

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 13, 2018

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

RE: Administrative Order SWD-1611; First Extension of Deadline to Commence Injection

I'm Your Hackberry SWD Well No. 1 (API 30-015-Pending)

Unit A, Sec 16, T19S, R31E, NMPM, Eddy County, New Mexico

Order Date: January 19, 2016

Injection into the Devonian and Silurian formations; permitted interval: approximately 13300 feet to 14300 feet

Dear Mr. Stone:

Reference is made to your request on behalf of OWL SWD Operating, LLC (the "operator") to extend the deadline stipulated in order SWD-1611 based upon the approval date of January 19, 2016, to commence injection for the above referenced well for an additional one year for reasons outlined in the attached correspondence. The Division was verbally notified of the intent of the operator to extend this deadline prior to January 19, 2018, but due to extenuating circumstances, the submittal of the written extension was not received by the Division until January 26, 2018.

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.

SWD-1611: First Extension of Deadline to Commence Injection

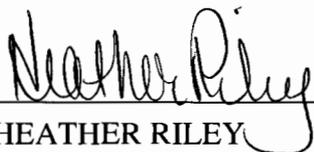
OWL SWD Operating, LLC

March 13, 2018

Page 2 of 2

The deadline to commence injection for the existing order is hereby extended until January 19, 2019. All requirements of the above referenced administrative order and agreements in the application remain in full force and effect.

Sincerely,

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

HEATHER RILEY

Director

HR/prg

cc: Oil Conservation Division – Artesia District Office
SWD-1611



January 26, 2018

New Mexico Oil Conservation Division
 1220 South St. Francis Drive
 Santa Fe, New Mexico 87505

VIA EMAIL

Attn: Mr. Phillip Goetze, OCD Engineering Bureau

Re: Request to Extend Expiration Date for NMOCD Permit SWD-1611 pertaining to Owl SWD Operating, LLC's Your Hackberry SWD No.1, located in Section 16, T19S-R31E, NMPM, Eddy County, New Mexico.

Dear Mr. Goetze,

Owl SWD Operating, LLC had suspended some of its projects to accommodate the changes in the climate of the industry over the last couple years. Management has determined that it would now like to move forward with the subject project as permitted. The original permit was to expire on January 19, 2018. We inadvertently let this date slip by and did not get the request done in a timely fashion.

However, I have reviewed the subject Area of Review and determined that no changes have taken place. The Your Hackberry SWD will be configured exactly as originally permitted. Per your instructions, I will also get new notice sent to all affected parties.

Owl has instructed me to file a complete C-101 Application for Permit to Drill if, this extension request is granted.

Owl is currently moving forward on its SWD drilling and completion program and anticipates the Your Hackberry project coming up in 2018. We therefore request an appropriate extension of one year for the subject permit SWD-1611.

If you or your staff has any questions, please do not hesitate to call or email me.

Best regards,



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

Cc: Project file

**NOTICE LIST – PROOF OF NOTIFICATION
AFFECTED PARTIES LIST**

*(Lessees to be notified where an operator is absent;
per OCD rules NMAC 19.15.26.7, A. and 19.15.26.8, B.2).
Note: Operators of record exist for all lease tracts within ½ mile.*

All notices include a copy of the subject permit SWD-1611.

SURFACE OWNER

- 1 STATE OF NEW MEXICO
Oil, Gas and Minerals Division
310 Old Santa Fe Trail
Santa Fe, NM 87504
Certified: 7015 3010 0001 3789 9187

OFFSET OPERATORS (Notified via USPS Certified Mail)

- 2 EOG 'Y' RESOURCES, INC.
104 S. 4th Street
Artesia, NM 88210
Certified: 7015 3010 0001 3789 9194
- 3 DEVON ENERGY PRODUCTION CO., LP
333 W. Sheridan Avenue
OKC, OK 73102-5010
Certified: 7015 3010 0001 3789 9200

REGULATORY (Renewal package via Email)

NEW MEXICO OIL CONSERVATION DIVISION
1220 S. St. Francis Dr.
Santa Fe, NM 87505

NEW MEXICO OIL CONSERVATION DIVISION
811 S. First St.
Artesia, NM 88210

January 26, 2018

NOTIFICATION TO INTERESTED PARTIES
via U.S. Certified Mail – Return Receipt Requested

Re: Request to Extend Expiration Date for NMOCD Permit SWD-1611 pertaining to Owl SWD Operating, LLC's I'm Your Hackberry SWD No.1, located in Section 16, T19S-R31E, NMPM, Eddy County, New Mexico.

