

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



March 24, 2017

Mr. Patrick McMahon
Permian TDS, LLC
P. O. Box 788
Lovington, NM 88260

RE: Administrative Order SWD-1547; First Extension of Deadline

North Shugart Federal SWD Well No. 2 (API 30-015-31459)

UL P, Sec 17, T18S, R31E, NMPM, Eddy County, New Mexico

Order Date: April 29, 2015

Injection into the Delaware Mountain Group; permitted interval: 5064 feet to 5600 feet

Dear Mr. McMahon:

Reference is made to your request on behalf of Permian TDS, LLC (the "operator") to extend the April 29, 2017 deadline stipulated in order SWD-1547 to commence injection operations for the above referenced well for an additional one year for reasons outlined in the attached correspondence.

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. These changes include the completion of new wells within the Area of Review that penetrated the approved injection interval and any changes in ownership.

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.

SWD-1547: Extension of Deadline
Permian TDS, LLC
March 24, 2017
Page 2 of 2

The deadline to commence injection for the existing order is hereby extended until April 29, 2018.

Sincerely,



DAVID R. CATANACH
Director

DRC/prg

cc: Oil Conservation Division – Artesia District Office
Bureau of Land Management – Carlsbad Field Office
Well File API 30-015-31459
SWD-1547

Goetze, Phillip, EMNRD

From: Patrick <hsncpbm@leaco.net>
Sent: Thursday, March 16, 2017 2:21 PM
To: Goetze, Phillip, EMNRD
Subject: RE: Extension Request to Commence Injection for SWD-1547
Attachments: Correspondence from Eddie Seay 3.10.17.pdf

Mr. Goetze:

Thank you for your response. Please find attached correspondence from Mr. Eddie Seay that indicated that there is no change in the AOR wells and that the affected parties that were noticed in the original SWD application are the same.

Also, based upon your advice to review my original request for extension, please accept this correspondence as my amended request for an extension of a 365 day period regarding SWD-1547.

Your consideration and advice in this matter is greatly appreciated. If you should have any questions, please do not hesitate to contact me.

Patrick B. McMahon
Heidel, Samberson, Cox & McMahon
311 North First
P.O. Drawer 1599
Lovington, New Mexico 88260

From: Goetze, Phillip, EMNRD [mailto:Phillip.Goetze@state.nm.us]
Sent: Friday, March 3, 2017 2:26 PM
To: Patrick B. McMahon <hsncpbm@leaco.net> (hsncpbm@leaco.net) <hsncpbm@leaco.net>
Subject: Extension Request to Commence Injection for SWD-1547

RE: North Shugart Federal SWD No. 2 (30-015-31459); SWD-1547

Mr. McMahon:

Division is in receipt of your written request for the extension of SWD-1547 prior to the anniversary date for injection to commence. Though the request has been accepted, an additional correspondence is required that includes two verifications – that there is no change in the AOR wells and that the affected parties noticed for the original application are the same. If either of these items have changed, then additional effort will be required (new affected parties will be required to be noticed and new AOR wells will be required to be diagramed and submitted for consideration as an addendum to the original application). Examples of such letters by EOG and WPX/RKI are provided.

Additionally, please review the period of time requested for the extension and verify that the 180-day period is adequate. Any request for extension should also include a margin for equipment, weather, or operational issues that may occur with initial operation of a disposal well. Please contact me with any questions regarding this subject. PRG

Phillip Goetze, PG
Engineering Bureau, Oil Conservation Division

New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive, Santa Fe, NM 87505
Direct: 505.476.3466
E-mail: phillip.goetze@state.nm.us



Rena Seay

From: "Rena Seay" <seay04@leaco.net>
To: "Patrick B. McMahon" <hsncpbm@leaco.net>
Sent: Friday, March 10, 2017 10:22 AM
Subject: North Shugart Federal SWD #2 - AOR Update
March 10, 2017

Patrick B. McMahon
P.O. Box 1599
Lovington, NM 88260

RE: North Shugart Federal SWD #2
API 30-015-31459
SWD 1547
AOR Update

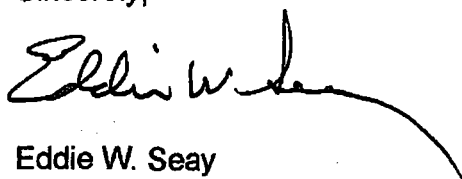
Mr. McMahon:

At your request, an update to the AOR of the above listed well was conducted.

