

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

**APPLICATION OF DELAWARE ENERGY LLC TO REVOKE THE INJECTION
AUTHORITY GRANTED UNDER SWD-1680 FOR THE ALPHA SWD NO. 1 WELL
OPERATED BY ALPHA SWD OPERATING LLC, EDDY COUNTY, NEW MEXICO.**

Case No. 15855

APPLICATION

Delaware Energy LLC ("Delaware Energy") respectfully applies for an order revoking the injection authority granted under Administrative Order SWD-1680. In conjunction with this application, and filed contemporaneously herewith, Delaware Energy also moves the Oil Conservation Division ("Division") to stay the effectiveness of SWD-1680 pending the Division's ruling on this application. In support, Delaware Energy states as follows:

1. On or about October 6, 2016, Delaware Energy LLC (OGRID No. 371195) filed a C-108 application for administrative approval for authorization to inject for a proposed salt water disposal well. The proposed well, the Ruiz SWD No. 1, is to be located 2,565 feet from the south line and 2,360 feet from the west line of Section 10, Township 24 South, Range 28 East, Eddy County, New Mexico. The proposed injection interval is in the Devonian from a depth of 13,650 feet to 14,650 feet.

2. While Delaware Energy's application was pending before the Division, the Division received two protests of Delaware Energy's C-108 application from Guardian Operating Corporation and RSC Resources, L.P. The Division notified Delaware Energy of the protests by e-mail on October 31, 2016. *See Exhibit A*, attached hereto.

3. Delaware Energy subsequently engaged Guardian Operating Corporation and RSC Resources, L.P. in discussions to address their objections. After substantial negotiations and technical consultation, Delaware Energy agreed to revise its casing program. Guardian Operating

Corporation and RSC Resources, L.P. notified the Division on June 27, 2017 that Delaware Energy's revised casing program resolved their objections and formally withdrew their protests. *See Exhibit A.* The Division resumed administrative review of Delaware Energy's C-108 application.

4. In the interim, and unbeknownst to Delaware Energy, Alpha SWD Operating LLC ("Alpha") (OGRID 372180), filed a C-108 application for authorization to inject for a competing proposed salt water disposal well on June 12, 2017. *See Exhibit B*, attached hereto. The proposed well, the Alpha SWD No. 1, is to be located 1,457 feet from the south line and 2,093 feet from the east line of Section 10, Township 24 South, Range 28 East, Eddy County, New Mexico. The location of the proposed Alpha SWD No. 1 well is approximately 800 feet from the proposed location of Delaware Energy's earlier-filed C-108 application. The proposed injection interval also is within the Devonian from a depth of 14,000 feet to 15,200 feet.

5. On information and belief, Alpha knew, as of the date it filed its June application, that Delaware Energy had a pending C-108 application before the Division for an injection well in the same area and same injection formation. Notwithstanding this knowledge, Alpha failed to provide notice of its C-108 application to Delaware Energy.

6. Upon receipt of Alpha's C-108 application, the Division determined on June 12, 2017, that it was administratively incomplete and "will not be placed into the administrative review process." *See Exhibit B*, at 25. As filed, Alpha's application was missing information that is required before it could be considered "complete with all attachments[.]" *See* 19.15.26.8.C(2) NMAC. Alpha submitted the additional requested information to the Division on June 19, 2017. *See Exhibit B*, at 26-29, 30 (reflecting that additional information was received on 6/19/17). Again, no notice of this additional filing was provided to Delaware Energy despite the fact that it had a previously filed administrative application pending before the Division.

7. On June 28, 2017, nine days after receiving the additional necessary information, and less than the required fifteen days “following the division’s receipt of form C-108 complete with all attachments[,]” the Division approved Alpha’s C-108 application and issued Administrative Order SWD-1680. *See* Administrative Order SWD-1680, attached as Exhibit C.

8. The failure to provide notice to Delaware Energy of Alpha’s competing C-108 application, and the Division’s approval of SWD-1680 sooner than the fifteen days mandated by 19.15.26.8.C(2) NMAC deprived Delaware Energy of the opportunity to protest Alpha’s application. Administrative Order SWD-1680 states that “no protest was received within the required suspense period,” but SWD-1680 was approved before the required fifteen days had run. *See* Exhibit C.

9. The Division’s approval of SWD-1680 on June 28, 2017, violated Delaware’s due process rights and the provisions of 19.15.26.8.C(2) NMAC.

10. Prior to considering Alpha’s competing C-108 application, the Division should have required Alpha to provide notice to Delaware Energy or notified Delaware Energy itself of Alpha’s pending application. The Division should not have approved Administrative Order SWD-1680 without first affording Delaware Energy an opportunity to protest Alpha’s later-filed C-108 application. The purpose and intent of the Division’s notice requirements is to give notice of a proposed injection well to affected persons with a known interest in the half-mile area of review. *See* 19.15.26.7.A NMAC and 19.15.26.8.B(2) NMAC.

11. Upon receiving Division approval under SWD-1680, Alpha contacted Delaware Energy to inquire whether Delaware Energy would be willing to purchase Alpha’s approved SWD-1680. When Delaware Energy declined Alpha’s offer, Alpha filed a protest against Delaware Energy’s C-108 application on July 13, 2017. *See* Exhibit D, attached hereto.

12. Revocation of SWD-1680 is necessary to remedy substantial prejudice to Delaware Energy, which has been deprived of the due process afforded to it by the Division's rules and the opportunity to protest Alpha's C-108 application. For the same reasons, as demonstrated in Delaware Energy's accompanying motion, Alpha's authority to inject under SWD-1680 should be stayed pending the Division's ruling on this application.

13. In the alternative, if Alpha's Administrative Order SWD-1680 is not revoked, authority to inject under SWD-1680 should be modified to require commencement of injection operations into the subject well within a one-year period. Alpha's offer to sell its SWD permit to Delaware almost immediately after it was improperly approved demonstrates not only Alpha's knowledge of Delaware's previously filed C-108 application, but also an intent to monetize its improperly obtained permit rather than to drill the well and commence injection. Moreover, pursuant to 19.15.26.12.C(1) NMAC the Division's policy has been to require commencement of injection operations within a year unless good cause is shown for extending that time frame.

14. Rule 19.15.26.12.C(1) NMAC provides that the Division "shall consider" salt water disposal project "abandoned, and the authority for injection shall automatically terminate *ipso facto*" after a "one year period of non-injection[.]" (emphasis added). The only exception to this mandate is that the director may grant an administrative extension, but only "[f]or good cause shown." 19.15.26.12.C(1) NMAC.

15. SWD-1680 gives Alpha two years after the effective date of the Order to commence injection activities. *See* SWD-1680 at 3. Alpha's C-108 application does not request authority for a two-year period before commencing injection, nor does it provide "good cause" for a two-year period to commence injection. *See* 19.15.26.12.C(2) (requiring a showing of good cause for any extension of the one-year period to commence injection.)

WHEREFORE, Delaware Energy requests that the Division set this matter for hearing before an examiner of the Oil Conservation Division on October 12, 2017, and that after notice and hearing enter an order revoking Alpha's injection authority approved under SWD-1680 for the Alpha SWD No. 1 well or, in the alternative, modifying SWD-1680 to require commencement of injection operations within a one-year period, and that the Division grant such further relief as the Division deems appropriate.

Respectfully submitted,

HOLLAND & HART LLP

By: 
Michael H. Feldewert
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Jordan L. Kessler
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(505) 988-4421
(505) 983-6043 Facsimile
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Email: agrarkin@hollandhart.com
Email: jlkessler@hollandhart.com

ATTORNEYS FOR DELAWARE ENERGY LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Application was filed on the 12th day of September 2017 and that a copy was served via electronic mail on the following parties.

Alpha SWD Operating LLC
c/o Christopher B. Weyand
Consulting Engineer
Lonquist and Company LLC
3345 Bee Cave Road, Suite 201
Austin, Tx 78746
Phone: 512.600.1764
E-mail: chris@lonquist.com

/s/ 
Adam G. Rankin

CASE 15855

Application of Delaware Energy LLC to Revoke the Injection Authority Granted Under SWD-1680 for the Alpha SWD No. 1 Well Operated by Alpha SWD Operating LLC, Eddy County, New Mexico.

Applicant in the above-styled cause seeks an order revoking the injection authority granted by Administrative Order SWD-1680 for the Alpha SWD No. 1 well (API No. 30-015-44237), a salt water disposal well located 1,457 feet from the south line and 2,093 feet from the east line of Section 10, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico. Alpha SWD Operating LLC is the operator of the well. The well is located approximately 4 miles southeast of Loving, New Mexico.

