31E, Eddy
SWD-1600	11/20/2015	Uber North SWD #1	County, N.M.

- 2. All of the above-listed wells are scheduled to be drilled into the Devonian Formation at the locations specified in the above-listed orders issued by the Division.
- 3. The orders issued by the Division approving the drilling of each well states that injection will occur through 4 1/2 inch or smaller tubing.
- 4. Mesquite seeks an amendment to each of these orders, allowing it to use 5 1/2 inch tubing. The tubing will be placed inside cemented casing.
 - 5. The granting of this application will prevent waste and protect correlative rights.

WHEREFORE, Mesquite requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 30, 2017; and that after notice and hearing, the Division enter its order approving this application.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS & SISK, P.A.

Earl E. DeBrine, Jr.

Jennifer Bradfute

Post Office Box 2168

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500 Fourth Street NW, Suite 1000

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Telephone: 505.848.1800
Attorneys for Applicant

CASE NO. ______: Application of Mesquite SWD, Inc. to Amend Approvals for Salt Water Disposal Wells in Lea and Eddy Counties. Applicant seeks an order from the Division: Amending Order Numbers SWD-1667 for the San Dunes SWD #2 well, SWD-1642 for the Scott B SWD #1 well, SWD-1638 for the VL SWD #1 well, SWD-1558 for the Station SWD #1 well, SWD-1636 for the Cypress SWD #1 well, SWD-1610 for the Gnome East SWD #1 well, SWD-1602 for the Uber East SWD #1 well, and SWD-1600 for the Uber North SWD #1 well, to allow for injection to occur through internally-coated, 5 ½ inch or smaller tubing. The orders issued by the Division currently only allow for tubing to be used if its 4 ½ inches or smaller. The Station SWD #1 well is located approximately 31.7 miles Northwest of Jal, New Mexico. The San Dunes SWD #2, Scott B SWD #1, and Scott B SWD #1 are located within 17 miles of Malaga, New Mexico. The Cypress SWD #1, Gnome East SWD #1, Uber East SWD #1, and Uber North SWD #1 are located approximately 21 - 37 miles southeast of Carlsbad, New Mexico.

Trustees of the Collins & Ware Chevron USA Conquistador Council, Attn: Permitting Team 503 West Wall St., Suite Boy Scouts of America, 6301 Deauville Blvd. 1200 Trust Fund Midland, TX 79706 Midland, TX 79701-5076 2603 N. Aspen Ave. Roswell, NM 88201 Oxy Oil Gas Corporation Concho Oil & Gas, LLC One Concho Center 5 Greenway Plz. Suite 110 Houston, TX 77046 **Matador Production** 600 West Illinois Avenue Midland, TX 79701-4882 Company One Lincoln Centre Devon Energy Corp. 333 W. Sheridan Ave. 5400 LBJ Freeway, Ste. Conoco Phillips Co. 3401 E. 30th Street Oklahoma City, OK 73102 1500 Dallas, TX 75240 Farmington, NM 87402 Bureau of Land Management Mark McCloy Khody Land & Minerals 620 E. Greene Street P.O. Box 1076 Company Carlsbad, NM 88220 Jal, NM 88252 210 Park Ave., Ste. 900 Oklahoma City, OK COG Operating, LLC 73102-5643 Valley Land, LLC P.O. Box 597 One Concho Center 600 W. Illinois Ave. Loving, NM 88256 PXP Production Co., LLC Midland, TX 79701 700 Milam Street, Suite Black Mountain 3100 Exploration ABO Petroleum Corp. Houston, TX 77002-2764 P.O. Box 900 500 Main St, Suite 1200 Fort Worth, TX 76102 Artesia, NM 88211 Marathon Oil Corporation 5555 San Felipe Street OXY USA, Inc. Myco Industries, Inc. Houston, TX 77056-2799 P.O. Box 4294 P.O. Box 840 Artesia, NM 88211 Houston, TX 77210 Mobil Producing Texas & New Mexico Exxon Mobil Oil 12450 Greenspoint Drive Yates Petroleum Corp, et Houston, TX 77060-1905 Corporation 105 S. 4th St. P.O. Box 4358 Artesia, NM 88201 Houston, TX 77210-4358 XTO Energy, Inc. 9193 S. Jamaica St. Aquila Energy Resources EOG Resources, Inc. P.O. Box 6501

10370 Richmond Ave. Ste.

Houston, TX 77042-2551

510

Englewood, CO 80155

P.O. Box 2267

Midland, TX 79702

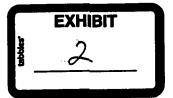
Susana Martinez Governor

Ken McQueen Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director Oil Conservation Division





Administrative Order SWD-1667 February 23, 2017

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Pursuant to the provisions of Division Rule 19.15.26.8B. NMAC, Mesquite SWD, Inc. (the "operator") seeks an administrative order for its Sand Dunes SWD Well No. 2 ("proposed well") with a location of 2600 feet from the South line and 2500 from the West line, Unit K of Section 8, Township 24 South, Range 31 East, NMPM, Eddy County, New Mexico, for the purpose of commercial disposal of produced water.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Rule 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, Mesquite SWD, Inc. (OGRID 161968), is hereby authorized to utilize its Sand Dunes SWD Well No. 2 (API 30-015-pending) with a location of 2600 feet from the South line and 2500 from the West line, Unit K of Section 8, Township 24 South, Range 31 East, NMPM, Eddy County, for disposal of oil field produced water (UIC Class II only) through an open hole interval consisting of the Devonian and Silurian formations from 16620 feet to approximately 18010 feet.

Injection will occur through internally-coated, 4-1/2-inch or smaller tubing and a packer set within 100 feet of the top of the open-hole interval.

This permit does not allow disposal into the Ellenburger formation (lower Ordovician) or lost circulation intervals directly on top and obviously connected to this formation. The operator shall provide logs and a mudlog over the proposed interval which verify that only the permitted interval is completed for disposal.

Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information, to the Division's District geologist and Santa Fe Bureau Engineering office, showing evidence agreeable that only the permitted formation is open for disposal including a summary of

depths (picks) for contacts of the formations which the Division shall use to amend this order for a final description of the depth for the injection interval.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the completion and construction of the well as proposed in the application and, if necessary, as modified by the District Supervisor.

The operator shall circulate the cement behind the casing to surface for all surface and intermediate casings.

The operator shall run a CBL (or equivalent) across the 7-5/8-inch liner from approximately 16620 feet to 11000 feet to demonstrate a good cement across the liner and good cement bond across the 9-5/8-inch casing.

The operator shall supply the Division with a copy of a mudlog over the permitted disposal interval and an estimated insitu water salinity based on open-hole logs. If significant hydrocarbon shows occur while drilling, the operator shall notify the Division's District II and the operator shall be required to receive written permission prior to commencing disposal.

Operator shall submit the results of the swab test which shall include formation water analysis and hydrocarbon potential of the injection interval to the Division's District geologist and Santa Fe Bureau Engineering office prior to commencing injection.

Within two years after commencing disposal, the operator shall conduct an injection survey, consisting of a temperature log or equivalent, over the entire injection interval using representative disposal rates. Copies of the survey results shall be provided to the Division's District I office and Santa Fe Engineering Bureau office.

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

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to no more than 3324 psi, but may be modified by the Division Director following the completion of the initial Step-Rate Test. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum

Administrative Order SWD-1667 Mesquite SWD, Inc. February 23, 2017 Page 3 of 4

allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formations. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's District II office of the date and time of the installation of disposal equipment and of any MIT so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's District II office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

The injection authority granted under this order is not transferable except upon Division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The Division may revoke this injection order after notice and hearing if the operator is in violation of Rule 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two (2) years after the effective date of this Order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Compliance with this Order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

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

Administrative Order SWD-1667 Mesquite SWD, Inc. February 23, 2017 Page 4 of 4

DAVID R. CATANACH

Director

DRC/mam

cc: Oil Conservation Division - Artesia District Office

Bureau of Land Management - Carlsbad

Administrative Application – pMAM1704452217

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David R. Catanach, Division Director Oil Conservation Division



Administrative Order SWD-1642 August 5, 2016

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Pursuant to the provisions of Division Rule 19.15.26.8B. NMAC, Mesquite SWD, Inc. (the "operator") seeks an administrative order for its proposed Scott B SWD Well No. 1 with a location 250 feet from the South Line and 2166 feet from the West line, Unit N of Section 23, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico, for commercial disposal of produced water.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in Division Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Division Rule 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

Mesquite SWD, Inc. (OGRID 161968), is hereby authorized to utilize its Scott B SWD Well No. 1 (API 30-015-pending) with a location 250 feet from the South Line and 2166 feet from the West line, Unit N of Section 23, Township 24 South, Range 28 East, NMPM, Eddy County, for disposal of oil field produced water (UIC Class II only) through an open-hole interval within the Devonian and Silurian formations from 15000 feet to 16200 feet. Injection will occur through internally-coated, 4½-inch or smaller tubing and a packer set within 100 feet of the uppermost perforation.

Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information to the Division's District geologist and Santa Fe Bureau Engineering office, showing evidence agreeable that only the permitted formations are open for disposal including a summary of depths (picks) for contacts of the formations which the Division shall use to amend this order for a final description of the depth for the injection interval.

This permit does not permit disposal into the Ellenburger formation (lower Ordovician) or lost circulation intervals directly on top and obviously connected to this formation.

The operator shall supply the Division with a copy of a mudlog over the permitted disposal

interval and an estimated insitu water salinity based on open-hole logs. If significant hydrocarbon shows occur while drilling, the operator shall notify the Division's District II office and the operator shall be required to receive written permission prior to commencing disposal.

Operator shall submit the results of the swab test which shall include formation water analysis and hydrocarbon potential of the injection interval to the Division's District geologist and Santa Fe Bureau Engineering office prior to commencing injection.

The operator shall circulate all surface and intermediate casings to the surface.

The operator shall run a CBL (or equivalent) across the 7-inch liner from approximately 15000 feet to 11000 feet to demonstrate a good cement across the 7-inch liner, and good bond between the liner and the 9-5/8-inch casing.

Within one year after commencing disposal, the operator shall submit to the Division copies of an injection survey run on this well consisting of a temperature log, or equivalent, run under representative disposal rates.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the well construction proposed and described in the application.

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

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to <u>no more than 3000 psi</u>. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's District II office of the date and

time of the installation of disposal equipment and of any MIT so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's District office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

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

The injection authority granted under this order is not transferable except upon division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The Division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two (2) years after the effective date of this order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

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

DAVID R. CATANACH

Director

DRC/mam

cc: Oil Conservation Division – Artesia District Office Administrative Application No. - pMAM1620059225

Susana Martinez
Governor

David Martin Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David R. Catanach, Division Director Oil Conservation Division



Administrative Order SWD-1638 July 26, 2016

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Pursuant to the provisions of Division Rule 19.15.26.8B. NMAC, Mesquite SWD, Inc. (the "operator") seeks an administrative order for its proposed VL SWD Well No. 1 with a location 2142 feet from the South Line and 249 feet from the East line, Unit 1 of Section 14, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico, for commercial disposal of produced water.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in Division Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Division Rule 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

Mesquite SWD, Inc. (OGRID 161968), is hereby authorized to utilize its VL SWD Well No. 1 (API 30-015-pending) with a location of 2142 feet from the South Line and 249 feet from the East line, Unit I of Section 14, Township 24 South, Range 28 East, NMPM, Eddy County, for disposal of oil field produced water (UIC Class II only) through an open-hole interval within the Devonian and Silurian formations from 15100 feet to 16300 feet. Injection will occur through internally-coated, 4½-inch or smaller tubing and a packer set within 100 feet of the uppermost perforation.

Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information to the Division's District geologist and Santa Fe Bureau Engineering office, showing evidence agreeable that only the permitted formations are open for disposal including a summary of depths (picks) for contacts of the formations which the Division shall use to amend this order for a final description of the depth for the injection interval.

This permit does not permit disposal into the Ellenburger formation (lower Ordovician) or lost circulation intervals directly on top and obviously connected to this formation.

The operator shall supply the Division with a copy of a mudlog over the permitted disposal

interval and an estimated insitu water salinity based on open-hole logs. If significant hydrocarbon shows occur while drilling, the operator shall notify the Division's District II office and the operator shall be required to receive written permission prior to commencing disposal.

The operator shall circulate all surface and intermediate casings to the surface.

The operator shall run a CBL (or equivalent) across the 7-5/8-inch liner from approximately 15100 feet to 11000 feet to demonstrate a good cement across the 7-5/8-inch liner, and good bond between the liner and the 9-5/8-inch casing.

Within one year after commencing disposal, the operator shall submit to the Division copies of an injection survey run on this well consisting of a temperature log, or equivalent, run under representative disposal rates.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the well construction proposed and described in the application.

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

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to <u>no more than 3020 psi.</u> In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's District II office of the date and time of the installation of disposal equipment and of any MIT so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's District office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24

Administrative Order SWD-1638 Mesquite SWD, Inc. July 26, 2016 Page 3 of 3

NMAC.