There are no new wells in the AOR. There was only one well drilled in the general area, outside the AOR, the Gray Squirrel Fed. #1 Unit L, Section 20, T. 18 S., Rng. 31 E., drilled by COG. COG was notified in original application.

Should you need anything further, please let me know.

Sincerely,

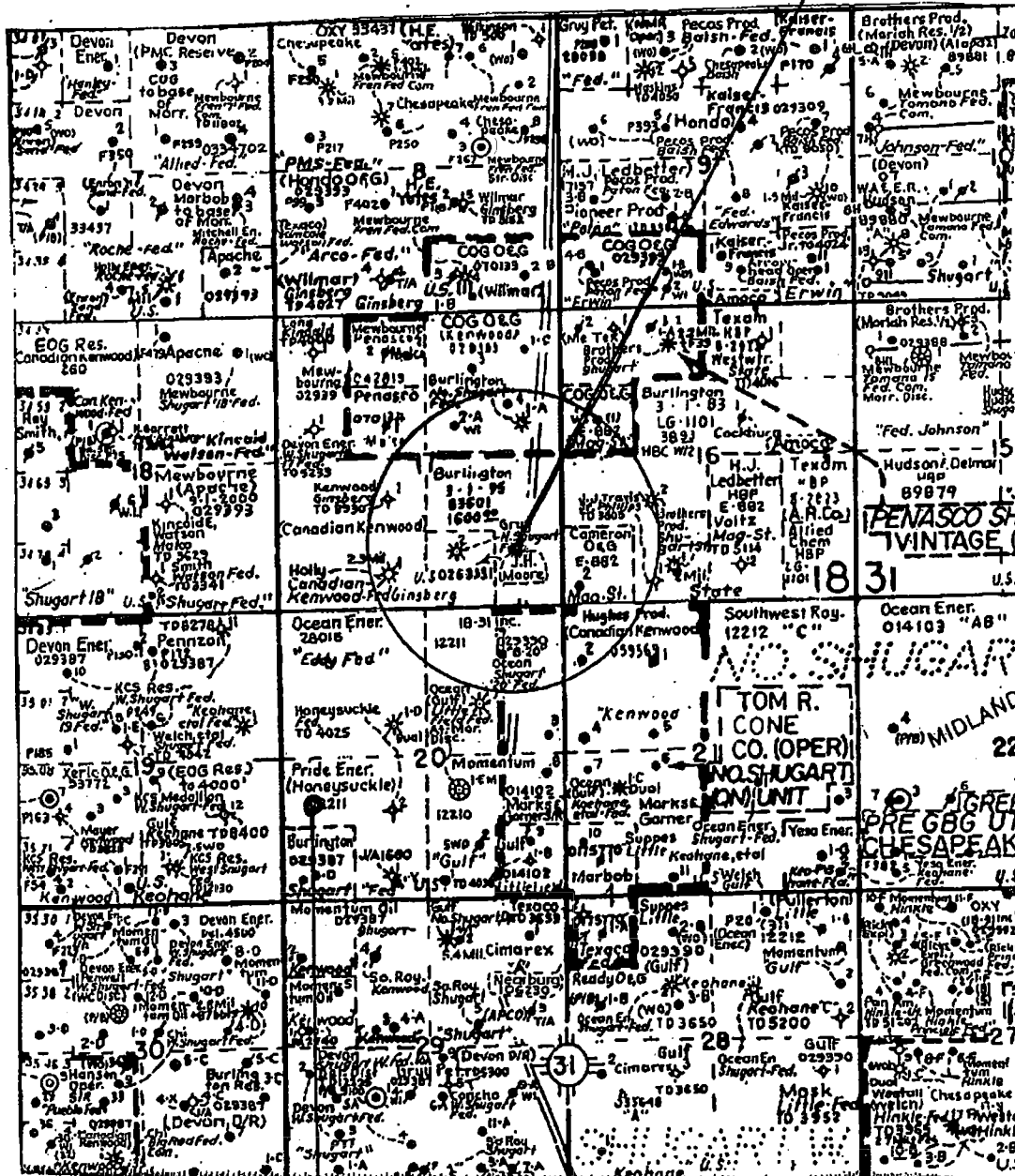


Eddie W. Seay
Eddie Seay Consulting
601 W. Illinois
Hobbs, NM 88242
575-392-2236
seay04@leaco.net