Subject: FW: Protest of Application to Inject- Ruiz SWD Well No. 1

From: Randy Cate <guardianopcorp@yahoo.com>

Date: June 27, 2017 at 1:19:09 PM CDT

To: "McMillan, Michael, EMNRD" <Michael.McMillan@state.nm.us>, Preston Stein <preston@delawareenergyllc.com>

Cc: "Goetze, Phillip, EMNRD" <Phillip.Goetze@state.nm.us>, "Lowe, Leonard, EMNRD" <Leonard.Lowe@state.nm.us>,"

"Jones, William V, EMNRD" <WilliamV.Jones@state.nm.us>, Chris Carleton <ccarleton@matadorresources.com>

Subject: Re: Protest of Application to Inject- Ruiz SWD Well No. 1

Gentlemen,

RSC Resources, LP and Guardian Operating Corp. hereby drop their objection to the Ruiz SWD application as Delaware Energy has revised its casing program to our satisfaction.

Regards,

Randy Cate
Guardian Operating Corp.
RSC Resources, L.P.
432-553-1849

On Monday, October 31, 2016, 11:47:59 AM CDT, McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us> wrote:

RE: Ruiz SWD Well No. 1 (API 30-015-pending; Appl. No. pMAM1630053276) – Sec 10, T. 24 S., R. 28 E., NMPM, Eddy County.

Mr. Stein

OCD was notified that Guardian Operating, Corporation and RSC Resources, L.P. (Guardian) are protesting this application for approval of a salt water disposal well. Guardian has stated that the proposed injection well's proposed casing programs is inadequate. Therefore, you are being notified that if Delaware Energy, LLC wishes for this application to be considered, it must either go to hearing or may be reviewed administratively if the protest is withdrawn as a result of a negotiated resolution with this party. The application will be retained by OCD, but suspended from further administrative review. Please contact OCD once you have made a decision regarding the application within the next 30 days. If the protest remains after 30 days, OCD will initiate the process for the application to be reviewed at hearing. Please contact me with any questions regarding this matter. PRG

Counsel for Guardian Operating
Randy Cate
6824 Island Circle
Midland, TX. 79707
Phone: 432.553.1849
E-mail: guardianopcorp@yahoo.com

MICHAEL A. MCMILLAN
Engineering Bureau, Oil Conservation Division
1220 south St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448
Michael.McMillan@state.nm.us

6-22-2017 DATE IN	SUSPENSE	ENGINEER	6-22-2017 LOGGED IN	SWD TYPE	PMAM 1716358339 APP NO
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ABOVE THIS LINE FOR DIVISION USE ONLY

*Supplied
6-22-2017
NO ACCIPAS
with R. B. [unclear]
[unclear]*

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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



ADMINISTRATIVE APPLICATION CHECKLIST

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

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

- [D] Other Specify _____

*-SWD
-Alpha SWD operating UG
372180
L-41
-Alpha SWD #1
30-015-44237
R00
-SWD
DeLunien -
Si. Lunien
97869*

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
[B] ☒ Offset Operators, Leaseholders or Surface Owner
[C] ☒ Application is One Which Requires Published Legal Notice
[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U S Bureau of Land Management - Commissioner of Public Lands, State Land Office
[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,
[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

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

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

Chris Weyand
Print or Type Name

Signature

Consulting Engineer
Title

Date

chris@lonquist.com
e-mail Address

6/6/2017

LONQUIST & CO. LLC

PETROLEUM
ENGINEERS

ENERGY
ADVISORS

AUSTIN • HOUSTON • WICHITA • DENVER • CALGARY

June 6, 2017

New Mexico Energy, Minerals, and Natural Resources Department
Oil Conservation Division District IV
1220 South St Francis Drive
Santa Fe, New Mexico 87505
(505) 476-3440

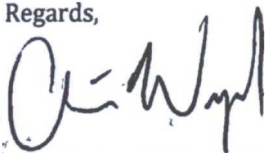
RE: ALPHA SWD NO. 1 AUTHORIZATION TO INJECT

To Whom It May Concern:

Attached for your review is Form C-108, Application for Authorization to Inject, and its supplemental documents prepared for Alpha SWD Operating LLC's Alpha SWD No. 1. In addition, Forms C-101 and C-102 have also been included with this package. Notices have been sent to offset leaseholders and the surface owner. Proof of notice will be sent to the OCD upon receipt.

Any questions should be directed towards Alpha SWD Operating LLC's agent Lonquist & Co., LLC.


Regards,



Christopher B. Weyand
Staff Engineer
Lonquist & Co., LLC

(512) 600-1764
chris@lonquist.com

APPLICATION FOR AUTHORIZATION TO INJECT

- I PURPOSE Secondary Recovery Pressure Maintenance X Disposal Storage
Application qualifies for administrative approval? X Yes No
- II OPERATOR ALPHA SWD OPERATING LLC
ADDRESS 4436 STERLING LN // PLANO, TX 75093
CONTACT PARTY KURT KNEWITZ PHONE (214) 418-1177
- III WELL DATA Complete the data required on the reverse side of this form for each well proposed for injection
Additional sheets may be attached if necessary
- IV Is this an expansion of an existing project? Yes X No
If yes, give the Division order number authorizing the project _____
- V Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well This circle identifies the well's area of review
- VI Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone
Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail
- VII Attach data on the proposed operation, including
- 1 Proposed average and maximum daily rate and volume of fluids to be injected,
 - 2 Whether the system is open or closed,
 - 3 Proposed average and maximum injection pressure,
 - 4 Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water, and,
 - 5 If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc)
- *VIII Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval
- IX Describe the proposed stimulation program, if any
- *X Attach appropriate logging and test data on the well (If well logs have been filed with the Division, they need not be resubmitted)
- *XI Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken
- XII Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water
- XIII Applicants must complete the "Proof of Notice" section on the reverse side of this form
- XIV Certification I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief
- NAME Christopher B. Weyant TITLE Consulting Engineer
SIGNATURE  DATE 6/6/2017
E-MAIL ADDRESS chris@lonquist.com
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted
Please show the date and circumstances of the earlier submittal _____

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

Side 2

III WELL DATA

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

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

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

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

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

XIV PROOF OF NOTICE

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

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

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

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

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

Side 1

INJECTION WELL DATA SHEET

OPERATOR: ALPHA SWD OPERATING LLC

WELL NAME & NUMBER: ALPHA SWD #1

WELL LOCATION: 1.457' FSL & 2.093' FEL
FOOTAGE LOCATION

J
UNIT LETTER

10
SECTION

24S
TOWNSHIP

28E
RANGE

WELLBORE SCHEMATIC

WELL CONSTRUCTION DATA Surface Casing

Hole Size 26 000"

Casing Size 20 000"

Cemented with 1,420 sx

or _____ ft³

Top of Cement surface

Method Determined circulation

1st Intermediate Casing

Hole Size 17 500"

Casing Size 13 375"

Cemented with 1465 sx

or _____ ft³

Top of Cement surface

Method Determined circulation

2nd Intermediate Casing

Hole Size 12 250"

Casing Size 9.625"

Cemented with 1840 sx

or _____ ft³

Top of Cement surface

Method Determined circulation

Production Liner

Hole Size 8 500"

Casing Size 7 625"

Cemented with 370 sx

or _____ ft³

Top of Cement 9,400'

Method Determined calculation

Total Depth 15,200'

Injection Interval

14,000 feet to 15,200 feet

(Open Hole)

INJECTION WELL DATA SHEET

Tubing Size: 5.500", 17 lb/ft, P-110, BT&C from 0' - 9,400' and 5.500", 17 lb/ft, P-110 UFJ from 9,400' - 13,950'

Lining Material: Duoline

Type of Packer D&L Oil Tools 7.625" Permapack Packer - Single Bore

Packer Setting Depth: 13,950'

Other Type of Tubing/Casing Seal (if applicable): _____

Additional Data

1. Is this a new well drilled for injection? X Yes No

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

2. Name of the Injection Formation Devonian, Silurian, Fusselman and Montoya (Top 100')

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

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. No, new drill.