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

The injection authority granted under this order is not transferable except upon division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The Division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two (2) years after the effective date of this order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

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

DAVID R. CATANACH

Director

DRC/mam

cc: Oil Conservation Division – Artesia District Office Administrative Application No. - pMAM1619329820

Susana Martinez Governor

David Martin Cabinet Secretary

Brett F. Woods, Ph.D. Deputy Cabinet Secretary David R. Cetanach, Division Director Oil Conservation Division



Administrative Order SWD-1558 June 26, 2015

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Pursuant to the provisions of Division Rule 19.15.26.8B. NMAC, Mesquite SWD, Inc. (the "operator") seeks an administrative order for its proposed Station SWD Well No. 1 with a proposed location 2625 feet from the North line and 2315 feet from the West line, Unit letter F of Section 7, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico, for commercial disposal of produced water.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objection was received within the required suspense period. The applicant has presented satisfactory evidence that all requirements prescribed in Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Rule 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, Mesquite SWD, Inc. (OGRID 161968) is hereby authorized to utilize its proposed Station SWD Well No. 1 (API No. 30-025-Pending) with a proposed location 2625 feet from the North line and 2315 feet from the West line, Unit letter F of Section 7, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico, for commercial disposal of oil field produced water (UIC Class II only) through an open-hole interval within the Silurian and Devonian formations from approximately 16470 feet to approximately 17975 feet. Injection shall occur through internally-coated tubing and a packer set a maximum of 100 feet above the top of the open-hole interval.

Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information, to the Division's District geologist and Santa Fe Bureau Engineering office, showing evidence agreeable that only the permitted formations are open for disposal including a summary of depths (picks) for contacts of the formations which the Division shall use to amend this order for a final description of the depth for the injection interval.

The operator shall run a CBL (or equivalent) from the bottom of the 7-5/8-inch liner through the 9-5/8 intermediate casing to the surface. This will ensure good cement across the 7-5/8-inch liner through the 9-5/8 intermediate casing. Further, this will ensure that the 9-5/8 intermediate casing has a good cement through the portions that contain the DV tools. The

1220 South St. Francis Drive • Santa Fe, New Mexico 87506 Phone (505) 476-3440 • Fax (505) 476-3462 • email: www.emnrd.state.nm.us/cod Administrative Order SWD-1558 Mesquite SWD, Inc. June 26, 2015 Page 2 of 3

operator shall provide a copy of the log(s) to Division's District I office prior to commencing injection.

Within one year after commencing disposal, the operator shall submit to the Division copies of an injection survey run on this well consisting of a temperature log, or equivalent, run under representative disposal rates.

Failure to comply with any of the requirements detailed above shall result ipso-facto in the loss of injection authority approved by this order.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the well construction proposed in the application and any required modifications of construction as required by the Bureau of Land Management.

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

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to no more than 3294 psi. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well. The operator shall install and maintain a chart recorder showing easing and tubing pressures during disposal operations.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's District I office of the date and time of the installation of disposal equipment and of any MIT so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's District I office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Administrative Order SWD-1558 Mesquite SWD, Inc. June 26, 2015 Page 3 of 3

Without limitation on the duties of the operator as provided in Division Rules 19,15,29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's District office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

The injection authority granted under this order is not transferable except upon Division approval. The Division may require the operator to demonstrate mechanical integrity of any disposal well that will be transferred prior to approving transfer of authority to inject.

The Division may revoke this injection permit after notice and hearing if the operator is in violation of Rule 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two (2) years after the effective date of this order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate ipso facto. The Division, upon written request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

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

DRC/mam

Oil Conservation Division - Hobbs District Office Bureau of Land Management - Carlsbad Field Office Administrative Application pMAM1505850332

Susana Martinez Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David R. Catanach, Division Director Oil Conservation Division



Administrative Order SWD-1636 July 15, 2016

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Pursuant to the provisions of Division Rule 19.15.26.8B. NMAC, R360 Permian Basin, LLC (the "operator") seeks an administrative order for its proposed Cypress SWD Well No. 1 with a proposed location 1590 feet from the South Line and 165 feet from the West line, Unit L of Section 34, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico, for commercial disposal of produced water.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in Division Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Division Rule 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

R360 Permian Basin, LLC (OGRID 289936), is hereby authorized to utilize its Cypress SWD Well No. 1 (API 30-015-pending) with a proposed location of 1590 feet from the South Line and 165 feet from the West line, Unit L of Section 34, Township 23 South, Range 29 East, NMPM, Eddy County, for disposal of oil field produced water (UIC Class II only) through an open-hole interval within the Devonian formation from 14780 feet to 15780 feet. Injection will occur through internally-coated, 4½-inch or smaller tubing and a packer set within 100 feet of the uppermost perforation.

Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information to the Division's District geologist and Santa Fe Bureau Engineering office, showing evidence agreeable that only the permitted formations are open for disposal including a summary of depths (picks) for contacts of the formations which the Division shall use to amend this order for a final description of the depth for the injection interval.

This permit does not permit disposal into the Ellenburger formation (lower Ordovician) or lost circulation intervals directly on top and obviously connected to this formation.

The operator shall supply the Division with a copy of a mudlog over the permitted disposal

interval and an estimated insitu water salinity based on open-hole logs. If significant hydrocarbon shows occur while drilling, the operator shall notify the Division's District II office and the operator shall be required to receive written permission prior to commencing disposal.

The operator shall circulate all surface, intermediate, and production casings to surface.

The operator shall run a CBL (or equivalent) across the 7-inch casing through the 9-5/8-inch casing to surface to demonstrate a good cement bond between the two casings, and good cement across the entire casing.

Within one year after commencing disposal, the operator shall submit to the Division copies of an injection survey run on this well consisting of a temperature log, or equivalent, run under representative disposal rates.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the well construction proposed and described in the application.

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

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to <u>no more than 2956 psi</u>. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's District II office of the date and time of the installation of disposal equipment and of any MIT so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's District office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24

Administrative Order SWD-1636 R360 Permian Basin, LLC July 15, 2016 Page 3 of 3

NMAC.

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

The injection authority granted under this order is not transferable except upon division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The Division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two (2) years after the effective date of this order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

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

DAVID R. CATANACH

Director

DRC/mam

cc: Oil Conservation Division – Artesia District Office
Bureau of Land Management - Carlsbad
Administrative application – pMAM1616160351

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D. Deputy Cabinet Secretary David R. Catanach, Division Director Oil Conservation Division



Administrative Order SWD-1610 January 13, 2016

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Pursuant to the provisions of Division Rule 19.15.26.8B. NMAC, R360 Permian Basin, LLC (the "operator") seeks an administrative order to authorize the Gnome East SWD Well No. 1 located 220 feet from the North line and 305 feet from the West line, Unit D of Section 35, Township 23 South, Range 30 East, NMPM, Eddy County, New Mexico, for the commercial disposal of produced water.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rules 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objection was received within the required suspense period. The applicant has presented satisfactory evidence that all requirements prescribed in Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Rule 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, R360 Permian Basin, LLC (OGRID 289936), is hereby authorized to utilize its Gnome East SWD Well No. 1 (API 30-015-pending) located 220 feet from the North line and 305 feet from the West line, Unit D of Section 35, Township 23 South, Range 30 East, NMPM, Eddy County, for commercial disposal of oil field produced water (UIC Class II only) in the Devonian formation, through an open-hole interval from 15550 to 16550 feet. Injection will occur through internally-coated, 4½-inch or smaller tubing and a packer set within 100 feet of the open-hole injection interval.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the completion and construction of the well as proposed in the application, and as modified by this Order.

This permit is limited as advertised to only the Devonian aged rocks and to the depths listed above. It does not permit disposal into deeper formations including the Ellenburger formation (lower Ordovician) or lost circulation intervals directly on top and obviously connected to that formation.

Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information, to the Division's District geologist and Santa Fe Bureau Engineering office, showing evidence agreeable that only the permitted formation is open for disposal including a summary of depths (picks) for contacts of the formations which the Division shall use to amend this order for a final description of the depth for the injection interval.

Every casing string shall be cemented and circulated to the surface.

The operator shall run a CBL (or equivalent) across the 7-inch casing to surface to ensure good cement across the casing.

Within two years after commencing disposal, the operator shall conduct an injection survey, consisting of a temperature log or equivalent, over the entire injection interval using representative disposal rates. Copies of the survey results shall be provided to the Division's District II office and Santa Fe Engineering Bureau office.

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

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to no more than 3100 psi. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's District II office of the date and time of the installation of disposal equipment and of any MIT so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's District office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's District II

office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

The injection authority granted under this order is not transferable except upon Division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The Division may revoke this injection order after notice and hearing if the operator is in violation of Rule 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two (2) years after the effective date of this Order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Compliance with this Order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

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

DAVID R. CATANACH

Director

DRC/mam

cc: Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad
Application number - pMAM1536258742

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D. Deputy Cabinet Secretary David R. Catanach, Division Director
Oil Conservation Division



Administrative Order SWD-1602 December 1, 2015

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Pursuant to the provisions of Division Rule 19.15.26.8B. NMAC, R360 Permian Basin, LLC (the "operator") seeks an administrative order to authorize the Uber East SWD Well No. 1 located 2345 feet from the South line and 660 feet from the East line, Unit I of Section 24, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico, for the commercial disposal of produced water.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rules 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objection was received within the required suspense period. The applicant has presented satisfactory evidence that all requirements prescribed in Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Rule 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, R360 Permian Basin, LLC (OGRID 289936), is hereby authorized to utilize its Uber East SWD Well No. 1 (API 30-015-pending) located 2345 feet from the South line and 660 feet from the East line, Unit I of Section 24, Township 23 South, Range 31 East, NMPM, Eddy County, for commercial disposal of oil field produced water (UIC Class II only) in the Devonian formation, through an open-hole interval from 16390 to 17500 feet. Injection will occur through internally-coated, 4½-inch or smaller tubing and a packer set within 100 feet of the open-hole injection interval.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the completion and construction of the well as proposed in the application, and as modified by this Order.

This permit is limited as advertised to only the Devonian aged rocks and to the depths listed above. It does not permit disposal into deeper formations including the Ellenburger formation (lower Ordovician) or lost circulation intervals directly on top and obviously connected to that formation.

Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information, to the Division's District geologist and Santa Fe Bureau Engineering office, showing evidence agreeable that only the permitted formation is open for disposal including a summary of depths (picks) for contacts of the formations which the Division shall use to amend this order for a final description of the depth for the injection interval.

Every casing string shall be cemented and circulated to the surface.

The operator shall run a CBL (or equivalent) across the 7-inch casing to surface to ensure good cement across the casing.

Within two years after commencing disposal, the operator shall conduct an injection survey, consisting of a temperature log or equivalent, over the entire injection interval using representative disposal rates. Copies of the survey results shall be provided to the Division's District II office and Santa Fe Engineering Bureau office.

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

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to no more than 3278 psi. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's District II office of the date and time of the installation of disposal equipment and of any MIT so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's District office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's District II

office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

The injection authority granted under this order is not transferable except upon Division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The Division may revoke this injection order after notice and hearing if the operator is in violation of Rule 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two (2) years after the effective date of this Order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Compliance with this Order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

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

DAVID R. CATANACH

Director

DRC/mam

cc: Oil Conservation Division - Artesia
Bureau of Land Management - Carlsbad
Application number - pMAM1531035509

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D. Deputy Cabinet Secretary

David R. Catanach, Division Director
Oll Conservation Division



Administrative Order SWD-1600 November 20, 2015

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Pursuant to the provisions of Division Rule 19.15.26.8B. NMAC, R360 Permian Basin, LLC (the "operator") seeks an administrative order to authorize the Uber North SWD Well No. 1 located 516 feet from the North line and 2355 feet from the East line, Unit B of Section 15, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico, for the commercial disposal of produced water.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rules 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objection was received within the required suspense period. The applicant has presented satisfactory evidence that all requirements prescribed in Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Rule 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, R360 Permian Basin, LLC (OGRID 289936), is hereby authorized to utilize its Uber North SWD Well No. 1 (API 30-015-pending) located 516 feet from the North line and 2355 feet from the East line, Unit B of Section 15, Township 23 South, Range 31 East, NMPM, Eddy County, for commercial disposal of oil field produced water (UIC Class II only) in the Devonian formation, through an open-hole interval from 16500 to 17500 feet. Injection will occur through internally-coated, 4½-inch or smaller tubing and a packer set within 100 feet of the open-hole injection interval.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the completion and construction of the well as proposed in the application, and as modified by this Order.

This permit is limited as advertised to only the Devonian aged rocks and to the depths listed above. It does not permit disposal into deeper formations including the Ellenburger formation (lower Ordovician) or lost circulation intervals directly on top and obviously connected to that formation.

Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information, to the Division's District geologist and Santa Fe Bureau Engineering office, showing evidence agreeable that only the permitted formation is open for disposal including a summary of depths (picks) for contacts of the formations which the Division shall use to amend this order for a final description of the depth for the injection interval.

Every casing string shall be cemented and circulated to the surface.

The operator shall run a CBL (or equivalent) across the 7-inch casing to surface to ensure good cement across the casing.

Within two years after commencing disposal, the operator shall conduct an injection survey, consisting of a temperature log or equivalent, over the entire injection interval using representative disposal rates. Copies of the survey results shall be provided to the Division's District II office and Santa Fe Engineering Bureau office.

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

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to no more than 3300 psi. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's District II office of the date and time of the installation of disposal equipment and of any MIT so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's District office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's District II

office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

The injection authority granted under this order is not transferable except upon Division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The Division may revoke this injection order after notice and hearing if the operator is in violation of Rule 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two (2) years after the effective date of this Order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Compliance with this Order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

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

DAVID R. CATANACH

Director

DRC/mam

cc: Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad
Application number - pMAM1530638610

MESQUITE SWD INC. VACA DRAW # 1 SWD

February 24, 2017

EXHIBIT

3

JOB INFORMATION SHEET

	Company Infor	nation	
Company Name:	MESQUITE SWD INC.		•
	Well Information	tion	
Well Name:	VACA DRAW # 1 SWD		
Status:	SWD		
	Test Information	tion	
Type of Test:	Step Rate Test		
Gauge Depth:	17,552'		
Production Interval:	17,497'-TD		
Production Through:	5.5" Casing		
Tubing Pressure:	3410 psi		
Casing Pressure:	0 psi		
Shut In Time	6:05 PM		
Temperature @ Run Depth	253.88 degF		
Surface Temperature:	63.78 degF		
	Comment	3	

QES WIRELINE

MESQUITE SWD INC.

WELL INFORMATION SHEET

Well License:	CA DRAW # 1 SWD ESQUITE SWD INC.	Unique Well Identifier:	30-025-23895
Location: Formation: Purpose:		County: LEA State: NM Country:	
Total Depth: Packer Depth: Depth of whipstock: Depth at which casing is la Depth at which tubing is lar		ID Borehole: ID Production Casing: OD Production Tubing: ID Production Tubing: ID Drill Pipe:	6.5" 7.625" 5.5" 5" N/A

QES WIRELINE

Gradient Data Report For Pump Increase

MESQUITE SWD INC. VACA DRAW #1 SWD

Gradient Data Table

Rate B/M	Pressure psi	Temperature degF	Gradient psi/rate	
0.00	7675.91	252.89	0.0000	
5.00	8434.73	207.10	151.7652	
10.10	8596.74	154.21	31.7657	
15.10	8823.02	118.85	45.2555	
20.00	9030.56	105.56	42.3557	
25.00	9215.56	100.70	36.9998	
28.70	9350.98	98.82	36.5997	

QES WIRELINE

Gradient Data Report For Pump Decrease

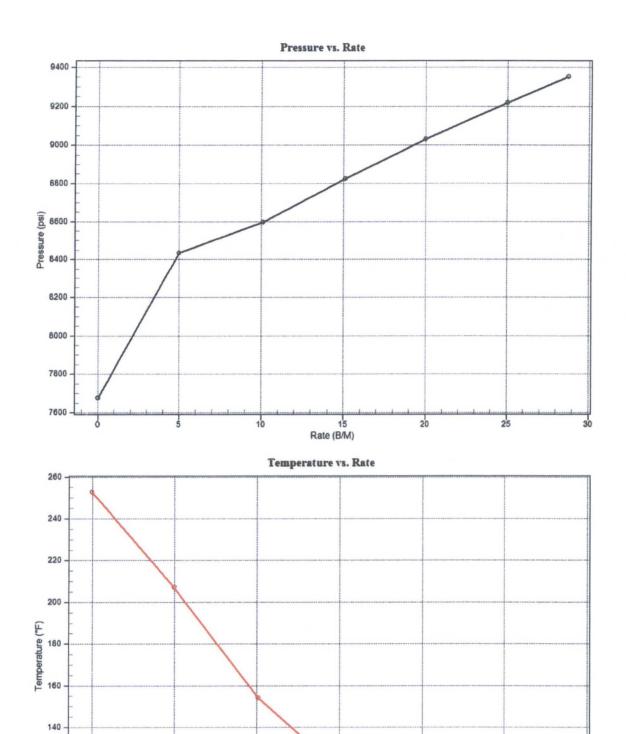
MESQUITE SWD INC. VACA DRAW # 1 SWD

Gradient Data Table

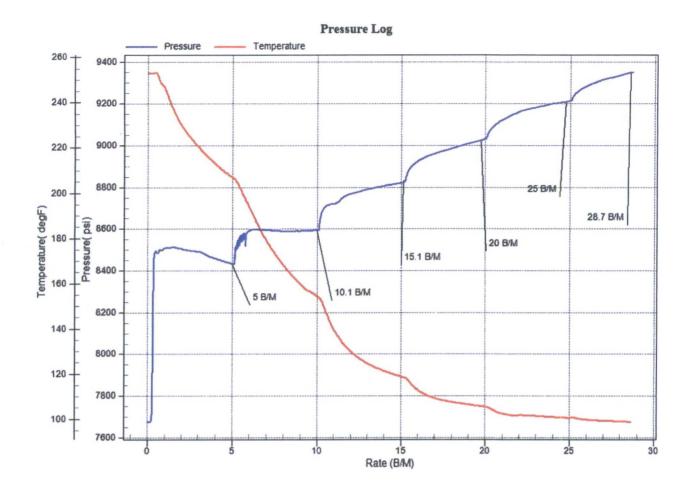
Rate B/M	Pressure psi	Temperature degF	Gradient psi/rate		
28.70	9350.98	98.82	0.0000		
25.20	9331.15	98.71	-5.6657		
20.00	9237.21	99.77	-18.0647		
15.00	9099.55	102.25	-27.5313		
10.00	8519.81	113.81	-115.9494		

QES WIRELINE

No step



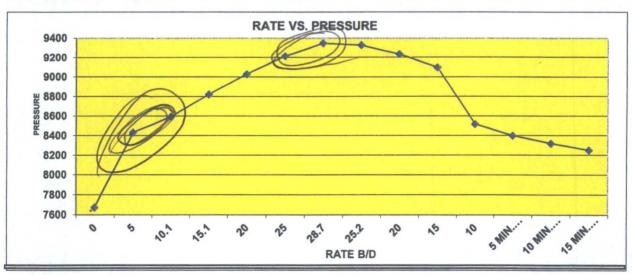
Rate (B/M)

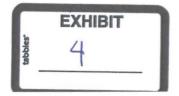




STEP RATE TEST

RATE B/M	Date	Time	BH PRESS	SURF. PRESS	Comments
0	2/24/2017	2:00 PM	7676	0 /	
- 5	2/24/2017	2:30 PM	8434	644 17	
10.1	2/24/2017	3:00 PM	8596	697	16
15.1	2/24/2017	3:30 PM	8823	1340	
_ 20	2/24/2017	4:00 PM	9030	2012	
25	2/24/2017	4:30 PM	9215	2755	
7 (1 28.7	2/24/2017	5:00 PM	9351	3410	
25.2	2/24/2017	5:15 PM	9331	2900	
20	2/24/2017	5:30 PM	9237	2208	
15	2/24/2017	5:45 PM	9099	1598	
10	2/24/2017	6:00 PM	8519	304	
5 MIN. FALLOFF	2/24/2017	6:10 PM	8402	177	
10 MIN. FALLOFF	2/24/2017	6:15 PM	8320	93	
15 MIN. FALLOFF	2/24/2017	6:20 PM	8252	32	
Company:	MESQUITE S	SWD		Recorded By:	T. STANCZAK
	VACA DRAW			Witnessed By:	
Field:				Truck Number:	803
County:	LEA			District:	LEVELLAND
State: NM		Tool Number:			
Injector: WATER		Test Type:	STEP RATE TESTS		
Tubing Size:	5.5"				
Seat Nipple Depth:					
Open Hole:			Transition of the		
Plug Back Depth					





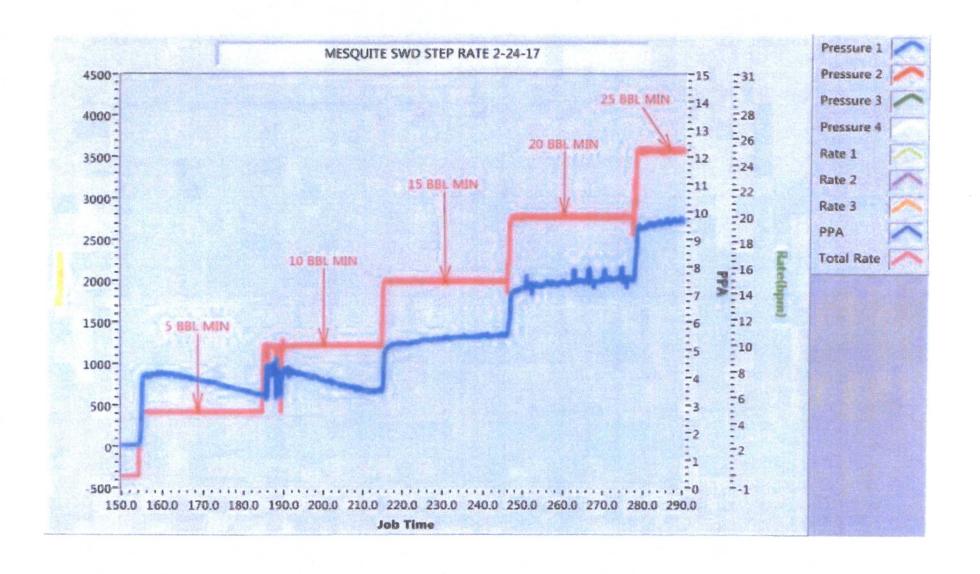


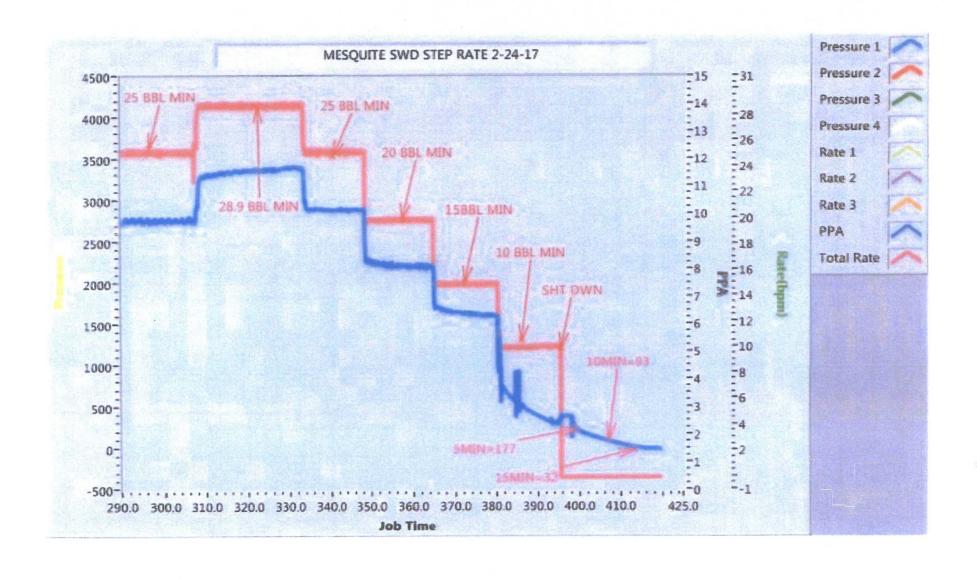
MESQUITE SWD INC. SWD STEP RATE 2/24/2017

Treatment Summary

Notice: Although the information contained in this report is based on sound engineering practices, the copyright owner(s) does (do) not accept any responsibility whatsoever, in negligence or otherwise, for any loss or damage arising from the possession or use of the report whether in terms of correctness, completeness or otherwise. The application, therefore, by the user of this report or any part thereof, is solely at the user's own risk.







