

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, **Division Director**
Oil Conservation Division



March 16, 2018

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

RE: Administrative Order SWD-1547; Second 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 (and the first one-year extension granted March 24, 2017) for an additional ninety (90) days 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.

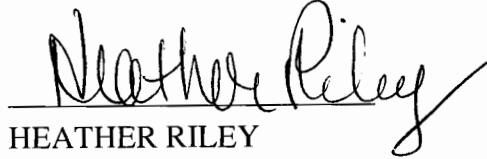
The Division finds that granting this request to extend this administrative order is in the interest of conservation, will prevent waste, and will protect the environment.

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 16, 2018
Page 2 of 2

The deadline to commence injection for the existing order is hereby extended until July 31, 2018.

Sincerely,

A handwritten signature in black ink, appearing to read "Heather Riley", is written over a horizontal line.

HEATHER RILEY
Director

HR/wvjj

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

MAR 16 2018 PM02:59

March 14, 2018

NMOCD Engineering
ATTN: Will Jones
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: Permian TDS, LLC
North Shugart Fed. #2
API 30-015-31459
SWD 1547
Request for Extension to Inject

Mr. Jones:

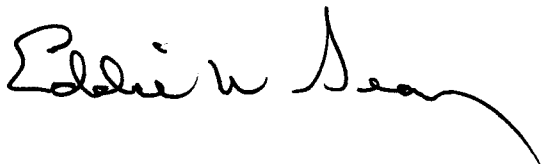
As we discussed by phone, I am requesting a ninety (90) day extension to finish up the conversion to the above listed well. It has been an ordeal trying to satisfy the BLM.

I have made a review of any new wells that were drilled in the area, only one was drilled and is outside the AOR. The information is attached.

I appreciate your consideration to my request. I know if we lose this permit, a new Delaware well may never be approved.

Thanks again, look forward to hearing from you.

Sincerely,

A handwritten signature in black ink, appearing to read "Eddie W. Seay", with a long, sweeping underline.

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

Proposed SWD well

30-015-31459 Permian TDS
P-17-18S-31E

NORTH SHUGART FEDERAL #2
990 FSL 990 FEL

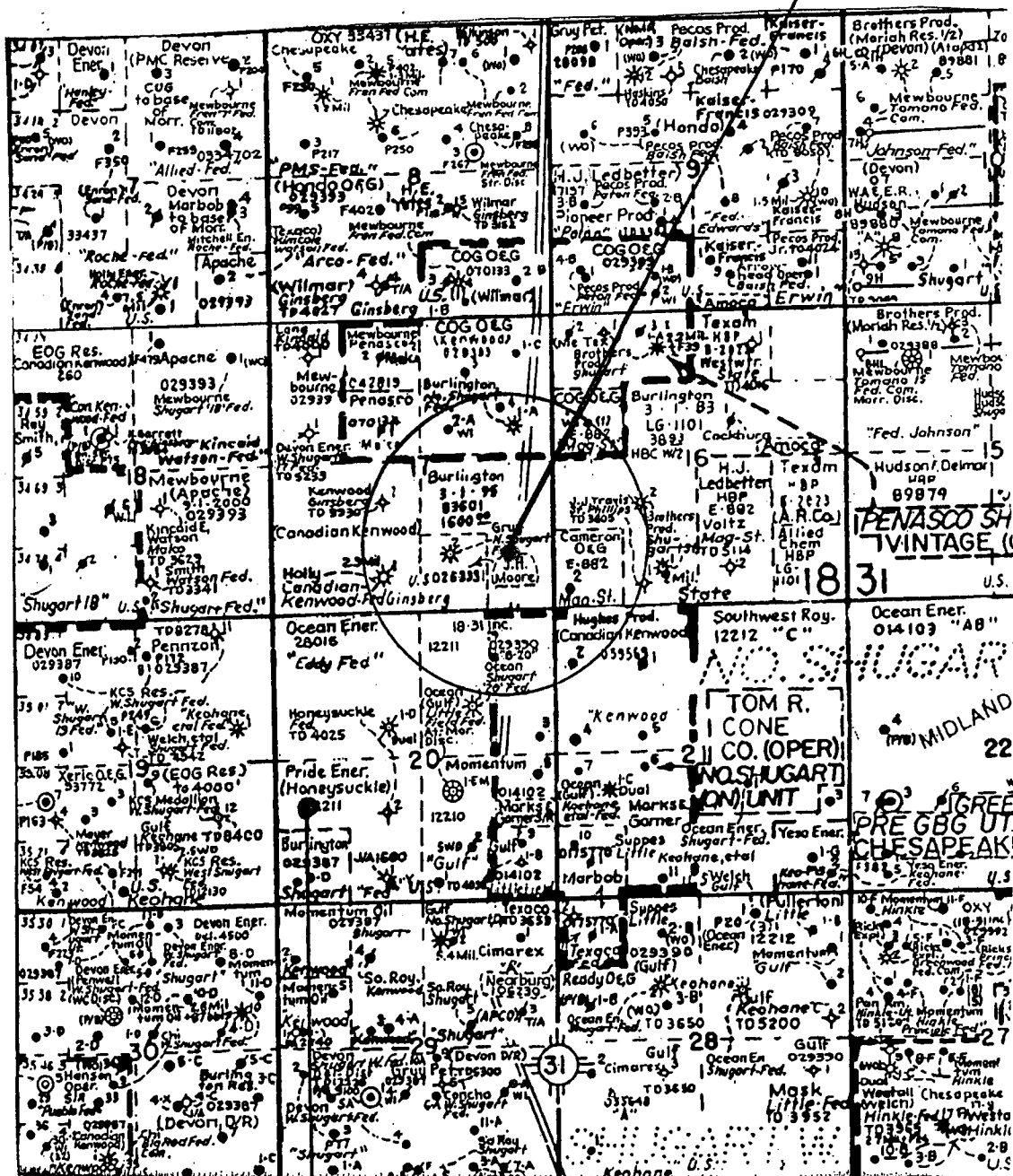
In Section 16, 17, 20 and 21 there is only one new well and is located outside ½ mile radius of review. Surface location is approximately 5619 feet from proposed SWD well.

30-15-44036 COG OPERATING LLC
L-20-18S-31E

GRAY SQUIRREL FEDERAL COM #001H
1980 FSL 190 FWL

Status= "N" [56405] SHUGART; BONE SPRING, NORTH

North Shugart SWD #2



COG, Gray Squirrel #1

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