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

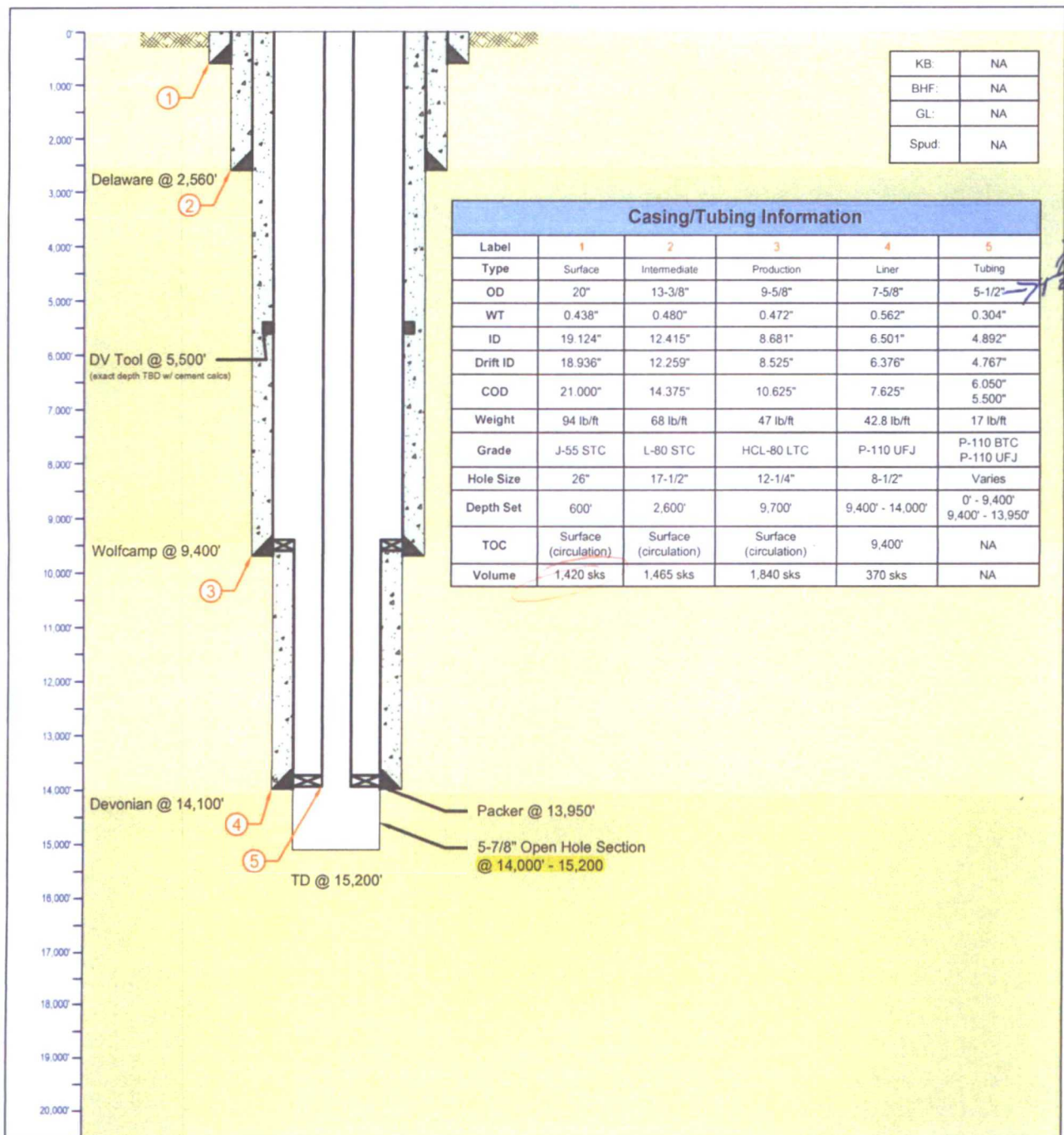
Cherry Canyon: 4,800'

Bone Spring: 6,299'

Wolfcamp: 9,400'

Atoka: 11,617'

Morrow: 12,190'



LONQUIST FIELD SERVICE <small>AUSTIN HOUSTON WICHTA TULSA</small>	Alpha SWD		Alpha SWD #1 - Proposed	
	Country: USA		State/Province: New Mexico	County/Parish: Eddy
	Location: Malaga, NM		Site:	Survey/STR: Sec. 10-24S-28E
	API No:		Field:	Well Type/Status: SWD
	Texas License F-9147		Project No:	Date: 5/19/17
3345 Bee Cave Road, Suite 201 Austin, Texas 78746 Tel: 512.732.9812 Fax: 512.732.9816	State ID No:		Reviewed: CBW	Approved: SLP
	Drawn: CBW		Notes:	
	Rev No: 1			

Alpha SWD Operating LLC

Alpha SWD No. 1

FORM C-108 Supplemental Information

III Well Data

A Wellbore Information

1

Well information	
Lease Name	Alpha SWD
Well No.	1
Location	S-10 T-24S R-28E
Footage Location	1,457' FSL & 2,093' FEL

2

a Wellbore Description

Casing Information				
Type	Surface	Intermediate	Production	Liner
OD	20"	13 3/8"	9 5/8"	7.625"
WT	0 438"	0 480"	0 472"	0.562"
ID	19 1/4"	12 1/2"	8 5/8"	6.501"
Drift ID	18 9/16"	12 1/4"	8 1/2"	6.376"
COD	21 00"	14 3/8"	10 5/8"	7.625"
Weight	94 lb/ft	68 lb/ft	47 lb/ft	42.8 lb/ft
Grade	J-55	L-80	HCL-80	P-110
Hole Size	26"	17 1/2"	12 1/4"	8 1/2"
Depth Set	600'	2,600'	9,700'	9,400' – 14,000'

b Cementing Program

Cement Information				
Casing String	Surface	Intermediate	Production	Liner
Lead Cement	C	C	NeoCem	H
Lead Cement Volume	1,420 sx	1,100 sx	Stage 1 530 sx Stage 2 770 sx	370 sx
Tail Cement		C	NeoCem/HALCEM	
Tail Cement Volume		365 sx	Stage 1 390 sx Stage 2. 150 sx	
Cement Excess	100%	25%	25%	25%
TOC	Surface	Surface	Surface	9,400'
Method	Circulate to Surface	Circulate to Surface	Circulate to Surface	Logged

3 Tubing Description

Tubing Information		
OD	5 5"	5.5"
WT	0 304"	0 304"
ID	4 892"	4 892"
Drift ID	4.767"	4.767"
COD	6 050"	5 500"
Weight	17 lb/ft	17 lb/ft
Grade	P-110 BTC	P-110 UFJ
Depth Set	0'-9,400'	9,400'-13,950'

Tubing will be lined with Duoline

4 Packer Description

D&L Oil Tools 7 625" Permapack Packer – Single Bore

B Completion Information

- 1 Injection Formation Devonian, Silurian, Fusselman, Montoya (Top 100')
- 2 Gross Injection Interval 14,000' – 15,200'

Completion Type Open Hole
- 3 Drilled for injection
- 4 See the attached wellbore schematic
- 5 Oil and Gas Bearing Zones within area of well:

Formation	Depth
Cherry Canyon	4,800'
Bone Spring	6,299'
Wolfcamp	9,400'
Atoka	11,617'
Morrow	12,190'

VI Area of Review

No wells within the area of review penetrate the proposed injection zone

VII Proposed Operation Data

- 1 Proposed Daily Rate of Fluids to be Injection

Average Volume: 25,000 BPD
Maximum Volume 32,000 BPD
- 2 Closed System
- 3 Anticipated Injection Pressure

Average Injection Pressure 2,100 PSI (surface pressure)
Maximum Injection Pressure 2,800 PSI (surface pressure)
- 4 The injection fluid is to be locally produced water Attached are produced water sample analyses taken from the closest wells that feature samples from the Delaware and Morrow formations
- 5 The disposal interval is non-productive No water samples are available from the surrounding area.

VIII Geological Data

The Devonian formation is a dolomitic ramp carbonate that occurs below the Woodford shale and above the Fusselman formation. Strata found in the Devonian formation include two major groups, the Wristen Buildups and the Thirtyone Deepwater Chert, with the Wristen being more abundant. The Wristen Group is composed of mixed limestone and dolomites with mudstone to grainstone and boundstone textures. Porosity in the Wristen group is a result of both primary and secondary development. Present are moldic, vugular, karstic (including collapse breccia) features that allow for higher porosities and permeabilities. The Thirtyone Formation contains two end-member reservoir facies, skeletal packstones/grainstones and spiculitic chert, with most of the porosity and permeability found in the coarsely crystalline cherty dolomite. These particular characteristics allow for this formation to be a tremendous Salt Water Disposal horizon.