To Whom It May Concern:

Owl SWD Operating, LLC is requesting an extension of one year for the subject permit SWD-1611 from the NM Oil Conservation Division. The permit expiration date was January 19, 2018. Through an inadvertent oversight, this date passed. On January 26th, the oversight was discovered, and OCD immediately notified.

As there have been no apparent changes in the one-half mile Area of Review, OCD instructed us to notify affected parties of this request.

Owl is currently moving forward on its SWD drilling and completion program and anticipates the Your Hackberry project coming up in 2018. We are therefore requesting an appropriate extension of one year for the subject permit SWD-1611.

If I may be of assistance, please don't hesitate to contact me.

Thank you for your attention in this matter.

Best regards,



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

Attachment: Copy of SWD-1611

C-108 – Permit Renewal

Proof of Notice (Certified Mail Receipts)

7015 3010 0001 3789 9187

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com

OFFICIAL USE

Certified Mail Fee
 \$ _____

Extra Services & Fees (check box, add fee as appropriate)

<input type="checkbox"/> Return Receipt (hardcopy)	\$ _____
<input type="checkbox"/> Return Receipt (electronic)	\$ _____
<input type="checkbox"/> Certified Mail Restricted Delivery	\$ _____
<input type="checkbox"/> Adult Signature Required	\$ _____
<input type="checkbox"/> Adult Signature Restricted Delivery	\$ _____

Postage
 \$ _____

Total Postage and Fees
 \$ 6.91

Sent To
 Street ar _____
 City, State _____

PS Form _____

STATE OF NEW MEXICO
 Oil, Gas and Minerals Division
 310 Old Santa Fe Trail
 Santa Fe, NM 87504

Postmark Here
 JAN 27 2015

7015 3010 0001 3789 9194

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com

OFFICIAL USE

Certified Mail Fee
 \$ _____

Extra Services & Fees (check box, add fee as appropriate)

<input type="checkbox"/> Return Receipt (hardcopy)	\$ _____
<input type="checkbox"/> Return Receipt (electronic)	\$ _____
<input type="checkbox"/> Certified Mail Restricted Delivery	\$ _____
<input type="checkbox"/> Adult Signature Required	\$ _____
<input type="checkbox"/> Adult Signature Restricted Delivery	\$ _____

Postage
 \$ _____

Total Postage and Fees
 \$ 6.91

Sent To
 Street ar _____
 City, State _____

PS Form _____

EOG 'Y' RESOURCES, INC.
 104 S. 4th Street
 Artesia, NM 88210

Postmark Here
 JAN 27 2015

0026 6899 9200 3789 9200

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com

OFFICIAL USE

Certified Mail Fee
 \$ _____

Extra Services & Fees (check box, add fee as appropriate)

<input type="checkbox"/> Return Receipt (hardcopy)	\$ _____
<input type="checkbox"/> Return Receipt (electronic)	\$ _____
<input type="checkbox"/> Certified Mail Restricted Delivery	\$ _____
<input type="checkbox"/> Adult Signature Required	\$ _____
<input type="checkbox"/> Adult Signature Restricted Delivery	\$ _____