								TREATME	NT REP	ORT	•			
(person		ME COM	FF 61440 III				Bandero Goden H.e.			Febr.	15ry 24. 2 of			
		MESQUI	TE SWD IN	Field			Continue PO No		Pingo:	1	Qr.	7		
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1 3070	Otento TX	Location			Mes Pressie. 65- 3,560	•	revision Transferret							
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Cashamar Ray			Fee Shouber											
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PB Barries Bu	purvisor		PO Paula Englan	•				Equip	ment on Lo	catten	(Unit Po	ambere):	
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		ANI (WILL)	Gradu	Тор	Detter	Capacities	-					<u> </u>		
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L					Treatment Sum	wnery Corn								

		TREATMENT REPORT		((Cont	tinued)
Орцияват	MESQUITE SWD INC.	Service Order No.: Purchase Order No :	Gato Page	Februa 2	ory 24, 2	2
SWD	Stango Q					
Market School of Street		Trantmord Summary				

					Trantn	end Summan		**********	NAME AND ADDRESS OF				
Time	Pressure	Rate 1 tipro	Rate 1 Stage	Plate 1 Tetal i	Rote 2 topm	Rate 2 Stage	Rato 2 Total	Rate 3 bpm	Rate	Rate 3 Teb	Tolar	Total Ro	Total / Comment
11 28 48 AM	173	2.3	101 6	6	1 8	217	0	178 8	623	0	23	1016	o CKPS
2 02 58 PM	41	2 8	43 1	432	2 \$	29 1	29 1	2	236	23 6	2	0.2	0.2 ON WATER
2 03 43 PM	678	2 8	452	45.3	1 5	30.6	30.7	Ď	25 4	26.5	5	3	3.1 CKP5
\$185500 994	963	13	40.7	41.5	23	953	984		10.5	- 17		8.5	9,6 9 881 5497
2 08:25 PM	900	28	58 3	59 9	2	40.3	40 4	6	49 7	49.8	5	26.9	28 4 CKPS
2 09 28 PM	884	2.0	61 1	69.0	2 1	424	42 4	5	54.8	54.8	8	38.4	31.4 CKPSI
2.15.21 PM	833	2 6	76.6	78 8	2	50 3	54.6	5	84.1	84.2	5	50.7	60.8 CKPSI
2:17:35 PM	821	2.6	82.6	82 5	3	58.8	59.8	5	85.2	95 3	5	71.8	71.8 CKPSI
2:21:44 PM	777	2 5	93	93.7	2	69 9	67	5	118	115.9	6	624	92 S CKPSI
2:25:22 PM	72	2.5	101 9	102	2	74	74	5	134	133.8	6	1104	TIES CKPSI
2 28 22 PM	686	2 4	109 1	1.901	2	79.8	79.8	5	149	148.8	5	125 3	125.4 CKPSI
2:31:08 PM	653	23	1155	1167	19	85.1	86.1	5	163	162.6	5	136 1	136.2 CKPSI
2.32 13 PM	639	23	118 2	1182	19	87.2	87.2	5	168	169	6	144 6	144.6 CKPSI
2:32:31 PM	644	2 4	118 9	9.69.6	9 @	87 7	e7 e	5	166	169.4	5	145	148 CKPSI
2:33:11 PM	64	23	128 6	120.6	1.9	88	89	49	173	172 8	49	149.3	146.4 CKPSI
2:33:26 PM	635	23	121.1	121.2	2.5	8.09	69.6	5	174	174.2	7.5	186	161.2 CKPSI
2.3.5.00 PA	40	2.9		3212	100	1.0	914		133	1765			155 is spinosario
2:35:25 PM	691	2.3	44	126 €	5 1	8 8	98.5	5	9.8	193 8	10	18.9	189.7 CKPSI
2:37:30 PM	750	2 3	8.3	130 5	5.1	19	108 7	5	19.8	184.2	10	38.8	190.2 CKPSI
2:38:51 PM	804	5 1	1.6	135.2	٥	21.4	1115	5	26 €	200 9	10	61.6	202 8 CHOPSI
2.39.31 PM	912	5 1	17 9	1 DE 8	0	214	199.9	5	29.9	284.2	10	66 1	209 5 CKPSI
2.41:07 PM	620	5 1	25.4	146 7	0	21.4	111 1	5	37.8	212.1	10	742	226.8 CKPSI
2:45:65 PM	859	5	49.0	171	0	21.4	1111	5	818	238	99	122 3	272.7 CKPSI
2:49:00 PM	795	5 1	85.5	166 7	0	21 4	244 3	5	76.9	251 3	101	153 3	304.7 CKPSI
2:53:41 PM	760	5 1	89.4	210.6	0	21 0	111.1	5	100	274.5	10 1	200 E	351.8 CKPSI
2.58:45 PM	671	5 1	115.8	236 6	٥	21.4	211 9	5	125	299.6	101	251 5	402 6 CKPSI
3:00:37 PM		5 1	124.0	248 9	٥	21.0	111.1	4 9	135	308.9	10 1	276 4	421 7 CKPSI
3:02:48 PM	681	5 1	136	267.2	0	21.4	899.4	5	145	3197	10 1	202.3	442.7 CKPSI
3:03.28 PM				200.Y	0	21.4	2111	5	148	323	10 1	266	455.4 CKPSI
3 04 10 PM				264.2	5 1	23.6	113.5			326.5	16	300.4	465 B CKPSI
3:64,18 PM				264.6	5 1	24.5	114.2			CONTRACTOR OF THE	15	310.4	491.0 CKPSI
D. A.A. DA FINA	400	E ALL STREET	8.5	200.0		-	758.6				地址	100	卵毛斑 (新藤) 300 0
3:11:01 PM				298.7	51	33 9	148.2		33 1				582 0 CKPSI
3:18:05 PM 3:17:44 PM				334 1	51		173.8		58 2			176.0	638.9 CKPSI
3:20:59 PM				232.4	61		182.2		68.3				683.7 CKPSI
3:24:17 PM				368.7	\$ 1		198.6		82 4				7125 CKPSI
3:27:43 FM				365.3	51		215 3		89.7				782.1 CKPSI
3 30 53 PM				392 5	5.7		232 7		116				8137 CKPSI
3 32 22 PM					51		248 7		131		15		991.3 CKPSI
3 33 50 PM				435 B	5 3		258.2				75		883 6 CKPSI
3.35.52 PM				413.7	51	149.4	263.7						905 6 CKPSI
7,72,75 770	1000		160 9	425 9	6.4	161 3	275.5		158		20.1	670.5	943.5 CKP\$1
3 37 16 PM				407.0			727.0	100	18/8		10		解料基础。
3 38 26 PM			113	497 9	€ 3	8.8	284 5				20	27.7	900.5 CKP5
3 36 56 1/M	1916	81	29	447.1	£ 2	16-4	292 1	5 6	14 3	497 7	59	517	992.5 CKPS

3 39 40 PM	1921	0 2	300 6	455 9	6.3	24 1	299.7	5 6 20 9	504 3 20	75 7 1017 CKF	S
3 41 42 PM	1946	82	47 3	4784	6.4	37	3127	5 8 32 1	5156 202	118.5 1957 CKF	\$
3 43 23 PM	1949	9 8	69	487 1	8.3	47.5	323 4	66 414	524 6 25	150.2 1001 CKF	5
3 45 57 FW	1992	BI 4	819	508	6.3	64 1	339.7	5 9 55 6	539 20	201.5 1142 CKP	IS
3 48 29 PM	1997	图 9	102 3	529 4	€ 3	83 1	355.8	5.5 69.5	552 9 28	261 8 1183 CKP	181
3 50 56 PM	1889	6 1	122 6	540 5	64	95.0	371 6	5 6 88 9	865 5 26	381.9 1242 CKF	ışı
3:54:47 PM	2139	8 9	155 F	ste e	63	120 3	366	56 184	587 8 20	376 4 1318 CKP	SI
3:55:55 PM	1988	6 1	163 1	585 2	6.4	127 7	403.3	55 111	596.1 20	401 0 1942 CMP	ISI
3:59:25 PM	1994	6 1	183 3	609 4	6.3	143.5	418 1	55 124	607.8 20	451 1 1382 CKP	18
4:01:12 PM	2021	8 3	235 9	632	63	181.2	436.6	5.5 140	623.2 109	565.8 1448 CKP	81
4:03:29 PM	2030	8 1	220 5	650 6	6.3	176.7	451.4	5.5 182	635 8 19 P	552 5 1493 CKP	SI
4 05:29 PM	2012	8 7	245.7	866 €	5.4	188 5	464 1	5.5 163	646 6 20	592 6 1533 CKP	SI
4 05 64 PM	2017	8.2	246 +	670 2	6 3	181 1	466 8	45 166	646 £ \$6	633.9 1542 CKF	P\$3
4 06 50 PM	2400	15 1	8.4	676 9	6.3	8.8	472 7	58 6	659 2 25 2	20.3 1562 CKF	\$3)
4.07.16 PM	2677	12.1	227	684 \$	5.4	8.6	475.5	6.9 8.9	058 f 25.2	31 2 1573 CKF	SI
0.05(19.6%)	2615	- 17	25.5	400	-43	\$43	-4017	67 (15.5	4004.5 - 25	- 相談事 - 指加井 中下省	幹納
4 14 62 PM	2707	12.1	69.3	765 7	6.4	517	518.5	6.8 54 4	709 8 25 2	201 4 1744 CKF	180
4 19:03 PM	2740	121	155 6	826.2	8.3	83.6	550.5	6.8 86.2	737 4 25.2	927.6 1670 CKF	S
4 20 06 PM	2774	12.1	166 6	833 0	6.9	90.3	557 1	68 953	746 4 25.2	354 1895 CKF	259
4.22 16 PM	2771	121	196	8655	6.3	104 3	571 1	66 110	769.2 28.2	409 4 1052 CKF	51
4 23 53 PM	2735	12	214 1	884.5	6.3	1144	581 2	67 121	762 9 26	449.2 1991 CKF	51
4 26 46 PM	2777	45 6	248.6	819.5	8.4	132 7	599.6	6.7 140	7803 252	5217 2064 CKF	251
4-27-52 PM	2778	12.1	202.2	632 6	6.3	159.7	606 6	68 149	786 7 28.2	548.4 2082 CKF	SI
4.29.55 PM	2790	17	296.9	957.5	€ 4	152.8	619.8	66 161	810 4 25 1	601 2143 CKF	\$31
4.32.57 PM	2800	12	323 5	662 6	6.4	172.1	636.9	67 192	830 6 25.1	677.5 2219 CKF	251
4:33:50 PM	2757	12	3134 2	1004.6	6.4	177 7	544.6	6.6 188	8368 261	699.5 2242 CKF	18
4:35:10 FM	2755	11.9	550.3	10207	6.3	185.2	653	67 197	845.8 26	733 2275 CKF	SI
4:35:47 FM	2750	12 1	357 7	1029 1	4	193	655 B	68 201	949 9 22 6	748 5 2291 CKF	129
4:35:49 PM	2745	121	357.9	1028 3	4.5	190.1	858.9	6.7 201	820 533	748.8 2291 CKF	51
4:35:49 PM	2738	121	٥	1028 5	52	۵	857	6.8 0	850 1 24 1	0 2291 CKF	151
4 37 08 PM	3250	12.5	156	10001	71	91	666.1	83 104	860.6 ZB.6	35 2326 CKF	SI
4 37 24 PM	3291	12.4	103	1067.8	71	11.2	858 2	9.3 13.2	953 5 28 6	43 7 2335 CKF	PSI
4:37:46 PM	3285	12.4	23.6	1052 4	7.1	13.8	678.9	93 166	8868 288	56.2 2349 CKF	
4 38 03 PM 4 38 43 PM	3290	12.6	27 S	1055.9	71	15.8	672.9	53 192	859.4 28 6	62 4 2354 CKF	
4:30:22 PM	3331	12.3	43.7	1072.2	7 1	20 6	677.6	93 254	8756 288	81.6 2379 CKF	
44213000	9991	12 A	1000	10722	-	25.2	682.2	9.3 31.4	MIN 287	100.5 2382 CKF	50
4 42 58 PM	3351	123	86.3	1116 9	7.1	50.8	707.8	93 64 9	915 287	203 9 2495 CKF	MPri
4 44 17 990	3351	12.6	104 €	1133 1	7.1	60 1	717.2	9.3 77 1	9273 289	241 8 2533 CKF	
4 48 24 PM	3364	124	130 €	11503	7 1	70.2	732.2	63 308	948 9 28.7	302 7 2504 CKF	
4.46.05 PM	3367	120	909 €	1180.2	7 1	87 1	744.2	99 112	9626 288	351 1 2643 CKF	
4 49 30 PM	3377	12.6	1733	1201 8	7.1	99.5	756.6	6 3 129	076.5 28.0	401 5 2680 CKF	
4 51 49 PM	3377	126	167.0	1228 4	7.2	1136	770.7	9 3 147	997.2 28.9	4586 2750 CKF	
4 59 22 PM	3381	125	297 9	1245 6	7.1	124 7	781 7	93 161	1011E 28.8	500 2 2795 CKF	
4.55.00 PM	3379	123	227 3	1265 6	71	136.3	793 3	8.5 177	1026 6 287	550 2 2842 CKF	
4:56.4C PM	3399	125	250	1266.6	71	146.1	805.2	83 192	1042.7 200	686 1 2890 CKP	
4:69:32 PM	3395	924	281 1	1309 6	7 1	161.4	818.4	9 2 200	1056.6 287	651 5 2943 CKP	
5 00 15 PM	3410	123	302 4	1330 6	7.1	173 6	630.6	9 3 225	1076 6 287	7013 2993 CKP	
5 01:46 PM	3462	125	221.2	1245 7	7.1	184 3	8414	93 230	1089 € 287	744 9 3038 CKP	
5 01 57 PM	3382	123	122.0	13510	5.1	185 6	842.6	93 241	1091.3 26.7	750 1 3042 CKF	
5.01:66 PM	3380	72.5	2236	13522	44	165.7	842.7	8.4 249	10014 29.5	750.0 S042 CKF	
5.02:29 PM	2968	159	6.2	1240 C	6.3	3.7	645.9	63 38	1005.1 25	12 9 3088 CKF	
3.00 38.76	9501	125		12047	*1		A Section 1	68 68	1000 151	THE MINISTER	de file