A Injection Zone. Siluro-Devonian Formation

Formation	Depth
Rustler	Eroded, not present
Salado	1,095'
Delaware	2,566'
Cherry Canyon	4,800'
Bone Spring	6,299'
Wolfcamp	9,400'
Strawn	11,383'
Atoka	11,617'
Morrow	12,190'
Mississippian Lime	13,630'
Woodford	13,922'
Devonian	14,100'

B Underground Sources of Drinking Water

Within 1-mile of the proposed Alpha SWD #1 location water wells range in depth from 50' to 123'. Reported depths to fresh water range from 8' to 32' (18' on average). This is not a known fresh water aquifer, but rather represents a sporadic alluvial source.

IX Proposed Stimulation Program

No proposed stimulation program

X Logging and Test Data on the Well

There are no logs or test data on the well. During the process of drilling and completion resistivity, gamma ray, and density logs will be run.

XI Chemical Analysis of Fresh Water Wells

Quite a few fresh water wells exist within one mile of the well location. Fresh water samples will be obtained from two of the wells (yet to be determined) and analysis of these samples, a map, and the Water Right Summary from the New Mexico Office of the State Engineer will be provided to the OCD as soon as they are available.

XII Affirmative Statement of Examination of Geologic and Engineering Data

Based on the available engineering and geologic data we find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

District I
1625 N French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
District II
811 S First St., Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170
District IV
1220 S St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-44237		² Pool Code 96101	³ Pool Name SWD, Silurian-Devonian
⁴ Property Code 317792	⁵ Property Name Alpha SWD		⁶ Well Number #1
⁷ OGRID No. 372180	⁸ Operator Name Alpha SWD Operating LLC		⁹ Elevation 3008.69'

¹⁰ Surface Location

UL or lot no	Section 10	Township 24 S	Range 28 E	Lot Idn	Feet from the 1457'	North/South line SOUTH	Feet from the 2093'	East/West line EAST	County EDDY
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¹¹ Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division

<p>GEODETIC DATA NAD 83 GRID - NM EAST</p> <p>ALPHA SWD #1 Y=447290.53 X=621616.30 LAT=32 229411 N LONG=-104 073711 W ELEV=3008.69'</p> <p>CORNER DATA NAD 83 GRID - NM EAST</p> <p>A - Y=451093.37, X=618379.89 B - Y=451081.50, X=623704.83 C - Y=445834.86, X=623709.95 D - Y=445829.34, X=618417.08</p> <p>40 AC</p> <p>ALPHA SWD #1</p> <p>2093'</p> <p>1457'</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>[Signature]</i> 6/6/2017 Signature Date</p> <p>Christopher Weyand Printed Name</p> <p>chris@longquist.com E-mail Address</p>
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>6/5/2017 Date of Survey</p> <p><i>[Signature]</i> Signature and Seal of Professional Surveyor</p> <p>23572 Certificate Number</p>