Postage
 \$ _____

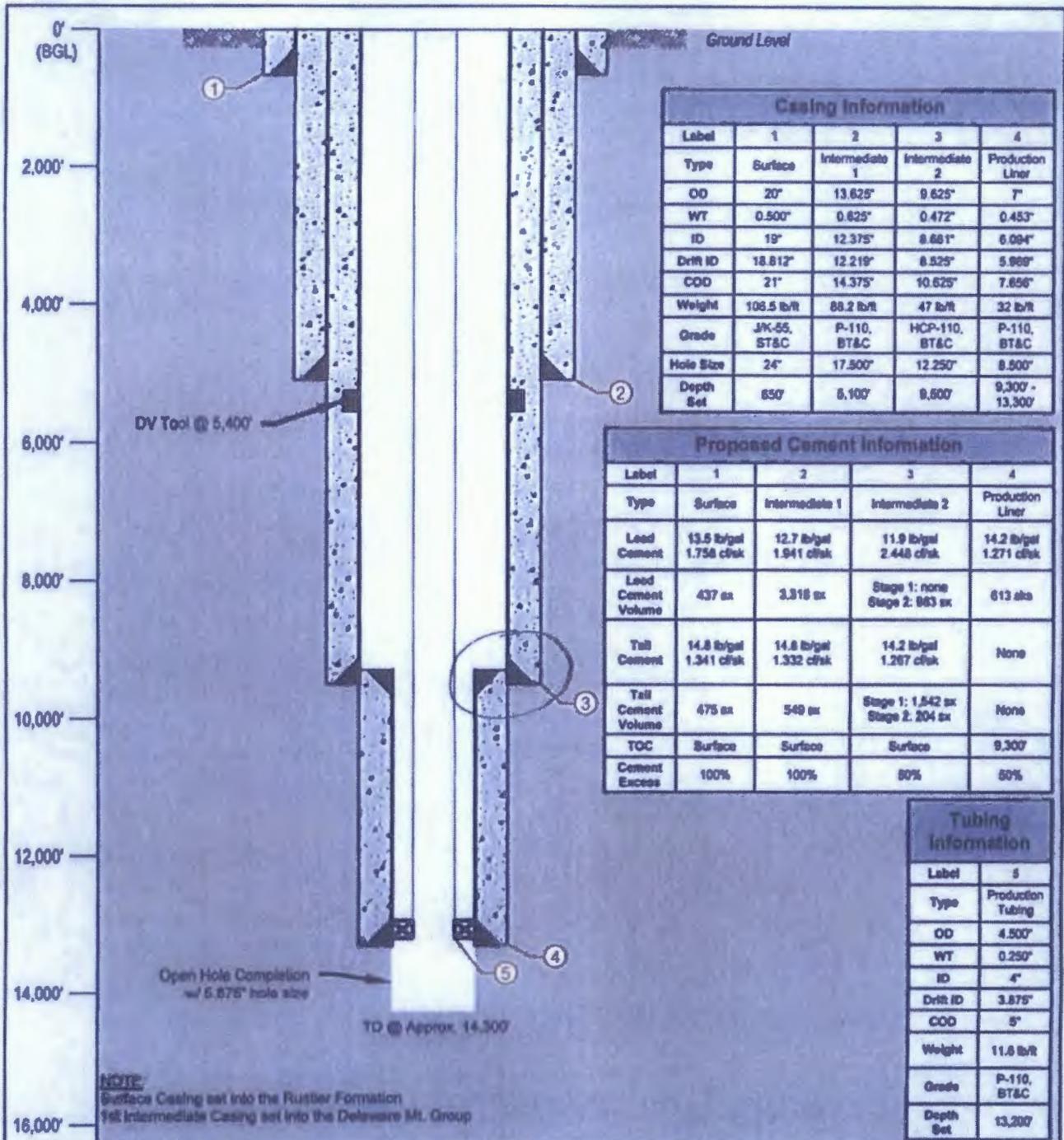
Total Postage and Fees
 \$ 6.91

Sent To
 Street ar _____
 City, State _____

PS Form _____

DEVON ENERGY PROD. CO., LP
 333 W. Sheridan Avenue
 OKC, OK 73102-5010

Postmark Here
 JAN 27 2015



LONQUIST & CO. LLC <small>PETROLEUM ENGINEERS ENERGY SERVICES</small> <small>AUSTIN WICHITA HOUSTON CALGARY</small>	OWL SWD Operating, Inc	I'm Your Hackberry SWD No. 1	
	Country: USA	State/Province: New Mexico	County/Parish: Eddy
Survey/STR: J-16-19S-31E	API No.: 30-015-TBD	Site:	Status: To Be Drilled
Texas License: F-8952	State ID No.:	Field:	Ground Elevation:
3045 Bee Cave Road, Suite 201 Austin, Texas 78748 Tel: 512.732.9812 Fax: 512.732.9816	Drawn: MMC Rev No.: 1	Project No.: Reviewed: SLP	Date: 1/14/2016 Approved: SLP
Notes: Devonian completion with 4-1/2" injection Tubing.			

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

David R. Catanach, Division Director
Oil Conservation Division



Administrative Order SWD-1611
January 19, 2016

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of Division Rule 19.15.26.8B, NMAC, OWL SWD Operating, LLC (the "operator") seeks an administrative order for its proposed I'm Your Hackberry SWD Well No. 1 with a proposed location 320 feet from the North Line and 210 feet from the East line, Unit A of Section 16, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico, for 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 objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in Division 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:

Owl SWD Operating, LLC (OGRID 308399), is hereby authorized to utilize its I'm Your Hackberry SWD Well No. 1 (API 30-015-pending) with a location of 244 feet from the North Line and 626 feet from the East line, Unit A of Section 16, Township 19 South, Range 31 East, NMPM, Eddy County, for disposal of oil field produced water (UIC Class II only) through an open-hole interval within the Devonian and Silurian aged rocks from 13300 feet to 14300 feet. Injection will occur through internally-coated, 4½-inch or smaller tubing and a packer set within 100 feet of the uppermost perforation.

Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information to the Division's District geologist and Santa Fe Bureau Engineering office, showing evidence agreeable that only the permitted formations are 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.

This permit does not permit disposal into the Ellenburger formation (lower Ordovician) or lost circulation intervals directly on top and obviously connected to this formation.

The operator shall supply the Division with a copy of a mudlog over the permitted disposal

interval and an estimated insitu water salinity based on open-hole logs. If significant hydrocarbon shows occur while drilling, the operator shall notify the Division's District II office and the operator shall be required to receive written permission prior to commencing disposal.

Every casing string shall be cemented to surface.

Operator shall set the first intermediate casing in the Bell Canyon formation of the Delaware Mountain Group. This will ensure that the Capitan Reef is fully isolated. A water based mud shall be used through the Capitan Reef to ensure that it is properly protected while drilling.

The operator shall run a CBL (or equivalent) across the 7-inch liner through the 9-5/8 casing to surface to demonstrate a good cement bond between the liner and casing, and good cement across the entire casing.

Within one year after commencing disposal, the operator shall submit to the Division copies of an injection survey run on this well consisting of a temperature log, or equivalent, run under representative disposal rates.

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.

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 2660 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 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.

Administrative Order SWD-1611
Owl SWD Operating, LLC
January 19, 2016
Page 4 of 4