Gray Squirrel Fed. Com. #1 H
30-015-44036
APD only - 2nd BS sand TOC
Casing 0'-580' • 13 7/8" - Cir
0'-2500' • 9 5/8" - Cir
0'-13291' • 5 1/2" - 2000'
(500' tie)

3/10/2017

North Shugart SWD #2



COG, Gray Squirrel #1

Subject: New wells in area of review for SWD well
30-015-44036 GRAY SQUIRREL FEDERAL COM #001H [317291]

Operator: [229137] COG OPERATING LLC

Status: New
Well Type: Oil
Work Type: New

Direction: Horizontal
Multi-Lateral: No
Lease Type: Federal

Surface Location: L-20-18S-31E 1980 FSL 190 FWL
Lat/Long: 32.730998,-103.899126 NAD27

GL Elevation: 3633

Sing/Mult Compl: Single

Surface location is 4338' from SWD well. Closest point of proposed lateral to SWD well is approximately 4290

The lateral will be in the 2nd BS sand at a depth of 8733

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COG Operating, LLC
Street, Apt. No.,
or PO Box No. 990 W. Texas Ave., Ste. 1300
City, State, ZIP+4 Midland, TX 79701
PS Form 3800, August 2006 See Reverse for Instructions

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or PO Box No. 20 N. Broadway
City, State, ZIP+4 Oklahoma City, OK 73102
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or PO Box No. 600 N. Marienfield St., Ste. 600
City, State, ZIP+4 Midland, TX 79701
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Sent To
Cameron Oil & Gas Inc.
Street, Apt. No.,
or PO Box No. Box 1456
City, State, ZIP+4 Roswell, NM 88202
PS Form 3800, August 2006 See Reverse for Instructions

Goetze, Phillip, EMNRD

From: Goetze, Phillip, EMNRD
Sent: Friday, March 3, 2017 2:26 PM
To: Patrick B. McMahon <hsncpbm@leaco.net> (hsncpbm@leaco.net)
Subject: Extension Request to Commence Injection for SWD-1547
Attachments: Karst SWD_Request UIC Extension_SUB_E-mail_2017-01-17.pdf; Andromeda SWD #1 _Request for Extension of AO SWD-1534.pdf

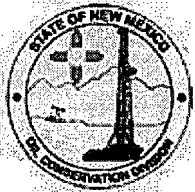
RE: North Shugart Federal SWD No. 2 (30-015-31459); SWD-1547

Mr. McMahon:

Division is in receipt of your written request for the extension of SWD-1547 prior to the anniversary date for injection to commence. Though the request has been accepted, an additional correspondence is required that includes two verifications – that there is no change in the AOR wells and that the affected parties noticed for the original application are the same. If either of these items have changed, then additional effort will be required (new affected parties will be required to be noticed and new AOR wells will be required to be diagramed and submitted for consideration as an addendum to the original application). Examples of such letters by EOG and WPX/RKI are provided.

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Phillip Goetze, PG
Engineering Bureau, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive, Santa Fe, NM 87505
Direct: 505.476.3466
E-mail: phillip.goetze@state.nm.us



Permian TDS, LLC
P.O. Box 788
Lovington, NM 88260

March 2, 2017 2017 MAR -7 P 3 00

NMOCD Director
Mr. David Catanach
1220 South St. Francis Dr.
Santa Fe, NM 87505

**Re: Permian TDS, LLC
North Shugart Federal SWD #2
SWD-1547**

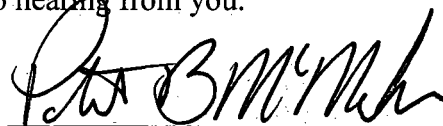
Mr. Catanach:

Pursuant to the provision in the approved Order SWD-1547, Permian TDS, LLC (Permian) is requesting an extension of time in which to complete and put the above well on injection. NMOCD approved SWD-1547 on or about April 29, 2015.

Since the well was approved, Permian has spent the better part of nearly two years working with the BLM to fulfill their requirements on Federal properties. Permian did not anticipate the considerable delays in with the BLM on this matter.

Permian would appreciate your consideration of a 180 day extension to the permit. This will give us time to finish up the BLM's requirements and get the well on injection per the Order.

Thank you. Permian looks forward to hearing from you.



Patrick B. McMahon, Operational Agent