5 08 39 PM	2935	12.3	82 6	1435		63	42.4	995.2	64	43 1	11346	25.1	168 1	3210 CKPS
5 10 15 PM	2865	12.4	102.4	1454 8		6.3	52.6	895 3	64	53 4	1144.0	25.2	208 4	3251 CKPS
5 11 54 PM	2557	152	155 8	1475 3		6.3	63 1	905 8	0.4	64	1155 5	25 1	249 9	3292 CKPS
5 13 54 PM	2833	12.6	1477	1500		6.4	758	918.6	€.4	76.8	1168.3	25.2	300.3	3343 CKPSI
5.15.40 PW	2888	124	16⊚ €	1521 9		6 4	87	929 8	€ 4	88 1	11797	25 2	344.8	3387 CKPSI
5 16 40 PM	2900	12.4	162	1536.3		8.3	93.4	998.2	64	96.6	1186 1	25.2	369.9	3412 CKPSI
5 17 18 PM	2289	8.4	188 4	1540 7		64	97.4	560 2	48	983	11908	19.6	384 1	3428 CKP5I
5 17:43 PW	2258	6.5	3.4	1544 2		6.4	2.5	942 9	52	2	1191.9	20	7.0	3435 CKPSI
6/1/2/2016	1200	8.9	5.7	97663		god.	100	3663	-53	63	1000	1980	學論道	SAME SOME KAN
5:22:46 PM	2236	66	49	1586 9		64	34.7	976	5.2	27 5	1217.8	20 1	108.E	3535 CKPSI
5:25:10 PM	2214	84	66.2	1607 1		64	50	990.3	5.2	40 3	1230.2	20	156.5	3583 CKPSI
5 29 36 PM	2226	84	103.6	1644.5		6.4	78.2	1016.6	5.2	63 ?	1262.8	20	244 9	3672 CKPSI
5.31.42 PM	2201	8.5	121.4	1662.2		6.3	81.6	1031 6	5.2	73.8	1263 7	33	286.6	3714 CKPS)
6.32.37 PM	2206	8.5	125.1	1670		6.3	67 4	1037 7	\$ 2	786	1268 4	20	305.1	3732 CKPS
5.33.32 PM	2140	0.6	136.6	1677 7		6.4	103 2	1043 6	8	825	12723	16.8	3226	3749 CKPS
5 33 46 PM	1749	8 5	138 €	16797		8.4	104 7	1965 1	£	825	12723	14.9	326	3753 CKPS
5.34.06 PM	1794	8.5	27	1082 5		8.4	2	1067.2	8	0	12723	16	47	3758 CKPS
5 35 25 PM	1699	86	14	1693.8		6.3	10 4	1055.6	6	0	1272 3	169	24 4	3777 CKPS
5:36:05 PM	1683	8.5	10.9	1699.7		6.4	14.8	1059.9	6	0	12723	15	34.6	3769 CKPSI
5000794	3550	300	403	8727.7		4.0	- 35	4090.0			12723	189	100.0	海线 班利托州
5 41 01 PM	1628	67	62 1	1741.9		6.3	46 1	1001 2	e	0	12723	15	108.2	3861 CKPSI
5:42:51 PM	1610	€.€	77.9	1757 7		€ 4	57.7	9102.6	0	0	1272.3	15	135.6	3899 CKPSI
5.43.47 PM	1617	8 8	85.9	1785.7		6.3	63.7	1109 8	6	0	72723	14.6	149.6	3903 CKPSI
5.47:19 PM	1639	€ €	116.2	1799.1		63	85.2	11313	6	0	12723	146	2024	3955 CKPSI
5 48 30 PM	1599	8.6	126.4	1806 2		64	93 7	1138 0	0	0	12723	15	220 1	3873 CKPSI
5 40:04 FM	837	6.3	130.5	1816.3		51	97.2	1142.4	0	0	1272.3	11.4	227 8	3981 CKPSI
5:49:30 PM	958	4.6	2.4	1812.8		51	2 1	1144.E	0	8	1272.3	10	4.5	3885 CKPSI
5:50:21 PM	710	48	5.6	1817		51	5.5	1148.9	0	0	1272.3	10	13	3994 CKPSI
1900000000	400	4.9	73	-3888		33	3.5	\$100g		一种	- 克尔尔克斯	5-80		1006-30 800-300
5 53 25 FM	474	46	21.6	1832		5.1	22.1	1184 6	0	0	1272 3	10	43.7	4825 CKPSI
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5:55:24 PM	452	48	36.1	1846 6		51	37.4	1176 B	0	0	12723	10	73.5	4854 CKPSI
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6:00:16 PM	347	8	55 2	1888 6		5.1	57.2	1100 6	0	C	1272.3	101	1124	4093 CKPSI
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STATE OF NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES OIL CONSERVATION DIVISION

APPLICATION OF MESQUITE SWD, INC. TO AMEND APPROVALS FOR SALT WATER DISPOSAL WELLS IN LEA AND EDDY COUNTIES.

CASE NO. 15654

STATE OF NEW MEXICO)	

) ss. COUNTY OF BERNALILLO)

Jennifer L. Bradfute, attorney in fact and authorized representative of Mesquite SWD, Inc., the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application was provided under the notice letter and proof of receipt attached hereto.

<u>AFFIDAVIT</u>

SUBSCRIBED AND SWORN to before me this 29th day of March 2017 by Jennifer L. Bradfute.

Notary Public

My commission expires:

EXHIBIT

4



March 7, 2017

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

Jennifer L. Bradfute 505.848.1845 Fax: 505.848.1882 jlb@modrall.com

Re: In The Matter of the Application of Mesquite SWD, Inc. to amend approvals for salt water disposal wells in Lea and Eddy Counties.

Case No. 15654

TO: Affected Parties,

This letter is to advise you that Mesquite SWD, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division seeking to amend the size of tubing approved by the Division for certain Salt Water Disposal Wells which have previously been approved by administrative order, which are scheduled to be drilled. The wells and related administrative orders are as follows:

NMOCD Order Number	Order Date	Well Name	Legal Description
SWD-		San Dunes	Unit K, Sec. 8, T24S-R31E, Eddy County,
1667	2/23/2017	SWD #2	N.M.
SWD-		Scott B	Unit N, Sec. 23, T24S-R28E, Eddy
1642	8/5/2016	SWD #1	County, N.M.
SWD-		VL SWD	Unit I, Sec. 14, T24S-R28E, Eddy County,
1638	7/26/2016	#1	N.M.
SWD-		Station	Unit F, Sec. 7, T24S-R32E, Lea County,
1558	6/26/2015	SWD #1	N.M.
SWD-		Cypress	Unit L, Sec. 34, T23S, R29E, Eddy
1636	7/15/2016	SWD #1	County, N.M.
SWD-		Gnome East	Unit D, Sec. 35, T23S, R30E, Eddy
1610	1/13/2016	SWD #1	County, N.M.
SWD-		Uber East	Unit I, Sec. 24, T23S, R31E, Eddy County,
1602	12/1/2015	SWD #1	N.M.
SWD-		Uber North	Unit B, Sec. 15, T23S, R31E, Eddy
1600	11/20/2015	SWD #1	County, N.M.

Modrati Sperling Roehl Harris & Sisk P.A.

Bank of America Centre 500 Fourth Street NW Suite 1000 Albuquerque, New Mexico 87102

PO Box 2168 Albuquerque, New Mexico 87103-2168

Tel: 505.848.1800 www.modrail.com

All of the above-listed wells will be drilled for injection into the Devonian Formation, and the only change sought is concerning the size of tubing allowed by the Division. This application has been set for hearing before a Division Examiner at 8:15 a.m. on March 30, 2017. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Office located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. As a party who may be affected by this application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

Pursuant to Division Rule 19.15.4.13.B, you are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division not later than 5:00 PM on Thursday, March 23, 2017, with a copy delivered to the undersigned.

Sincerely,

lennifer L. Bradfute

Attorney for Mesquite SWD, Inc.

Sand Dunes SWD #2

Chevron USA Attn: Permitting Team 6301 Deauville Blvd. Midland, TX 79706

Oxy Oil Gas Corporation 5 Greenway Plz. Suite 110 Houston, TX 77046

Devon Energy Corp. 333 W. Sheridan Ave. Oklahoma City, OK 73102

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

Scott B SWD #1

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

Valley Land, LLC P.O. Box 597 Loving, NM 88256

Black Mountain Exploration 500 Main St, Suite 1200 Fort Worth, TX 76102

Devon Energy 333 W. Sheridan Ave. Oklahoma City, OK 73102-5015

OXY USA, Inc. P.O. Box 4294 Houston, TX 77210 Yates Petroleum Corp, et al 105 S. 4th St. Artesia, NM 88201

EOG Resources, Inc. P.O. Box 2267 Midland, TX 79702

VL SWD #1

Trustees of the Conquistador Council, Boy Scouts of America, Trust Fund 2603 N. Aspen Ave. Roswell, NM 88201

Devon Energy 333 W. Sheridan Ave. Oklahoma City, OK 73102-5015

Matador Production Company One Lincoln Centre 5400 LBJ Freeway, Ste. 1500 Dallas, TX 75240

OXY USA, Inc. P.O. Box 4294 Houston, TX 77210

Station SWD #1

Bureau of Land Management 620 E. Green St. Carlsbad, NM 88220

Mark McCloy P.O. Box 1076 Jal, NM 88252 Devon Energy 333 W. Sheridan Ave. Oklahoma City, OK 73102-5015

OXY USA, Inc. P.O. Box 4294 Houston, TX 77210

COG Operating, LLC One Concho Center 600 W. Illinois Ave. Midland, TX 79701

Cypress SWD

Yates Petroleum Corp. 105 South 4th Street Artesia, NM 88210-2122

ABO Petroleum Corp. P.O. Box 900 Artesia, NM 88211

Myco Industries, Inc. P.O. Box 840 Artesia, NM 88211

Bureau of Land Management 620 East Greene Street Carlsbad, NM 88220-6292

EOG Resources, Inc. P.O. Box 2267 Midland, TX 79702

OXY USA, Inc. P.O. Box 4294 Houston, TX 77210

Exxon Mobil Oil Corporation

P.O. Box 4358 Houston, TX 77210-4358

Gnome East SWD Well #1

Aquila Energy Resources 10370 Richmond Ave. Ste. 510 Houston, TX 77042-2551

Bureau of Land Management Carlsbad Field Office 620 East Greene Street Carlsbad, NM 88220-6292

Collins & Ware 503 West Wall St., Suite 1200 Midland, TX 79701-5076

Concho Oil & Gas, LLC One Concho Center 600 West Illinois Avenue Midland, TX 79701-4882

Conoco Phillips Co. 3401 E. 30th Street Farmington, NM 87402

Devon Energy 333 W. Sheridan Ave. Oklahoma City, OK 73102-5015

Exxon Mobil Oil P.O. Box 4358 Houston, TX 77210-4358

Khody Land & Minerals Company 210 Park Ave., Ste. 900 Oklahoma City, OK 73102-5643

OXY USA, Inc.