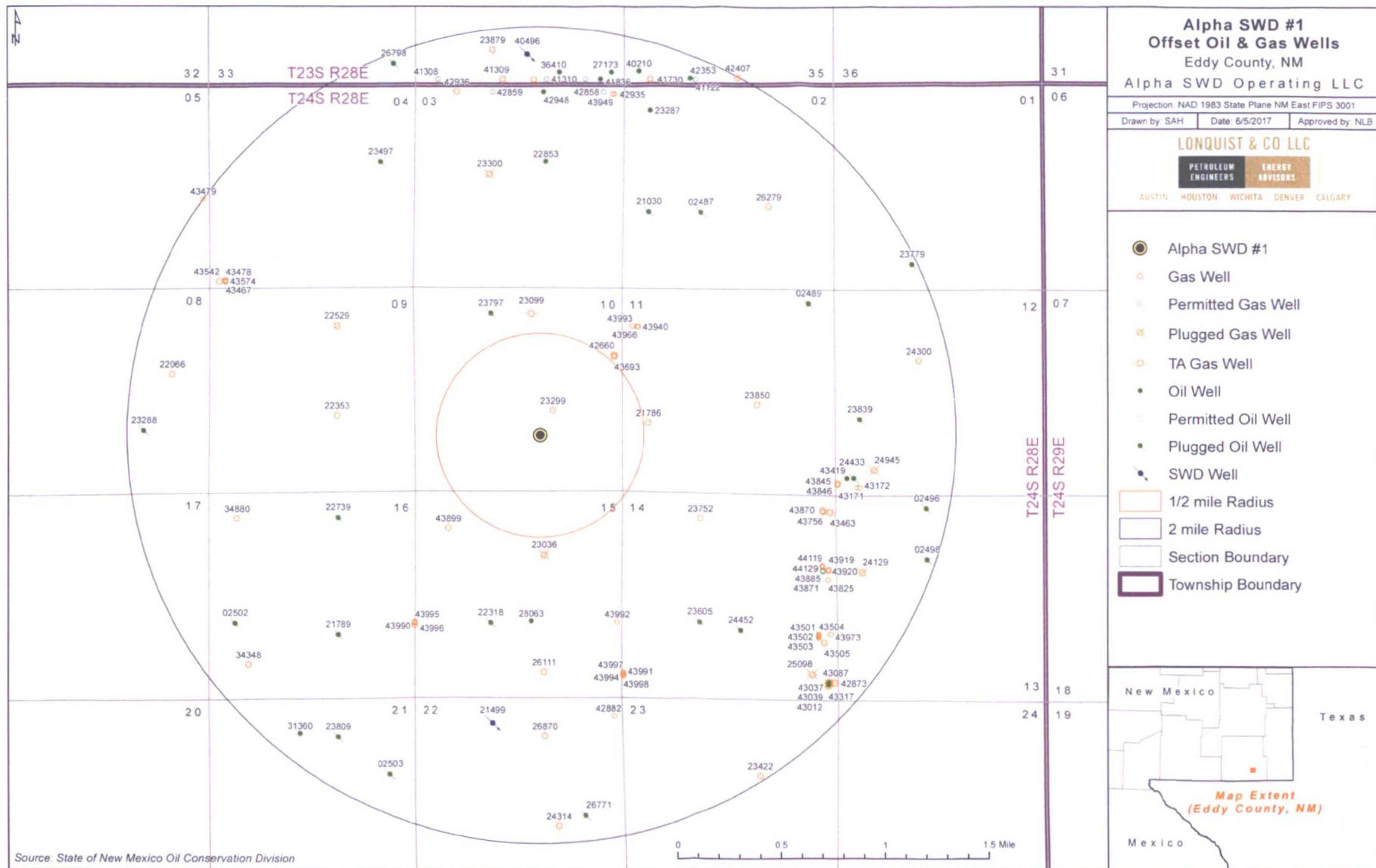
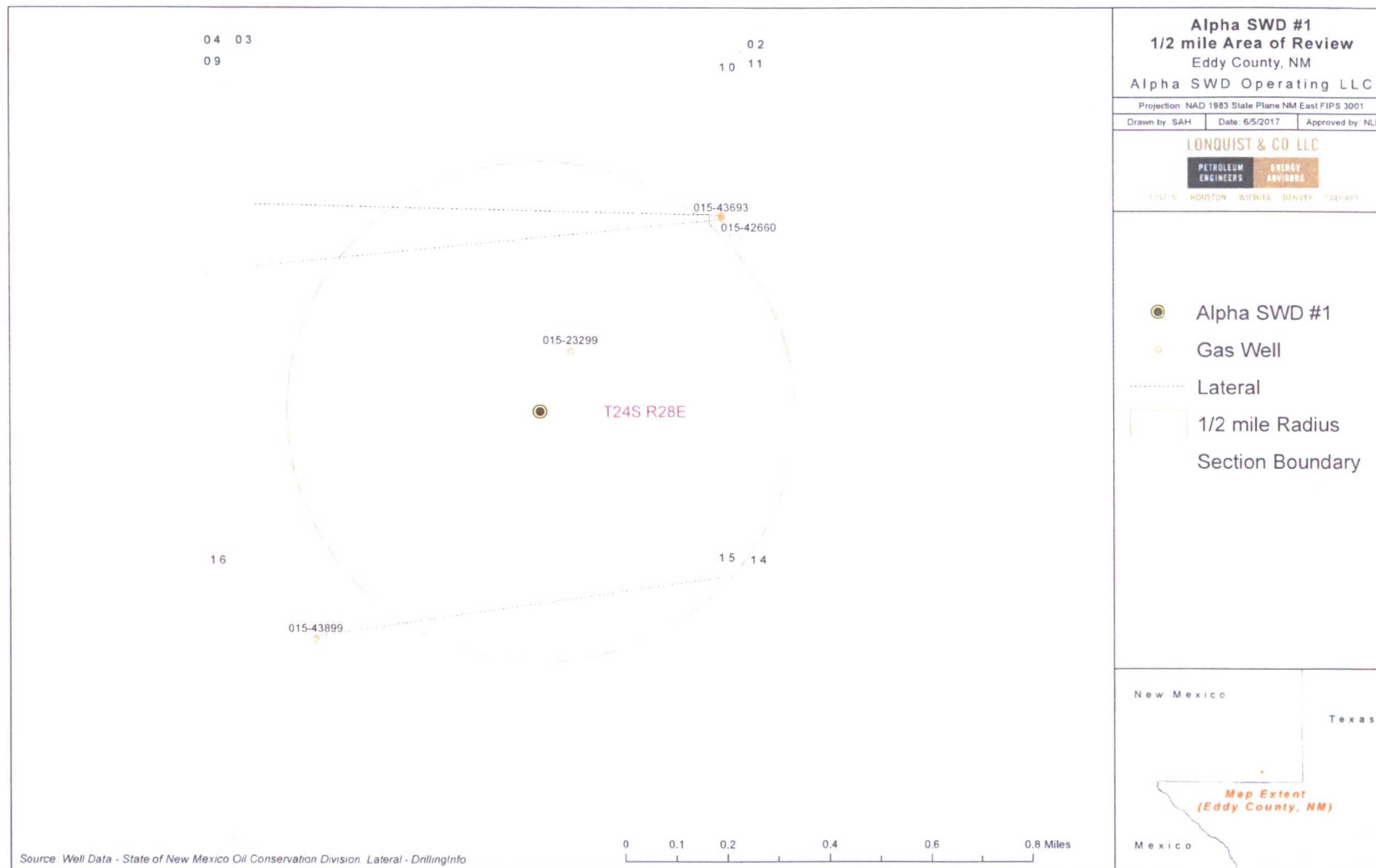
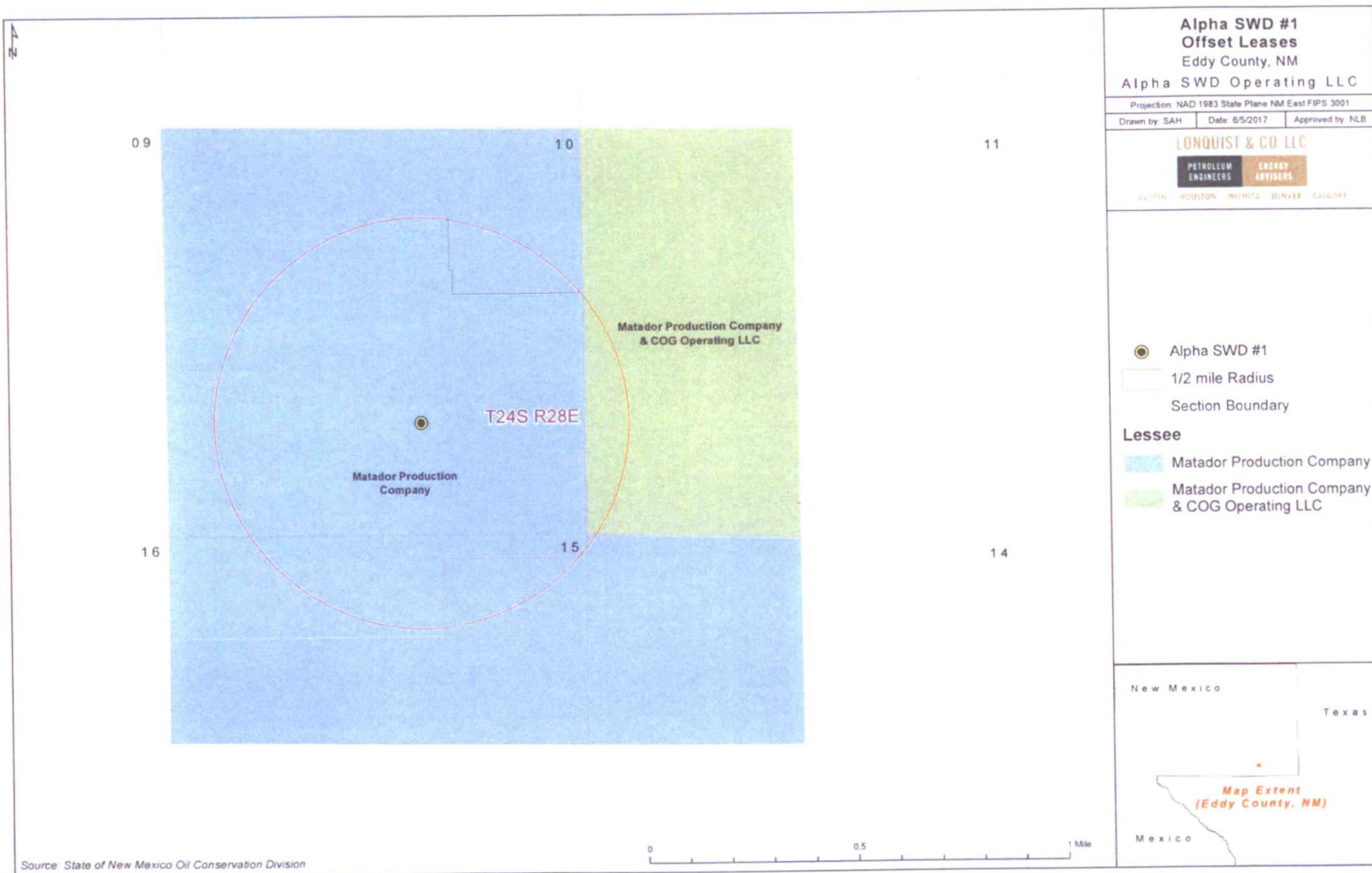