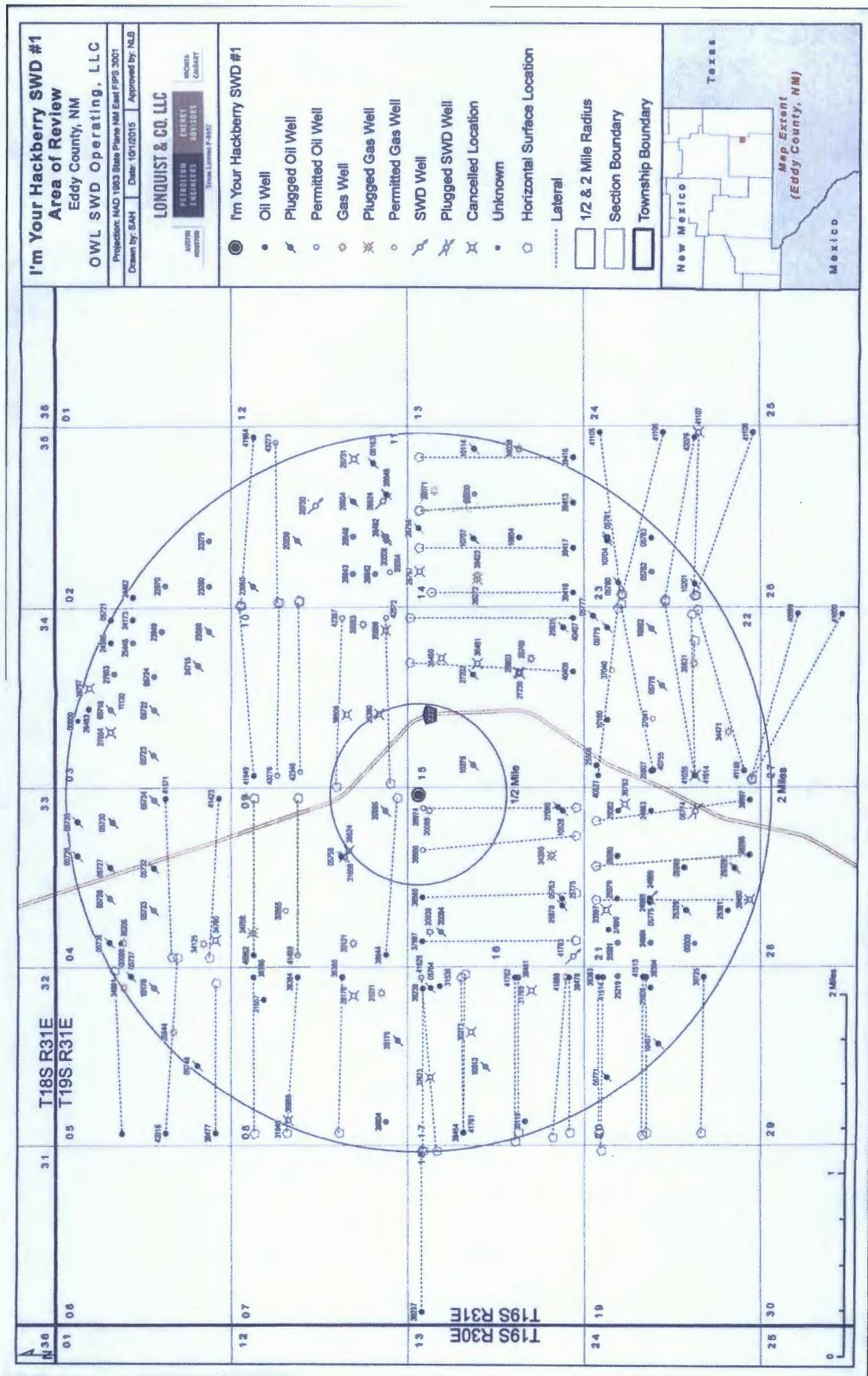


DAVID R. CATANACH
Director

DRC/mam

cc: Oil Conservation Division – Artesia District Office
Bureau of Land Management - Carlsbad
Application Number – pMAM1529638790

ORIGINAL AOR MAP SUBMITTED W/ C-108



Goetze, Phillip, EMNRD

From: ben@sosconsulting.us
Sent: Saturday, January 27, 2018 11:08 AM
To: Goetze, Phillip, EMNRD; Podany, Raymond, EMNRD
Cc: pcarr@oilfieldwaterlogistics.com
Subject: SWD-1611 Extension Request pertaining to Owl's "I'm Your Hackberry SWD No.1"
Attachments: ExtRqst_Owl_Hackberry_SWD-1611_AsSubmitted_20180127.pdf

Phillip and Ray,

The subject extension request package is attached.

Offset operators as well as the State of New Mexico were noticed. Their notices included a copy of SWD-1611.

The AOR was reviewed and appears to be identical to the time of application – a new AOR map and the original are included as well as the proposed wellbore diagram.

Please let me know if additional information is require and thank you for your attention to this matter.

Best regards,
Ben



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