P.O. Box 4294 Houston, TX 77210

PXP Production Co., LLC 700 Milam Street, Suite 3100 Houston, TX 77002-2764

Uber East SWD Well #1

Bureau of Land Management 620 East Greene Street Carlsbad, NM 88220

Marathon Oil Corporation 5555 San Felipe Street Houston, TX 77056-2799

Mobil Producing Texas & New Mexico 12450 Greenspoint Drive Houston, TX 77060-1905

Abo Petroleum Corp. P.O. Box 900 Artesia, NM 88211

Devon Energy 333 W. Sheridan Ave. Oklahoma City, OK 73102-5015

Yates Petroleum Corp. 105 South 4th Street Artesia, NM 88210-2122

Myco Industries, Inc. P.O. Box 840 Artesia, NM 88211

EOG Resources, Inc. P.O. Box 2267 Midland, TX 79702 OXY USA, Inc. P.O. Box 4294 Houston, TX 77210

XTO Energy, Inc. 9193 S. Jamaica St. P.O. Box 6501 Englewood, CO 80155

<u>Uber North SWD Well #1</u>

Abo Petroleum Corporation P.O. Box 900 Artesia, NM 88211

Bureau of Land Management 620 East Greene Street Carlsbad, NM 88220

Devon Energy 333 W. Sheridan Ave. Oklahoma City, OK 73102-5015

Marathon Oil Corporation 5555 San Felipe Street Houston, TX 77056-2723

Mobil Producing Texas and New Mexico 12450 Greenspoint Drive Houston, TX 77060

Myco Industries, Inc. P.O. Box 840 Artesia, NM 88211

OXY USA, Inc. P.O. Box 4294 Houston, TX 77210 Yates Petroleum Corp. 105 South 4th Street Artesia, NM 88210

EOG Resources, Inc. P.O. Box 2267 Midland, TX 79702

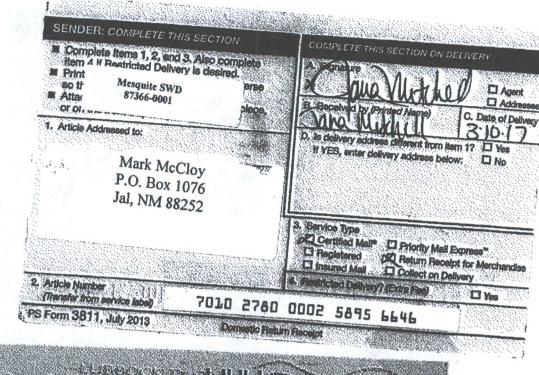
MESQUITE SWD, INC. APPLICATION NOTICE CASE NO. 15654 MAILED: MARCH 7, 2017

Panties	Contilled Return No.
Chevron USA	7015-1520-0002-9719-9019
Attn: Permitting Team	03/13/17
6301 Deauville Blvd.	
Midland, TX 79706	
Oxy Oil Gas Corporation	7015-1520-0002-9719-9026
5 Greenway Plz. Suite 110	03/20/17
Houston, TX 77046	
Devon Energy Corp.	7015-1520-0002-9719-9040
333 W. Sheridan Ave.	03/13/17
Oklahoma City, OK 73102	
Bureau of Land Management	7015-1520-0002-9719-9064
620 E. Greene Street	03/13/17
Carlsbad, NM 88220	
Valley Land, LLC	7015-1520-0002-9719-9071
P.O. Box 597	03/16/17
Loving, NM 88256	
Black Mountain Exploration	7015-1520-0002-9719-9057
500 Main St, Suite 1200	03/13/17
Fort Worth, TX 76102	
OXY USA, Inc.	7015-1520-0002-9719-9033
P.O. Box 4294	03/20/17
Houston, TX 77210	
Yates Petroleum Corp, et al	7015-1520-0002-9719-9088
105 S. 4 th St.	03/17/17
Artesia, NM 88201	
EOG Resources, Inc.	7015-2780-0002-5895-6677
P.O. Box 2267	03/24/17
Midland, TX 79702	
Trustees of the Conquistador Council,	7015-2780-0002-5895-6660
Boy Scouts of America, Trust Fund	03/13/17
2603 N. Aspen Ave.	
Roswell, NM 88201	
Matador Production Company	7015-2780-0002-5895-6653
One Lincoln Centre	03/13/17
5400 LBJ Freeway, Ste. 1500	
Dallas, TX 75240	
Mark McCloy	7015-2780-0002-5895-6646
P.O. Box 1076	03/13/17
Jal, NM 88252	

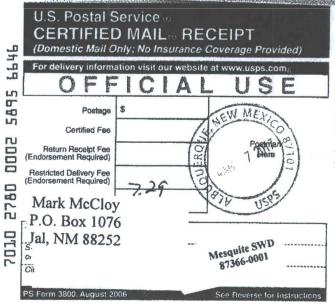
MESQUITE SWD, INC. APPLICATION NOTICE CASE NO. 15654 MAILED: MARCH 7, 2017

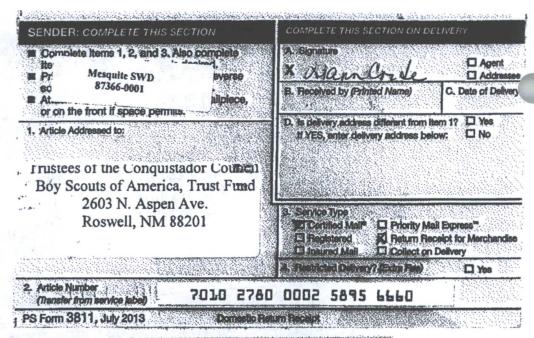
COG Onomina LLC	7015-2780-0002-5895-6639
COG Operating, LLC One Concho Center	03/16/17
600 W. Illinois Ave.	03/10/17
1	
Midland, TX 79701	7015 2780 0002 5805 ((22
ABO Petroleum Corp.	7015-2780-0002-5895-6622
P.O. Box 900	03/13/17
Artesia, NM 88211	F015 0500 0000 5005 6615
Myco Industries, Inc.	7015-2780-0002-5895-6615
P.O. Box 840	03/13/17
Artesia, NM 88211	
Exxon Mobil Oil Corporation	7015-2780-0002-5895-6608
P.O. Box 4358	03/17/17
Houston, TX 77210-4358	
Aquila Energy Resources	7010-2780-0002-5895-6592
10370 Richmond Ave. Ste. 510	Return to Sender - Unable to Forward
Houston, TX 77042-2551	03/21/17
Collins & Ware	7010-2780-0002-5895-6585
503 West Wall St., Suite 1200	03/13/17
Midland, TX 79701-5076	1
Concho Oil & Gas, LLC	7010-2780-0002-5895-6578
One Concho Center	03/13/17
600 West Illinois Avenue	
Midland, TX 79701-4882	
Conoco Phillips Co.	7010-2780-0002-5895-6561
3401 E. 30 th Street	03/15/17
Farmington, NM 87402	
Khody Land & Minerals Company	7010-2780-0002-5895-6554
210 Park Ave., Ste. 900	03/14/17
Oklahoma City, OK 73102-5643	33.3 4,2.
PXP Production Co., LLC	7010-2780-0002-5895-6547
700 Milam Street, Suite 3100	03/17/17
Houston, TX 77002-2764	
Marathon Oil Corporation	7010-2780-0002-5895-6530
5555 San Felipe Street	03/16/17
Houston, TX 77056-2799	33.10.1.
Mobil Producing Texas & New Mexico	7010-2780-0002-5895-6523
12450 Greenspoint Drive	, 010 2100 0002 0003 0025
Houston, TX 77060-1905	
XTO Energy, Inc.	7010-2780-0002-5895-6516
9193 S. Jamaica St.	03/14/17
P.O. Box 6501	03/14/1/
Englewood, CO 80155	

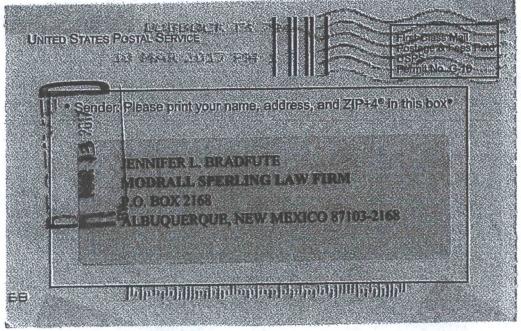
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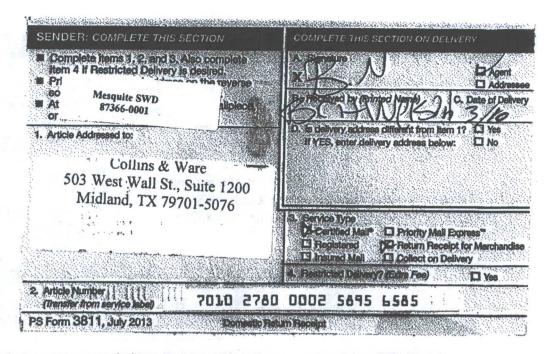