EXHIBIT B



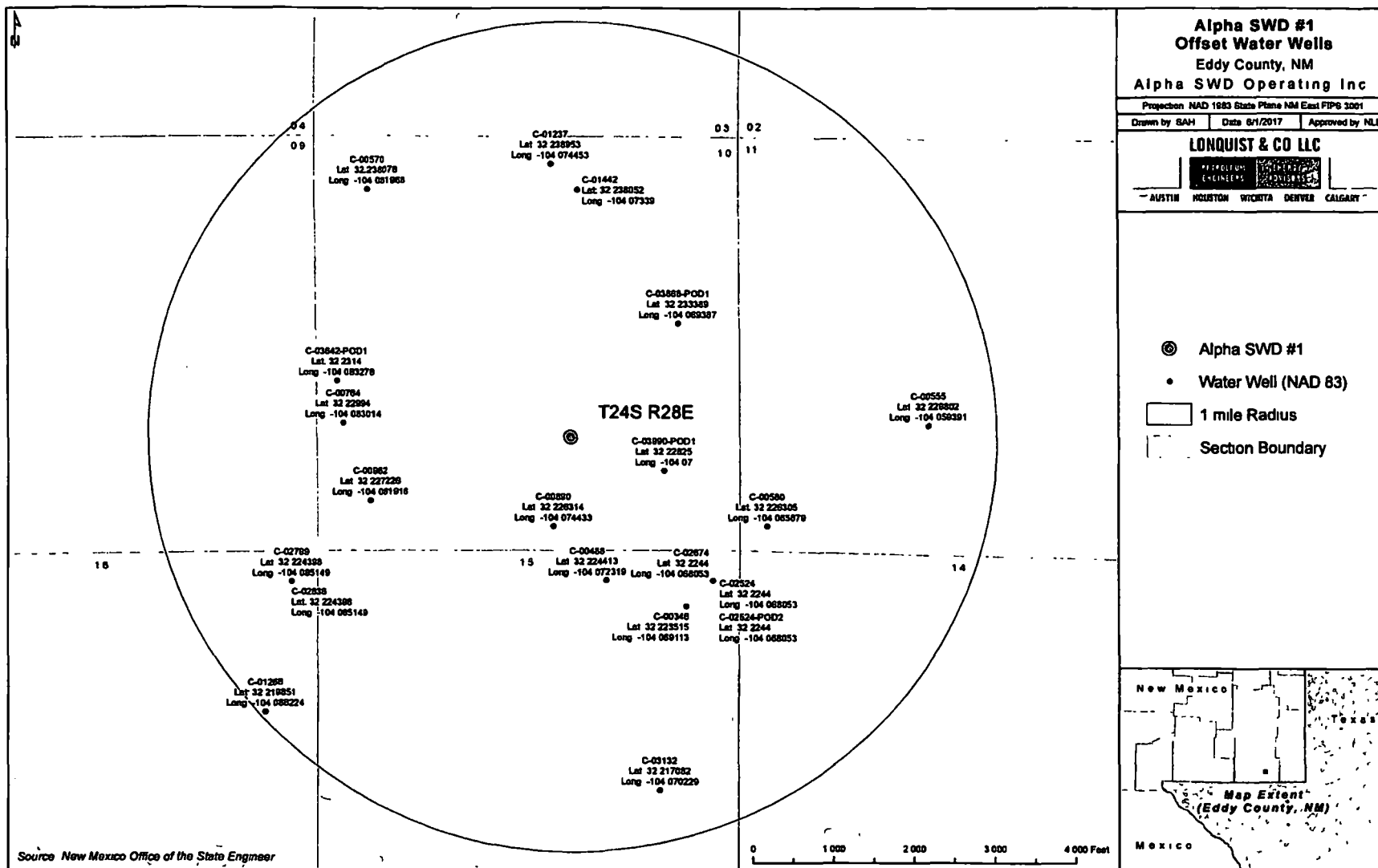
Half-Mile AOR
Alpha SWD #1

API (30-015-)	Well Name	Well Type	Status	Operator	TD (TVD)	Location	Date Drilled
23299	KIRKES COM #001	Gas	Active	MATADOR PRODUCTION COMPANY	12,800	J-10-24S-28E	4/28/1980
42660	GUITAR 10 24 28 RB #202H	Gas	Active	MATADOR PRODUCTION COMPANY	9,475	H-10-24S-28E	12/3/2014
43693	GUITAR 10 24 28 RB #222H	Gas	Active	MATADOR PRODUCTION COMPANY	10,238	H-10-24S-28E	4/24/2016
43899	ANNE COM 15 24S 28E RB #221H	Gas	Active	MATADOR PRODUCTION COMPANY	10,614	D-15-24S-28E	9/26/2016



Alpha SWD No. 1 Notice List			
Notice	Address	Phone Number	Date Noticed
Oil Conservation Division District IV	1220 South St Francis Drive, Santa Fe, NM 87505	(505) 476-3440	6/7/2017
Oil Conservation Division District II	811 S First St, Artesia, NM 88210	(575) 748-1283	6/7/2017
Mr James N Phillips and Mr & Mrs James R Phillips	PO Box 148, Malaga, NM 88263		6/6/2017
COG Operating LLC	One Concho Center, 600 W Illinois Ave, Midland, TX 79701		6/6/2017
Matador Production Company	One Lincoln Center, 5400 LBJ Freeway, Suite 1500, Dallas, TX 75240		6/6/2017

Alpha EWD #1 Oilfield Produced Water Analysis Wolfcamp																			
wellbore	api	latitude	longitude	section	ownership	range	town	range	town	county	state	formation	sampledate	pb	tbl_pct	resistivity_ohm_cm	solids_mg/l	calcium_mg/l	iron_mg/l
HARSHENO 17 FEDERAL COMB WOODH	3201558103	32 2318475	104 2007643	17245	37E	A	1962H	66GE	100Y	NM	WOLFCAMP	4/7/2013 0 00	6 5	106325		0 07992	55110 6	4480 2	28 5
SEBRAND 28 FEDERAL WOODH	3201557763	32 1836842	104 2082149	20245	27E	H	1962H	66GE	100Y	NM	WOLFCAMP	4/7/2013 0 00	6 5	103158 2		0 07961	50415 1	5311 5	40 5
SEBRAND 28 FEDERAL WOODH	3201557763	32 1836842	104 2082149	20245	27E	H	1962H	66GE	100Y	NM	WOLFCAMP	1/12/2013 0 00	6 5	100994 5			26702 1	5341 6	46 2



This legal notice will appear in the Carlsbad Current-Argus on Tuesday, June 6, 2017, and run in the paper for one day. The affidavit of publication will be forwarded to the New Mexico Oil Conservation Division upon receipt.

Legal Notice

Alpha SWD Operating LLC, 4436 Sterling Ln, Plano, Texas 75093 is filing Form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division for administrative approval for its salt water disposal well Alpha SWD No. 1. The proposed well will be located 1,457' FSL & 2,093' FEL in Section 10, Township 24S, Range 28E in Eddy County, New Mexico. Disposal water will be sourced from area production, and will be injected into the Siluro-Devonian Formation (determined by offset log analysis) through an open hole completion between a maximum applied for top of 14,000 feet to a maximum depth of 15,200 feet. The maximum surface injection pressure will not exceed 2,800 psi with a maximum rate of 32,000 BWP/D. Interested parties opposing the action must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within 15 days. Additional information can be obtained from the applicant's agent, Lonquist & Co., LLC, at (512) 600-1764.

District I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

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

Form C-101
Revised July 18, 2013

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address ALPHA SWD OPERATING LLC 4436 STERLING LN PLANO, TX 75093		² OGRID Number 372180
		³ API Number 30-015-44237
⁴ Property Code 317792	⁵ Property Name ALPHA SWD	⁶ Well No 1

⁷ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
J	10	24S	28E		1,457	SOUTH	2,093	EAST	EDDY

⁸ Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County

⁹ Pool Information

¹⁰ Pool Name SWD, Silurian-Devonian	¹¹ Pool Code 96101
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Additional Well Information

¹² Work Type N	¹³ Well Type SWD	¹⁴ Cable/Rotary R	¹⁵ Lease Type Private	¹⁶ Ground Level Elevation 3,013'
¹⁷ Multiple N	¹⁸ Proposed Depth 15,200'	¹⁹ Formation Siluro-Devonian	²⁰ Contractor TBD	²¹ Spud Date ASAP
Depth to Ground water 25'		Distance from nearest fresh water well 500'		Distance to nearest surface water 2300'

☒ We will be using a closed-loop system in lieu of lined pits

²² Proposed Casing and Cement Program

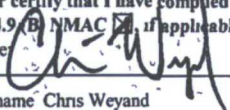
Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	26"	20"	94 lb/ft	600'	1,420	Surface
Intermediate	17 5"	13 3/8"	68 lb/ft	2,600'	1,465	Surface
Production	12 25"	9 625"	47 lb/ft	9,700'	1,840	Surface
Prod. Liner	8 5"	7 625"	42 8 lb/ft	9,400' - 14,000'	370	9,400'
Tubing	N/A	5 5"	17 lb/ft	13,950'	N/A	N/A

Casing/Cement Program: Additional Comments

See attached schematic

²³ Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Hydraulic/Blinds, Pipe	5,000 psi	8,000 psi	TBD - Schaffer/Cameron

²⁴ I hereby certify that the information given above is true and complete to the best of my knowledge and belief I further certify that I have complied with 19.15.14.9 (A) NMAC <input type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> if applicable Signature: 		OIL CONSERVATION DIVISION	
Printed name: Chris Weyand		Approved By	
Title: Consulting Engineer		Title	
E-mail Address: chris@lonquist.com		Approved Date	Expiration Date
Date: June 6, 2017	Phone: 512-600-1764	Conditions of Approval Attached	

McMillan, Michael, EMNRD

From: McMillan, Michael, EMNRD
Sent: Monday, June 12, 2017 4 24 PM
To: 'chris@lonquist.com', 'Steve Pattee'
Cc: Jones, William V, EMNRD, Goetze, Phillip, EMNRD
Subject: Alpha SWD Operating, LLC Alpha SWD Well No 1

Steve

Your application that was received on June 12, 2017 will not be placed into the administrative application review process

The following information is required

- Return receipt for surface owner
- Return receipt for operator of record,
- Affidavit of publication
- Signed statement from either a geologist or engineer that there is no connection between groundwater and injection interval (a signed statement from the form C-108)

If the required information is not received within 10-days, your application will be cancelled

Michael McMillan
1220 South St Francis
Santa Fe, New Mexico
505-476-3448
Michael.mcmillan@state.nm.us

