

Submit 1 Copy To Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

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

WELL API NO. 30-015-31844
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name True Grit 9 SWD
8. Well Number 1
9. OGRID Number 308339
10. Pool name or Wildcat SWD; Cisco (96099) (96181)
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3,584' GR

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☐ Other SWD ☐

2. Name of Operator
OWL SWD Operating, LLC

3. Address of Operator
8214 Westchester Drive, Suite 850, Dallas, TX 75255

4. Well Location
Unit Letter K : 1,650 feet from the South line and 1,780 feet from the West line
Section 9 Township 22S Range 25E NMPM County Eddy

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3,584' GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input checked="" type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

OWL SWD Operating, LLC seeks authority to commence the work prescribed in Administrative Order SWD-1502, dated October 8, 2014, on its True Grit 9 SWD Well No. 1. Upon issuance of approval to proceed from the District 2 Office, the following work would commence on this well:

1. Install a cast-iron bridge plug at 8,800' with a 35-foot cement cap on top of the CIBP.
2. Perforate injection interval of 8,765' - 8,288'.
3. Perform acid clean-up of perforated injection interval.
4. Install 3-1/2", internally-coated injection tubing on packer. Packer to be set within 100' of the top of the perforated injection interval.
5. Load injection tubing/production casing annulus with an inert packer fluid.
6. Perform a Mechanical Integrity Test ("MIT") on the well to test the packer seal.

NM OIL CONSERVATION
ARTESIA DISTRICT

SEP 17 2015

RECEIVED

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

TITLE: Consulting Engineer - Agent for OWL

DATE: 9-17-2015

Type or print name: Stephen L. Pattee

E-mail address: steve@lonquist.com

PHONE: 512-600-1774

For State Use Only

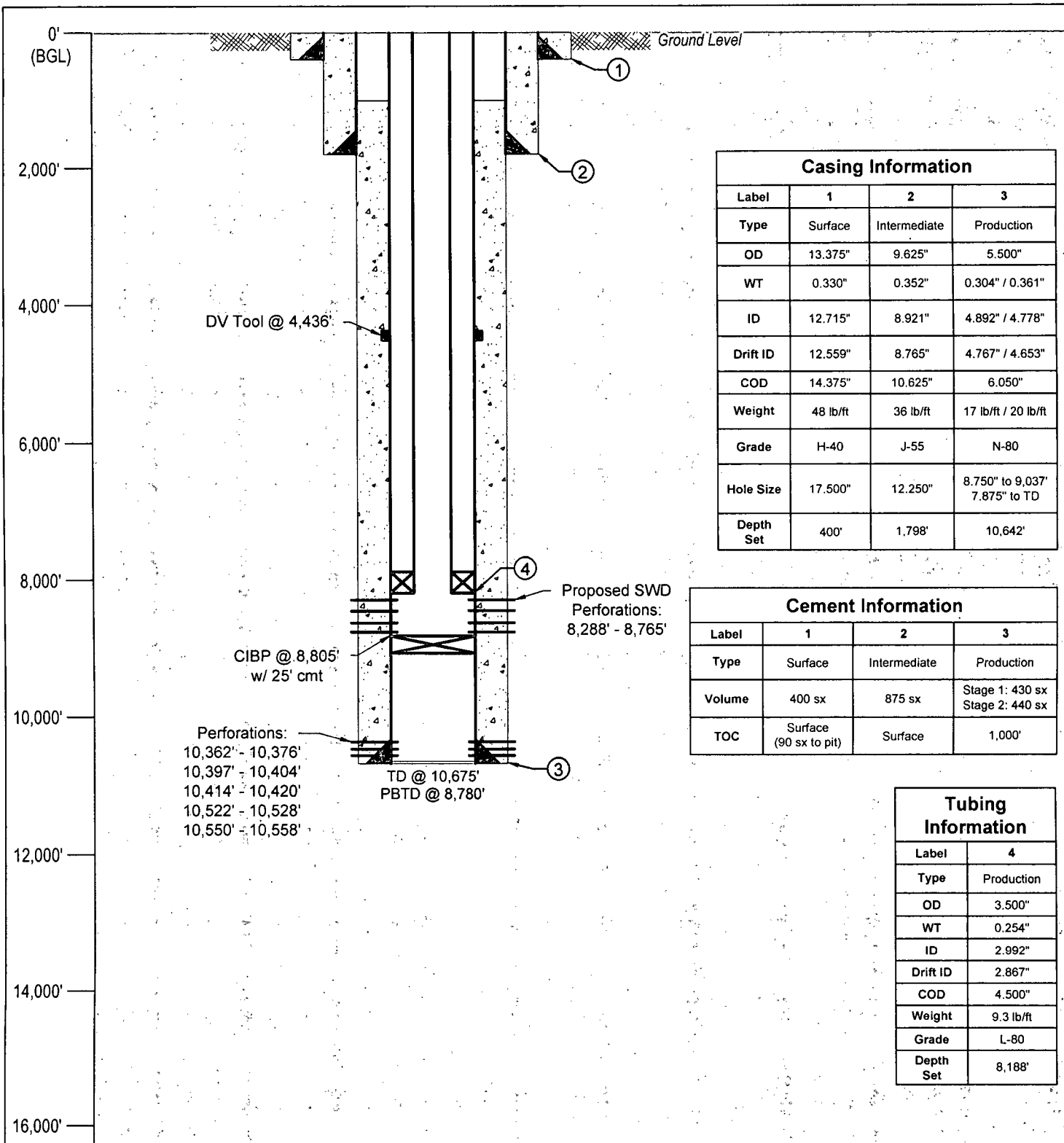
APPROVED BY:

TITLE:

DATE:

Conditions of Approval (if any):

C-145 signed 6/3/15



Casing Information			
Label	1	2	3
Type	Surface	Intermediate	Production
OD	13.375"	9.625"	5.500"
WT	0.330"	0.352"	0.304" / 0.361"
ID	12.715"	8.921"	4.892" / 4.778"
Drift ID	12.559"	8.765"	4.767" / 4.653"
COD	14.375"	10.625"	6.050"
Weight	48 lb/ft	36 lb/ft	17 lb/ft / 20 lb/ft
Grade	H-40	J-55	N-80
Hole Size	17.500"	12.250"	8.750" to 9.037" 7.875" to TD
Depth Set	400'	1,798'	10,642'

Cement Information			
Label	1	2	3
Type	Surface	Intermediate	Production
Volume	400 sx	875 sx	Stage 1: 430 sx Stage 2: 440 sx
TOC	Surface (90 sx to pit)	Surface	1,000'

Tubing Information	
Label	4
Type	Production
OD	3.500"
WT	0.254"
ID	2.992"
Drift ID	2.867"
COD	4.500"
Weight	9.3 lb/ft
Grade	L-80
Depth Set	8,188'

LONQUIST & CO. LLC AUSTIN WICHITA HOUSTON CALGARY Texas License F-8952 3345 Bee Cave Road, Suite 201 Austin, Texas 78746 Tel: 512.732.9812 Fax: 512.732.9816	OWL SWD Operating, Inc		True Grit 9 SWD No. 1- Permitted	
	Country: USA		State/Province: New Mexico	County/Parish: Eddy
	Survey/STR: S-09 T-22S R-25E		Site: 1,650' FSL & 1,780' FWL	Status: Convert to SWD
	API No.: 30-015-31844		Formation: Morrow	Ground Elevation: 3,584'
	State ID No.:		Project No:	Date: 7/10/2015
	Drawn: MMC		Reviewed: RSC	Approved: SLP
	Rev No:		Notes: Permitted SWD configuration.	

LONQUIST & CO. LLC

AUSTIN
HOUSTON

PETROLEUM
ENGINEERS

ENERGY
ADVISORS

WICHITA
CALGARY

www.lonquist.com

September 17, 2015

NM OIL CONSERVATION

ARTESIA DISTRICT

SEP 17 2015

RECEIVED

Randy Dade – District Supervisor
District 2 – Artesia
811 S. First St.
Artesia, NM 88210
Randy.Dade@state.nm.us

**Subject: True Grit 9 SWD No. 1 (API 30-015-31844 // SWD-1502)
Authorization Request to Convert**

Mr. Dade:

OWL SWD Operating, LLC would like to proceed with the conversion of their True Grit 9 SWD #1 (API 30-015-31844) to injection service per Order SWD-1502. Attached for your review are the following documents:

- Form C-103 to perform the work
- Wellbore diagram featuring the approved completion plan
- Administrative Order SWD-1502

We appreciate your attention to this matter and look forward to hearing back from you in the near future. Should you have any questions regarding this request, please do not hesitate to contact me to discuss.

Regards,



Stephen L. Pattee
Lonquist & Co., LLC (Agent for OWL SWD Operating, LLC)
Manager of Regulatory Affairs
(512) 600-1774
steve@lonquist.com

cc: Phillip Goetze
New Mexico Energy, Minerals, and Natural Resources Department
Oil Conservation Division District IV
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

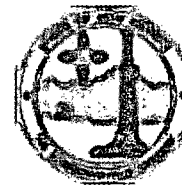
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

Jami Bailey, Division Director
Oil Conservation Division



Administrative Order SWD-1502
October 8, 2014

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of Division Rule 19.15.26.8B, NMAC, Mewbourne Oil Company (the "operator") seeks an administrative order to re-enter and recomplete its True Grit 9 SWD Well No. 1 with a location of 1650 feet from the South line and 1780 feet from the West line, Unit letter K of Section 9, Township 22 South, Range 25 East, NMPM, Eddy County, New Mexico, for produced water disposal purposes. Operator also proposes the change of the well name from the current name, the In Bounds Com. Well No. 1Y, to the name specified in the application.

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 Division Rule 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

Mewbourne Oil Company (OGRID 14744), is hereby authorized to utilize its True Grit 9 SWD Well No. 1 (API 30-015-31844) with a location of 1650 feet from the South line and 1780 feet from the West line, Unit letter K of Section 9, Township 22 South, Range 25 East, NMPM, Eddy County, for disposal of oil field produced water (UIC Class II only) into the Cisco formation through perforations from 8288 feet to 8765 feet. Injection will occur through internally-coated, 3 ½-inch or smaller tubing and a packer set within 100 feet of the top perforation of the approved 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 well construction proposed and described in the application.

The operator shall install a 35-foot cement cap to the cast-iron bridge plug (CIBP) proposed as the bottom plug at 8800 feet and may increase the setting depth of the CIBP by 35

feet to compensate for the cap.

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 1658 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 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.


JAMI BAILEY
Director

JB/prg

cc: Oil Conservation Division – Artesia District Office