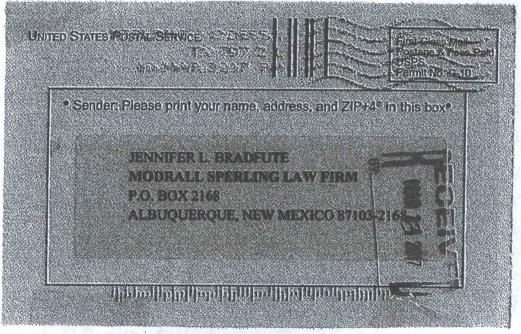




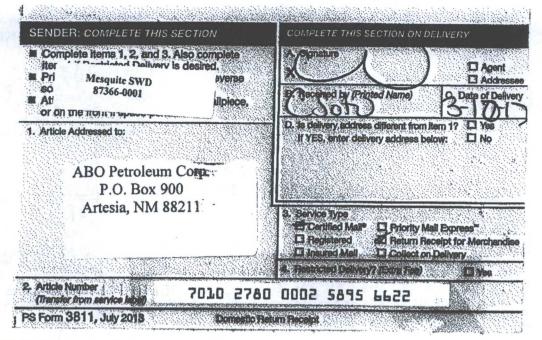


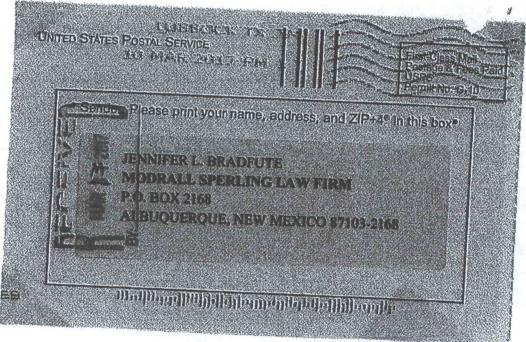


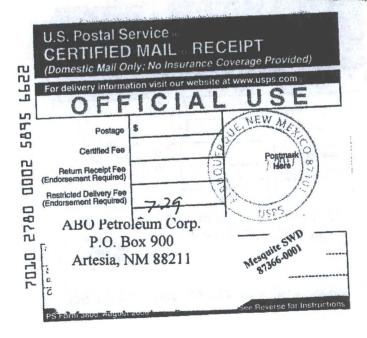


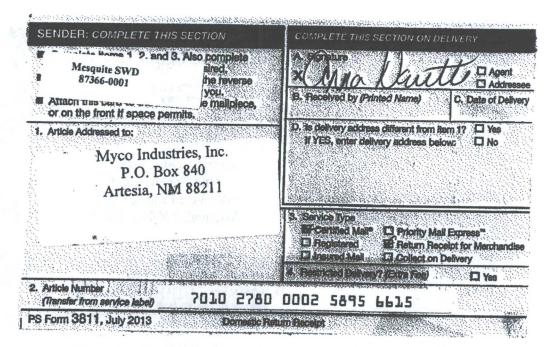


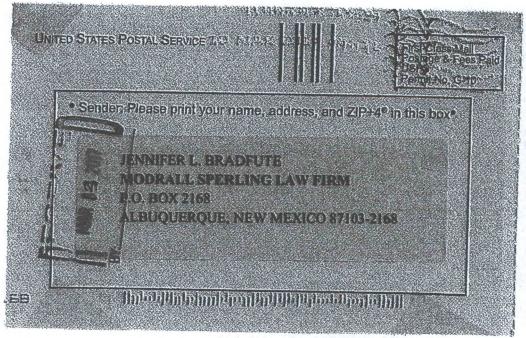




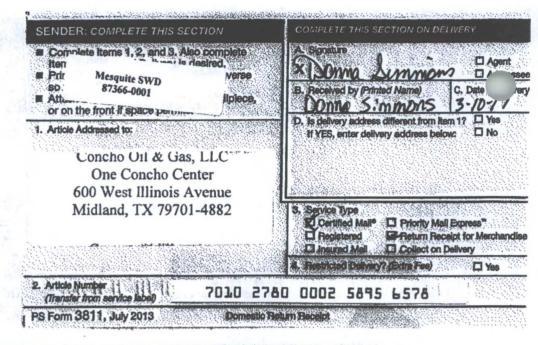


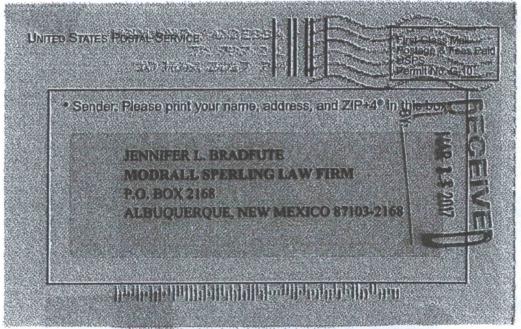




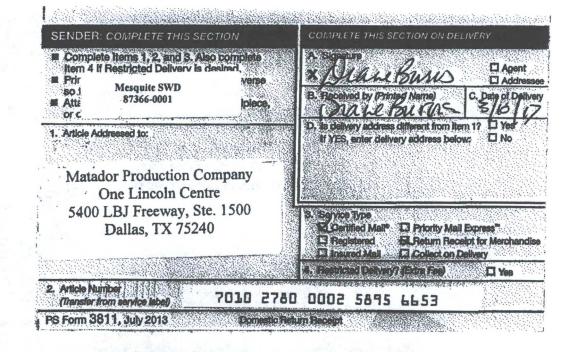


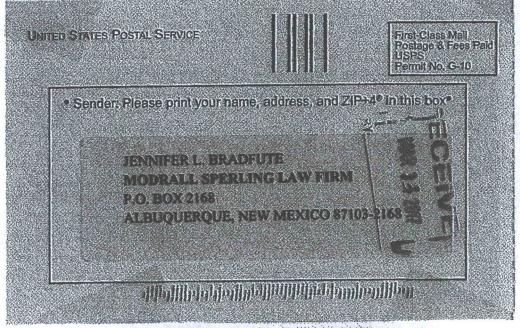


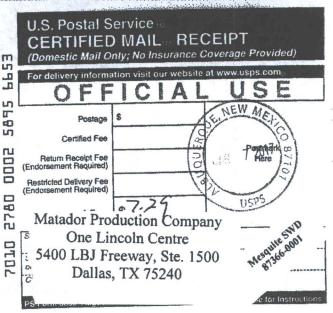


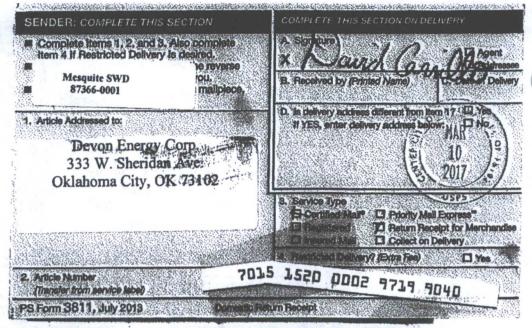


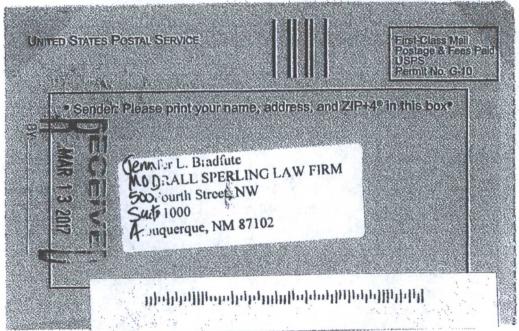




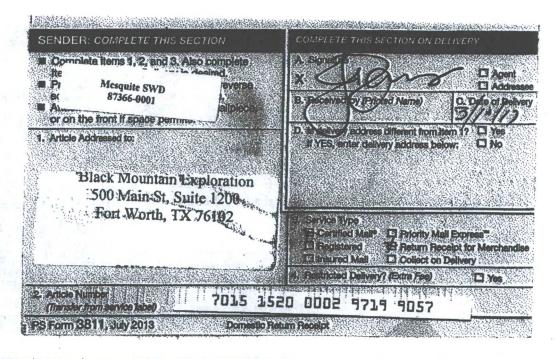


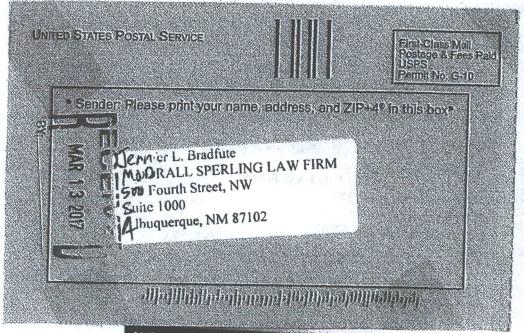




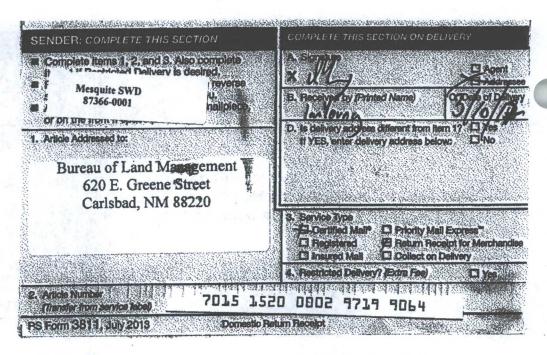


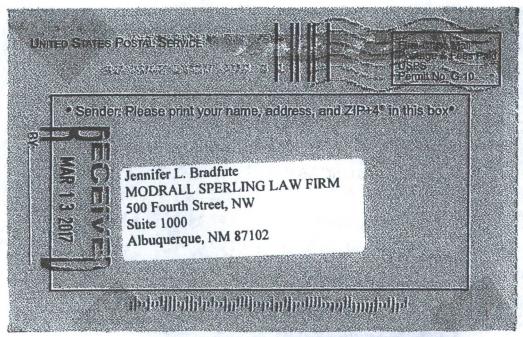




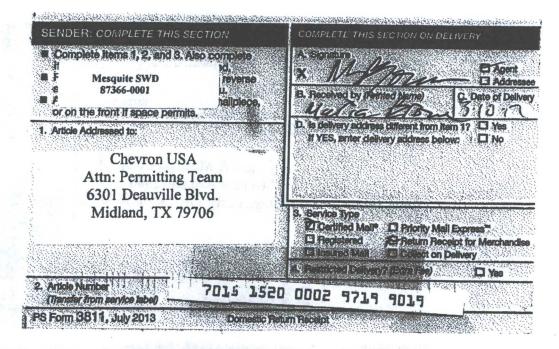


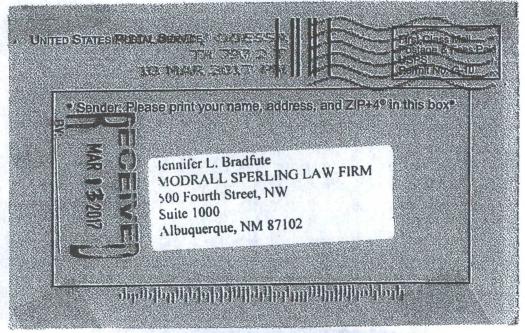




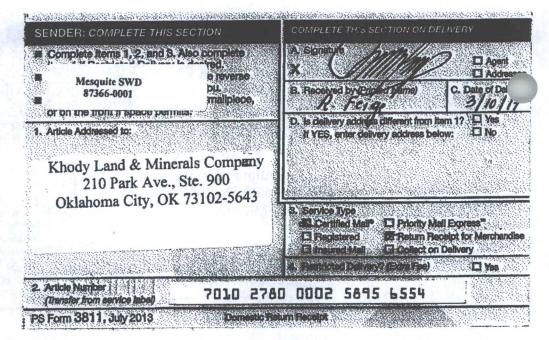


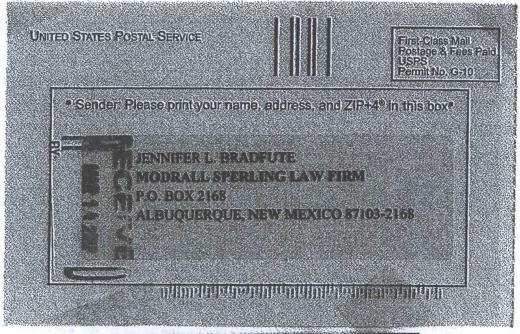




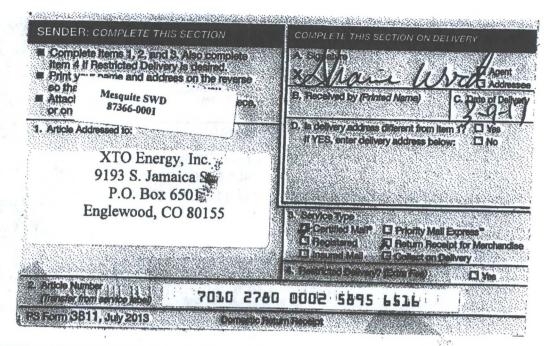


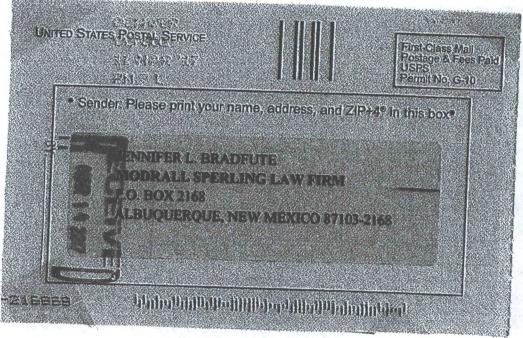


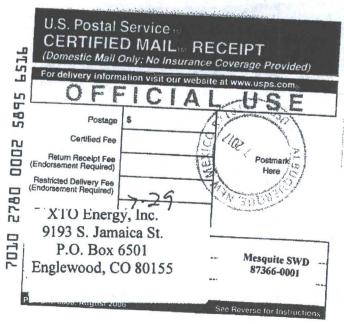


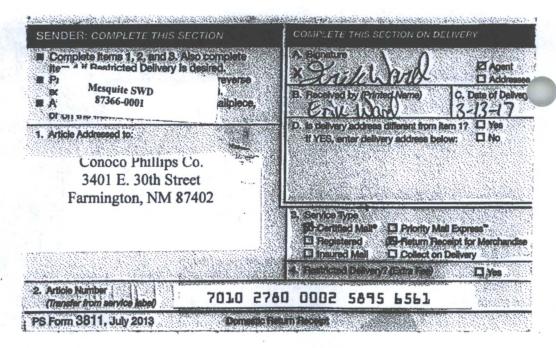


H5	U.S. Postal Service 103 CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)									
7010 2780 0002 5895 655 4	Postage \$ Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Khody Land & Minerals Company 210 Park Ave., Ste. 900 Oklahoma City, OK 73102-5643									
75	Mesquite SWD 87366-0001 PS Form 3800, August 2006 PS Form 3800, August 2006									