<p>RECEIVER: COMPLETE THIS SECTION</p> <p>1. Complete items 1, 2, and 3.</p> <p>2. Print your name and address on the reverse so that we can return the card to you.</p> <p>3. Attach this card to the back of the mailpiece, or on the front if space permits.</p> <p>Article Addressed to:</p> <p>New Mexico Energy Minerals and Natural Resources Department Oil Conservation Division District II 811 S First Street Artesia New Mexico 88210</p> <p>9590 9402 2913 7094 7233 55</p> <p>Article Number (Transfer from service label)</p> <p>7015 1660 0000 4377 9660</p> <p>PS Form 3811, July 2015 PSN 7530-02-000-0053</p>	<p>COMPLETE THIS SECTION ON DELIVERY</p> <p>A. Signature <i>Karen Sharp</i></p> <p>B. Received by (Printed Name) <i>KAREN SHARP</i></p> <p>C. Date of Delivery <i>6-12-11</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p> <p>2. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	<p>SENDER: COMPLETE THIS SECTION</p> <p>1. Complete items 1, 2, and 3.</p> <p>2. Print your name and address on the reverse so that we can return the card to you.</p> <p>3. Attach this card to the back of the mailpiece or on the front if space permits.</p> <p>Article Addressed to:</p> <p>New Mexico Energy Minerals and Natural Resources Department Oil Conservation Division District IV 1220 South Street Francis Drive Santa Fe New Mexico 87505</p> <p>9590 9403 0963 5223 5486 30</p> <p>Article Number (Transfer from service label)</p> <p>7015 1660 0000 4377 9677</p> <p>PS Form 3811, July 2015 PSN 7530-02-000-0053</p>	<p>COMPLETE THIS SECTION ON DELIVERY</p> <p>A. Signature <i>John Phillips</i></p> <p>B. Received by (Printed Name) <i>John Phillips</i></p> <p>C. Date of Delivery <i>JUN 12 2011</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p> <p>2. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>
<p>SENDER: COMPLETE THIS SECTION</p> <p>1. Complete items 1, 2, and 3.</p> <p>2. Print your name and address on the reverse so that we can return the card to you.</p> <p>3. Attach this card to the back of the mailpiece or on the front if space permits.</p> <p>Article Addressed to:</p> <p>Matador Production Company One Lincoln Center 500 LBJ Freeway Suite 1500 Dallas, Texas 75240</p> <p>9590 9403 0963 5223 5496 54</p> <p>Article Number (Transfer from service label)</p> <p>7015 1660 0000 4377 9673</p> <p>PS Form 3811, July 2015 PSN 7530-02-000-0053</p>	<p>COMPLETE THIS SECTION ON DELIVERY</p> <p>A. Signature <i>Diane Burns</i></p> <p>B. Received by (Printed Name) <i>Diane Burns</i></p> <p>C. Date of Delivery <i>6/9/17</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p> <p>2. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>	<p>SENDER: COMPLETE THIS SECTION</p> <p>1. Complete items 1, 2, and 3.</p> <p>2. Print your name and address on the reverse so that we can return the card to you.</p> <p>3. Attach this card to the back of the mailpiece or on the front if space permits.</p> <p>Article Addressed to:</p> <p>Mr James N Phillips & Mrs James R Phillips P O Box 148 Malaga New Mexico 88263</p> <p>9590 9403 0963 5223 5495 24</p> <p>Article Number (Transfer from service label)</p> <p>7015 1660 0000 4377 9707</p> <p>PS Form 3811, July 2015 PSN 7530-02-000-0053</p>	<p>COMPLETE THIS SECTION ON DELIVERY</p> <p>A. Signature <i>James Phillips</i></p> <p>B. Received by (Printed Name) <i>James Phillips</i></p> <p>C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p> <p>2. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>

<p>SENDER: COMPLETE THIS SECTION</p> <p>1. Complete items 1, 2, and 3.</p> <p>2. Print your name and address on the reverse so that we can return the card to you.</p> <p>3. Attach this card to the back of the mailpiece or on the front if space permits.</p> <p>Article Addressed to:</p> <p>COG Operating, LLC One Concho Center 600 W Illinois Avenue Midland Texas 79701</p> <p>9590 9403 0963 5223 5496 47</p> <p>Article Number (Transfer from service label)</p> <p>7015 1660 0000 4377 9681</p> <p>PS Form 3811, July 2015 PSN 7530-02-000-0053</p>	<p>COMPLETE THIS SECTION ON DELIVERY</p> <p>A. Signature <i>John Phillips</i></p> <p>B. Received by (Printed Name) <i>John Phillips</i></p> <p>C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p> <p>2. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p>
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Affidavit of Publication

State of New Mexico,
County of Eddy, ss

Danny Fletcher, being first duly
sworn, on oath says

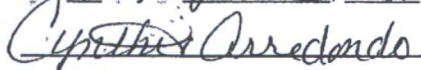
That he is the Publisher of the
Carlsbad Current-Argus, a
newspaper published daily at the
City of Carlsbad, in said county of
Eddy, state of New Mexico and of
general paid circulation in said
county, that the same is a duly
qualified newspaper under the laws
of the State wherein legal notices
and advertisements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

June 6 2017

That the cost of publication is **\$70.15**
and that payment thereof has been
made and will be assessed as court
costs



Subscribed and sworn to before me
this 7 day of June, 2017



My commission Expires 2/13/21

Notary Public



June 6, 2017
Legal Notice
Alpha SWD Operating
LLC, 4436 Sterling Ln,
Piano, Texas 75093, is
filing Form C-108 (Ap-
plication for Authori-
zation to Inject) with
the New Mexico Oil
Conservation Division
for administrative ap-
proval for its salt wa-
ter disposal well Alpha
SWD No. 1. The pro-
posed well will be lo-
cated 1,457' FSU &
2,093' FEI in Section
10, Township 24S,
Range 28E in Eddy
County, New Mexico.
Disposal water will be
sourced from area
production and will
be injected into the
Siluro-Devonian For-
mation (determined
by offset log analysis)
through an open hole
completion between a
maximum applied for
top of 14,000 feet to a
maximum depth of
15,200 feet. The maxi-
mum surface injection
pressure will not ex-
ceed 2,800 psi with a
maximum rate of
32,000 BWPD. Inter-
ested parties oppos-
ing the action must
file objections or re-
quests for hearing
with the Oil Conserva-
tion Division, 1220
South St. Francis
Drive, Santa Fe, New
Mexico 87505, within
15 days. Additional in-
formation can be ob-
tained from the appli-
cant's agent, Longquist
& Co. LLC, at (512)
600-1764.

IX Proposed Stimulation Program

No proposed stimulation program

X Logging and Test Data on the Well

There are no logs or test data on the well. During the process of drilling and completion resistivity, gamma ray, and density logs will be run.

XI Chemical Analysis of Fresh Water Wells

Cardinal Laboratories in Hobbs, New Mexico was contracted to obtain water samples from fresh water wells within 1 mile and provide chemical analysis of the samples. It was determined that all wells within the area had been plugged or were not operational.

XII Affirmative Statement of Examination of Geologic and Engineering Data

Based on the available engineering and geologic data we find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.


6/19/2017



New Mexico Office of the State Engineer

Point of Diversion Summary

		(quarters are 1=NW 2=NE 3=SW 4=SE)				(quarters are smallest to largest)		(NAD83 UTM in meters)	
POD Number		Q64	Q16	Q4	Sec	Tws	Rng	X	Y
C 03824 POD1		4	1	2	16	24S	28E	585770	3565578

Driller License: 1566	Driller Company: ABE DYCK PUMPING SERVICE
Driller Name: DYCK, ABE	
Drill Start Date: 01/19/2015	Drill Finish Date: 03/02/2015
Log File Date: 05/26/2015	PCW Rev Date:
Pump Type:	Source: Shallow
Casing Size: 12 00	Estimated Yield: 300 GPM
	Depth Well: 290 feet
	Depth Water: 60 feet

Water Bearing Stratifications:	Top	Bottom	Description
	56	101	Sandstone/Gravel/Conglomerate
	101	150	Shale/Mudstone/Siltstone
	150	187	Sandstone/Gravel/Conglomerate
	187	201	Other/Unknown
	201	290	Shale/Mudstone/Siltstone

Casing Perforations:	Top	Bottom
	0	290

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

6/27/17 1 57 PM

POINT OF DIVERSION SUMMARY



C-108 Review Checklist:

Received 6/14/2017 Add Request 6/14/2017 Reply Date _____ Suspended _____ [Ver 15]ORDER TYPE WFX / PMX / SWD Number _____ Order Date _____ Legacy Permits/Orders _____Well No 1 Well Name(s) Alpha-SandAPI 30-0 15-44237 Spud Date TBN New or Old N (UIC Class II Primacy 03/07/1982)Footages 1457 FSL 2053 ECL Lot _____ or Unit 5 Sec 10 Tsp 245 Rge 28E County EddyGeneral Location 2.1 mile N of Alameda Pool Sand Dehydration-S. L. 400m Pool No 97865BLM 100K Map Carlsbad Operator Alpha Sand Operating LLC OGRID 3111 Contact Chris Weir, J. ArceCOMPLIANCE RULE 59 Total Wells 1 Inactive 0 Fincl Assur OK Compl Order? 4A IS 59 OK? X Date 6-27-2017WELL FILE REVIEWED Current Status ProposedWELL DIAGRAMS NEW Proposed 1 or RE-ENTER Before Conv 0 After Conv 0 Logs in Imaging N/A

