

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary-Designate

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



March 6, 2017

Mr. Ben Stone, as agent for OWL SWD Operating, LLC
SOS Consulting, LLC
P. O. Box 300
Como, TX 75431

RE: Administrative Order SWD-1536; Third Extension of Deadline to Spud

Mills Ranch SWD Well No. 1 (API 30-015-43316)

Lot 6 (Unit L), Sec 6, T23S, R31E, NMPM, Eddy County, New Mexico

Order Date: May 19, 2015

Injection into Devonian, Silurian, and Montoya formations; permitted interval:
approximately 15400 feet to 17000 feet

Dear Mr. Stone:

Reference is made to your request on behalf of OWL SWD Operating, LLC ("operator") to extend the February 25, 2017 deadline stipulated in order SWD-1536 to commence drilling operations for the above referenced well for an additional one year for reasons outlined in the attached correspondence to the Mosaic Potash Company. The first extension was issued January 22, 2016, and extended the deadline to August 25, 2016. A second extension was issued August 6, 2016, and extended the deadline to February 25, 2017.

Paragraph nine of the administrative order contains a condition of approval that stipulates a deadline to spud the referenced well. This condition is the result of an agreement between the operator and the potash company with mineral interests at the well's location.

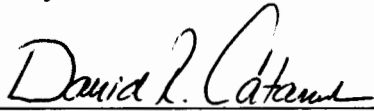
As required in the order, the Division has been provided confirmation by the Mosaic Potash Company that it has no objections to a one-year extension of the order for the referenced well.

Additionally, it is the Division's understanding from your request that there have been no significant changes in the information provided in the application submitted for review and approval of this order.

The Division finds that granting this request to extend this administrative order is in the interest of conservation, will prevent waste, and will protect the environment.

All requirements of the above referenced administrative order and agreements in the application remain in full force and effect excepting the deadline in which to commence drilling operations shall be extended to February 25, 2018. The deadline to commence injection operations remains May 19, 2017.

Sincerely,



DAVID R. CATANACH
Director

DRC/prg

cc: Oil Conservation Division – Artesia District Office
Well File API 30-015-43316
SWD-1536

February 7, 2017

Mosaic Potash Company
P.O. Box 71
Carlsbad, New Mexico 88221

Via Email

Attn: Mr. Dan Morehouse, Mine Superintendent

Re: Owl SWD Operating, LLC's proposed location for its Mills Ranch No.1 SWD

Dear Mr. Morehouse,

I hope all is well with you and 2017 is off to a good start.

We appreciate your previous extension for approval of the proposed location for the subject well in Section 6, T-23S, R-31E. As you know, this extension is due to expire on February 25, 2017 - just over two weeks from now.

Owl's management has asked me to relay their appreciation for your careful consideration of the fact that due to the current climate of the industry, we would again implore Mosaic to grant a one year extension, to be final.

The fact of the matter is that while this was a lengthy permitting process and involved numerous parties, no one at the time anticipated the duration or full impact of the industry slowdown. Things are obviously improving and Owl is now prepared to continue to move forward with projects that were suspended to adjust to market conditions. Senior staff is confident that if this project is to be accomplished, it will happen in the next year.

It appears from available reports and current GIS coverages that there has been no change in the area of review associated with the Section 6 location.

We therefore respectfully request that the availability of the location that Mosaic extend the location approval for one full year. This would coincide with the final expiration date of the OCD permit however; they are basing that extension on Mosaic's concurrent approval.

Thank you for your consideration of this matter.

Best regards,



Ben Stone, Partner, SOS Consulting, LLC
Agent for Owl SWD Operating, LLC

Cc: Project File

Goetze, Phillip, EMNRD

From: ben@sosconsulting.us
Sent: Tuesday, February 21, 2017 12:21 PM
To: Goetze, Phillip, EMNRD
Subject: FWD: FW: Owl's Mills Ranch SWD extension request...

Categories: Red Category

Phillip,

I'm forwarding Mosaic's response in which they've indicated they have no objection to the Mills Ranch SWD location.

Please recall that I had recently submitted a permit extension request pending Mosaic's continuing approval to drill at this location.

Please let me know if you need anything else.

Best regards,
Ben



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----- Original Message -----

Subject: FW: Owl's Mills Ranch SWD extension request...
From: "Bell, Ric C - Carlsbad" <Ric.Bell@mosaicco.com>
Date: 2/21/17 7:39 am
To: "ben@sosconsulting.us" <ben@sosconsulting.us>
Cc: "Morehouse, Dan J - Carlsbad" <Dan.Morehouse@mosaicco.com>

Ben,

I thought I sent this to you last week, sorry for the mix up.

Ric

From: Bell, Ric C - Carlsbad
Sent: Thursday, February 09, 2017 6:22 AM
To: Bell, Ric C - Carlsbad <Ric.Bell@mosaicco.com>
Cc: Morehouse, Dan J - Carlsbad <Dan.Morehouse@mosaicco.com>
Subject: RE: Owl's Mills Ranch SWD extension request...

Ben,

According to the NMOCC Web Site the location of the SWD is 2491'FSL, 1148'FWL, Sec. 6, T-23-S, R-31E. Mosaic does not object to this location.

Cheers,

Ric



Ric Bell | Senior Geologist
The Mosaic Company | 1361 Potash Mines Road | Carlsbad, New Mexico, 88220
P: 575.628.6242 | C: 575.361.3854 | E: ric.bell@mosaicco.com |
W: www.mosaicco.com

From: Bell, Ric C - Carlsbad
Sent: Thursday, February 09, 2017 6:13 AM
To: Morehouse, Dan J - Carlsbad <Dan.Morehouse@mosaicco.com>
Subject: RE: Owl's Mills Ranch SWD extension request...

The location is in 6-23-31

Ric

From: Morehouse, Dan J - Carlsbad
Sent: Wednesday, February 08, 2017 12:52 PM
To: Bell, Ric C - Carlsbad <Ric.Bell@mosaicco.com>
Subject: FW: Owl's Mills Ranch SWD extension request...

Do you remember where this location is? I'm sure little has changed but we should review. Dan

From: ben@sosconsulting.us [mailto:ben@sosconsulting.us]
Sent: Tuesday, February 07, 2017 1:02 PM
To: Morehouse, Dan J - Carlsbad <Dan.Morehouse@mosaicco.com>
Subject: Owl's Mills Ranch SWD extension request...

Hello Dan,

Hope all is well out there!

Please review the attached letter concerning Owl's final request for the location approval extension request.

I look forward to your reply at your convenience.

Thanks so much,

Ben



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