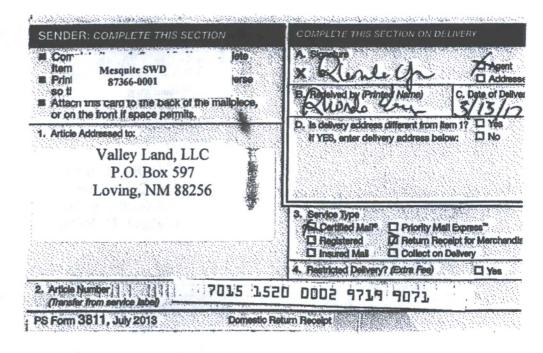


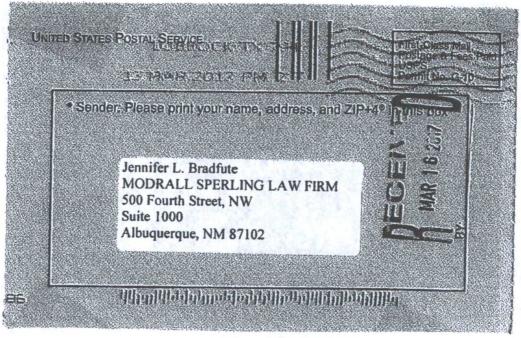




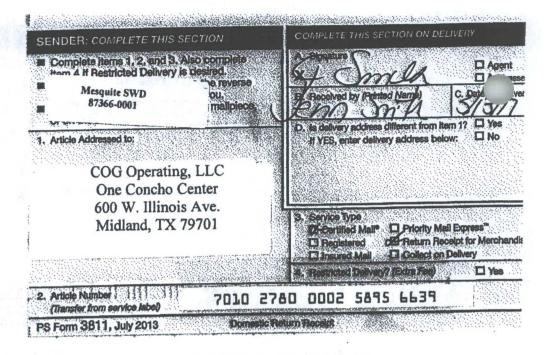


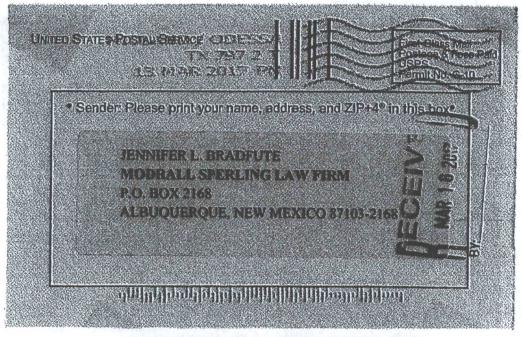


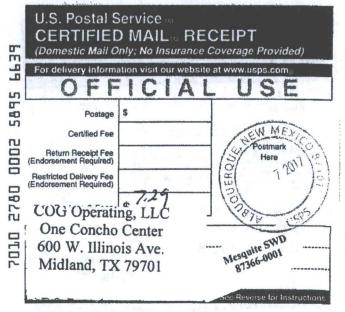


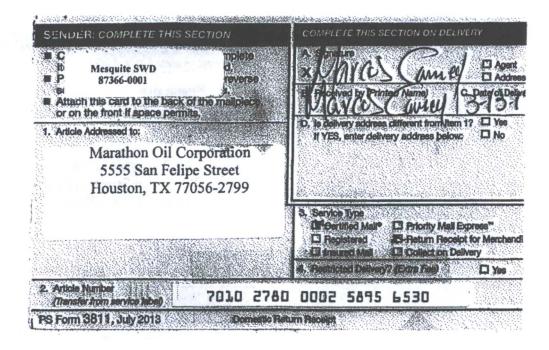


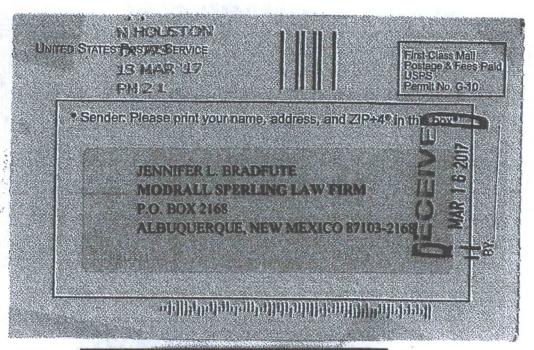




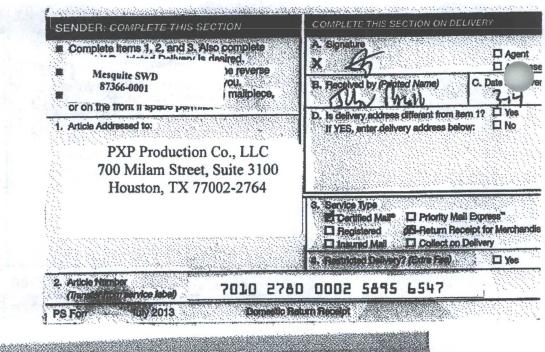


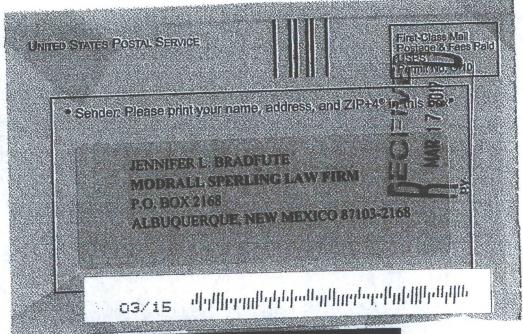


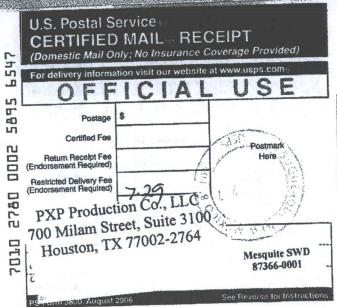


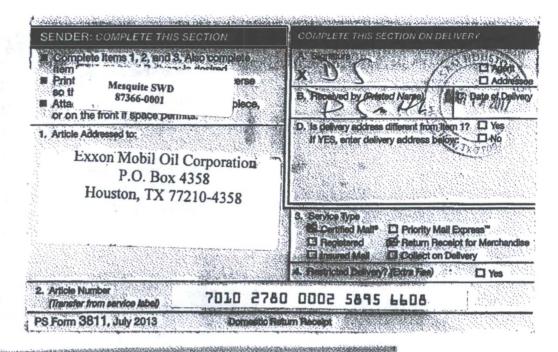


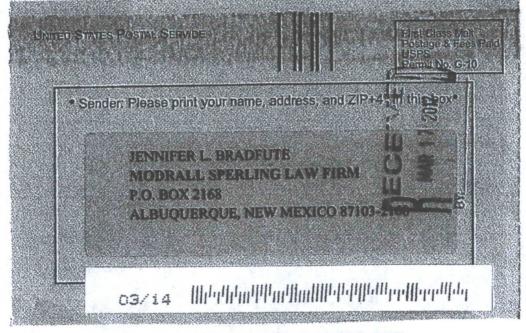




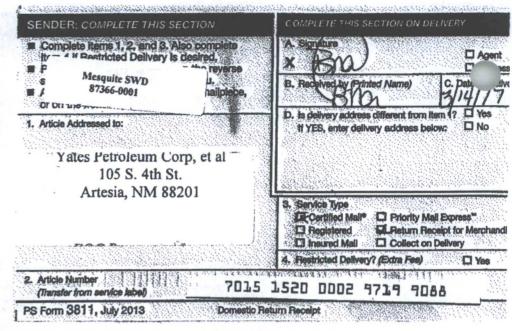


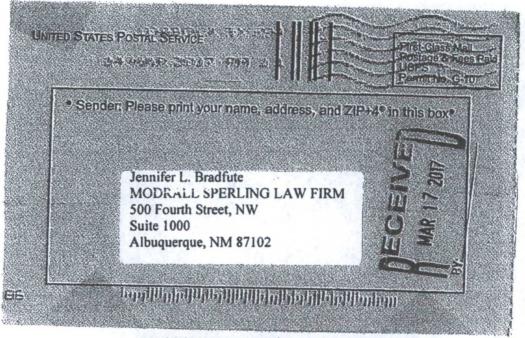




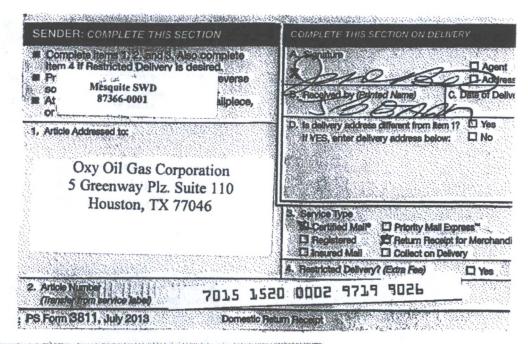


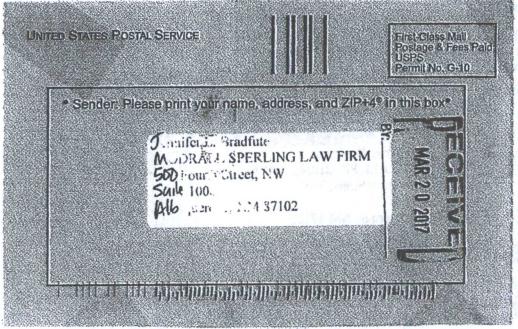




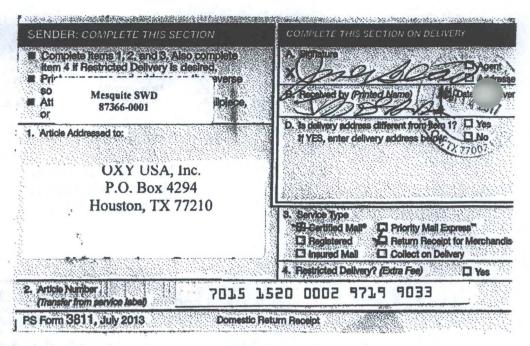


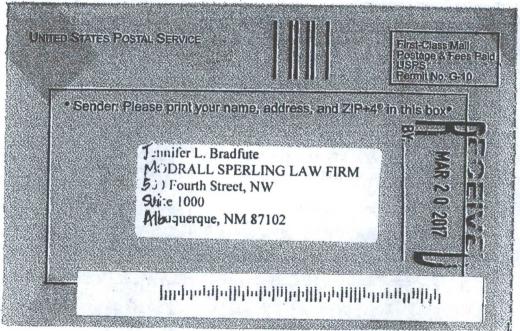














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RECEIPT ance Coverage Provided) ebsite at www.usps.com;	5	Modrali Sperling Roehl Harris & Sisk, P.A.	NIXIE 773 DE RETURN TO NOT DELIVERABLE TO UNABLE TO
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U.S. Postal Service **CERTIFIED MAIL**

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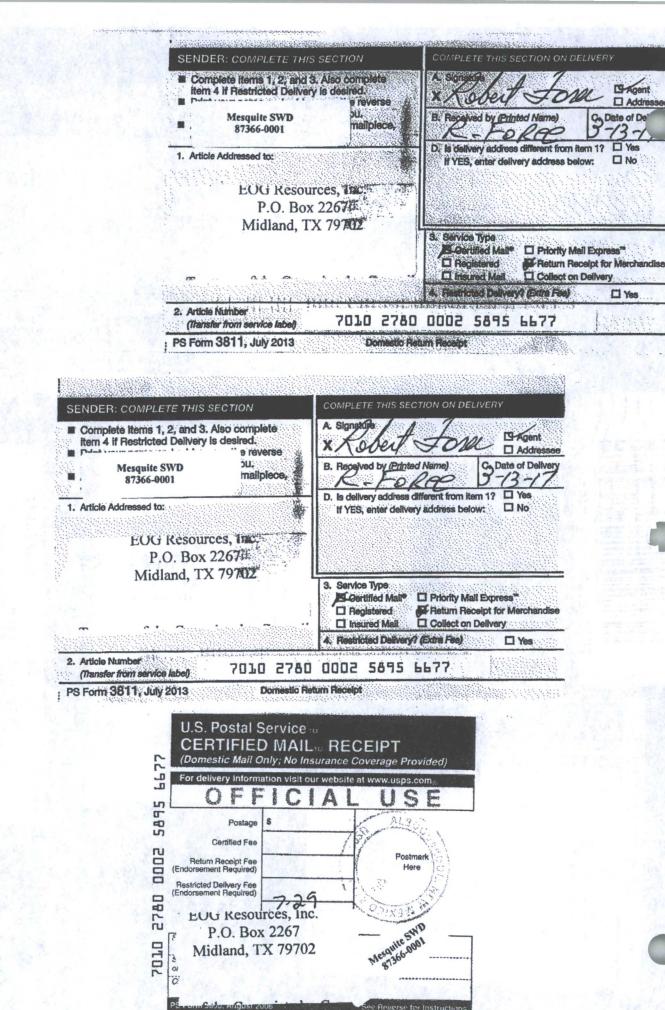
Aquila Energy Resources

10370 Richmond Ave. Ste. 510

Houston, TX 77042-2551

Mesquite SWD 87366-0001

Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) 2780



SENDER: COMPLETE THIS SECTION COMPLETE THIS SECTION ON DELIVERY A. Signature Complete Items 1, 2, and 3. Also complete ☐ Agent Iten Prir ☐ Addres verse Mesquite SWD 80 B. Received by (Printed Name) C. Date of Delivery 87366-0001 US POSTA Att ilpiece, actional property or on the front it space permit ☐ Yes D. Is delivery address different from item 1? session. 1. Article Addressed to: □ No If YES, enter delivery address below: Mobil Producing Texas & New Mexico 12450 Greenspoint Drive Houston, TX 77060-1905 3. Service Type

Certified Mail® ☐ Priority Mall Express** Registered Return Receipt for Merchandise ☐ Insured Mall Collect on Delivery 4. Restricted Delivery? (Extra Fee) ☐ Yes 2. Article Number 7010 2780 0002 5895 6523 (Transfer from service label) PS Form 3811, July 2013 Domestic Return Receipt 6523 Mobil Producing Texas & New Houston, TX 77060-1905 12450 Greenspoint Drive MODRALL SPERLING 5895 CERTIFIED IN 2000 2760 7010 CONTRACTOR U.S. Postal Service 10 Albuquerque, NM 87103-2168 CERTIFIED MAIL RECEIPT PO Box 2168 (Domestic Mail Only; No Insurance Coverage Provided) 6523 5895 82 Postage Certified Fee Postmark 5000 Here Return Receipt Fee (Endorsement Required) RETURN TO SENDER DELIVERABLE AS ADDRESSED UNABLE TO FORWARD Restricted Delivery Fee (Endorsement Required) NOT 2780 37103216868 2091N073174-01766 վերերերերերերերերերերերերերեր Mobil Producing Texas & New 87103215858 Mexico Mesquite SWD 7010 87366-0001 12450 Greenspoint Drive S OI Houston, TX 77060-1905 UTF verse for Instruction

Affidavit of Publication

State of New Mexico, County of Eddy, ss.

Danny Fletcher, being first duly sworn, on oath says:

That he is the Publisher of the Carlsbad Current-Argus, 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 advertisements may 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:

March 16

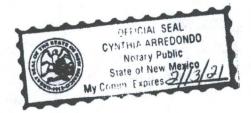
2017

That the cost of publication is \$111.50 and that payment thereof has been made and will be assessed as court 100 ats.

Subscribed and sworn to before me this 17 day of 10 with , 201

My commission Expires 2/13/21

Notary Public



March 16, 2017

heirs and devisees of Chevron USA: Oxy Of Gas Corporation; OX USA, Inc.; Devon Energy Corp.; The Unit ed States, Bureau of Land Management Land Manager Valley Land, Black Mountain ploration; Yates troleum Corp; Mobil Oil Corporation
Aquila Energy Resoctes; Collina & Wat
Concho Oil & Ga
LEC; Khody Land
Minerais Compar
PXP Production C
LLC; Marathon
Corporation; Mo
Producing Texas
New Mexico; an cated approximately 21 - 37 miles southeast of Carisbad, New Mexico.