Planned Rehab Work to Well _____

Well Construction Details		Sizes (in)	Setting	Cement	Cement Top and Determination Method
		Borehole / Pipe	Depths (ft)	Sx or Cf	
Planned ___ or Existing ___ Surface		26"/20"	600'	1420	Surface / Visca
Planned ___ or Existing ___ Interm/Prod		17 1/2" / 13 3/8"	2600	1465	Surface / Visca
Planned ___ or Existing ___ Interm/Prod		12 1/4" / 9 5/8"	9700	1840	Surface / Visca
Planned ___ or Existing ___ Prod/Liner		20 3/8" / 17 1/8"	13450	370	9400 / ECL
Planned ___ or Existing ___ Liner					
Planned ___ or Existing ___ OH/PERF		14000 / 15200			
			Inj Length		
			12000		
Injection Lithostratigraphic Units		Depths (ft)	Injection or Confining Units	Tops	Completion/Operation Details
Adjacent Unit Litho Struc Por			DV	14100	Drilled TO <u>15200</u> PBTD _____
Confining Unit Litho Struc Por			Alameda	13522	NEW TO _____ NEW PBTD _____
Proposed Inj Interval TOP					NEW Open Hole <u>14500</u> or NEW Perfs <u>0</u>
Proposed Inj Interval BOTTOM					Tubing Size <u>4 1/2"</u> Inter Coated? _____
Confining Unit Litho Struc Por					Proposed Packer Depth <u>13550</u> ft
Adjacent Unit Litho Struc Por					Min Packer Depth <u>13500</u> (100-ft limit)
					Proposed Max Surface Press <u>2800</u> psi
					Admin Inj Press <u>2800</u> (0.2 psi per ft)
AOR Hydrologic and Geologic Information					
POTASH R-111-P <u>MA</u> Noticed? _____ BLM Sec Ord <u>0</u> WIPP <u>0</u> Noticed? _____ Salt/Salado T <u>24100</u> NW Cliff House fm <u>MA</u>					
FRESH WATER Aquifer <u>Quaternary</u> Max Depth <u>140</u> HYDRO AFFIRM STATEMENT By Qualified Person <u>0</u>					
NMOSE Basin <u>Carlsbad</u> CAPITAN REEF thru adj <u>NA</u> No Wells within 1-Mile Radius? _____ FW Analysis _____					
Disposal Fluid Formation Source(s) <u>Deleware</u> Analysis? _____ On Lease <u>0</u> Operator Only <u>0</u> or Commercial <u>0</u>					
Disposal Int Inject Rate (Avg/Max BWPD) <u>25K/32K</u> Protectable Waters? <u>MA</u> Source _____ System <u>Closed</u> or Open _____					
HC Potential Producing Interval? <u>MA</u> Formerly Producing? _____ Method Logs/DST/P&A/Other <u>regional</u> 2-Mile Radius Pool Map <u>0</u>					
AOR Wells: 1/2-M Radius Map? <u>Y</u> Well List? _____ Total No Wells Penetrating Interval _____ Horizontals? _____					
Penetrating Wells No Active Wells <u>0</u> Num Repairs? _____ on which well(s)? _____ Diagrams? _____					
Penetrating Wells No P&A Wells <u>0</u> Num Repairs? _____ on which well(s)? _____ Diagrams? _____					
NOTICE Newspaper Date <u>June 26, 2016</u> Mineral Owner _____ Surface Owner <u>Phillips</u> N Date _____					
RULE 26 7(A) Identified Tracts? <u>Y</u> Affected Persons <u>CUB, Matador</u> N Date <u>6-06-2017</u>					

Order Conditions: Issues _____

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



Administrative Order SWD-1680
June 28, 2017

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of Division Rule 19.15 26 8B NMAC, Alpha SWD Operating LLC (the "operator") seeks an administrative order for its proposed Alpha SWD Well No 1 (API No. 30-015-44237) to be located 1457 feet from the South line and 2093 feet from the East line, Unit letter J of Section 10, Township 24 South, Range 28 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 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, Alpha SWD Operating LLC (OGRID 372180) is hereby authorized to utilize its proposed Alpha SWD Well No 1 (API No 30-015-44237) to be located 1457 feet from the South line and 2093 feet from the East line, Unit letter J of Section 10, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico, for disposal of oil field produced water (UIC Class II only) through an open-hole interval within Devonian and Silurian formations from approximately 14000 feet to approximately 15200 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. Injection will occur through either an internally-coated, 4-1/2-inch or smaller tubing and a packer set within 100 feet of the uppermost perforation.

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

Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information, to the Division's District geologist and Santa Fe Engineering Bureau 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

1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3441 • Fax (505) 476-3462 • email www.emnrd.state.nm.us/ocd

EXHIBIT C

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 Division.

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 500 feet above the liner to the bottom of the liner 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 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 2800 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 Division Director retains the right to require at any time the operator to install and maintain a chart recorder showing casing 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 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

Administrative Order SWD-1680
Alpha SWD Operating LLC
June 28, 2017
Page 3 of 3

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 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 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
Well File - 30-015-44237

EXHIBIT C

From: [Mike McCurdy](#)
To: [McMillan, Michael, EMNRD](#)
Cc: [Jones, William V, EMNRD](#); [Lowe, Leonard, EMNRD](#); [Goetze, Phillip, EMNRD](#); [Brooks, David K, EMNRD](#); [Podany, Raymond, EMNRD](#); [Byrd, Robert, EMNRD](#)
Subject: Re: Protested Application Delaware Energy LLC Ruiz SWD Well No. 1 Eddy Co.

Mr. McMillan,

Delaware Energy intends to proceed with a hearing regarding the Alpha protest. We are engaging counsel and would like to set the hearing for December 21st, 2017.

Thanks,

Mike McCurdy
Delaware Energy
405 N. Marienfeld, Suite 250
Midland, TX 79705
Phone: 432-312-5251

From: "McMillan, Michael, EMNRD" <Michael.McMillan@state.nm.us>
Date: Thursday, July 13, 2017 at 3:57 PM
To: Mike McCurdy <mmccurdy@delawareenergyllc.com>
Cc: "Jones, William V, EMNRD" <WilliamV.Jones@state.nm.us>, "Lowe, Leonard, EMNRD" <Leonard.Lowe@state.nm.us>, "Goetze, Phillip, EMNRD" <Phillip.Goetze@state.nm.us>, "Brooks, David K, EMNRD" <DavidK.Brooks@state.nm.us>, "Podany, Raymond, EMNRD" <Raymond.Podany@state.nm.us>, "Byrd, Robert, EMNRD" <Robert.Byrd@state.nm.us>
Subject: Protested Application Delaware Energy LLC Ruiz SWD Well No. 1 Eddy Co.

RE: Ruiz SWD Well No. 1 (API 30-015-pending; Appl. No. pKSC1718735697) – Unit K, Section 10, T. 24 S., R. 28 E., NMPM, Eddy County, New Mexico.

Mr. McCurdy:

Alpha SWD Operating LLC is protesting this application for approval of a salt water disposal well into the Devonian formation. Alpha SWD Operating LLC has been identified as an affected person for the proposed salt-water disposal well. Therefore, you are being notified that if Delaware Energy LLC wishes for this application to be considered, it must either go to hearing or may be reviewed administratively if the protest is withdrawn as a result of a negotiated resolution with this party. The application will be retained by OCD, but suspended from further administrative review. Please contact OCD once you have made a decision regarding the application within the next 30 days. If the protest remains after 30 days, OCD will initiate the process for the application to be reviewed at hearing. Please contact me with any questions regarding this matter. Mike

Contact for Alpha SWD Operating LLC
Christopher B. Weyand
Consulting Engineer
Lonquist and Company LLC
3345 Bee Cave Road, Suite 201
Austin, Tx 78746
Phone: 512.600.1764
E-mail: chris@lonquist.com

Michael McMillan
1220 South St. Francis
Santa Fe, New Mexico
505-476-3448

EXHIBIT D

Michael.mcmillan@state.nm.us

EXHIBIT D