Additional

Information

AOR Analysis and Notice for Extension 9/21/20

LONQUIST & CO. LLC

AUSTIN **HOUSTON**

PETROLEUM **ENGINEERS**

ENERGY **ADVISORS** WICHITA CALGARY

www.longuist.com

September 21, 2020

New Mexico Energy, Minerals, and Natural Resources Department Oil Conservation Division District IV 1220 South St. Francis Drive Santa Fe, New Mexico 87505 (505) 476-3440

Subject: Request for Extension of SWD-1687 pertaining to the Gold Coast 26 Federal SWD Well No. 3 located in Unit K of Section 26, Township 24S, Range 32E, NMPM, Lea County, NM

To Whom It May Concern:

Please find the following items to support our extension request for the Gold Coast 26 Federal SWD Well No. 3:

• One-mile AOR well map and lists

Kamone & Honey

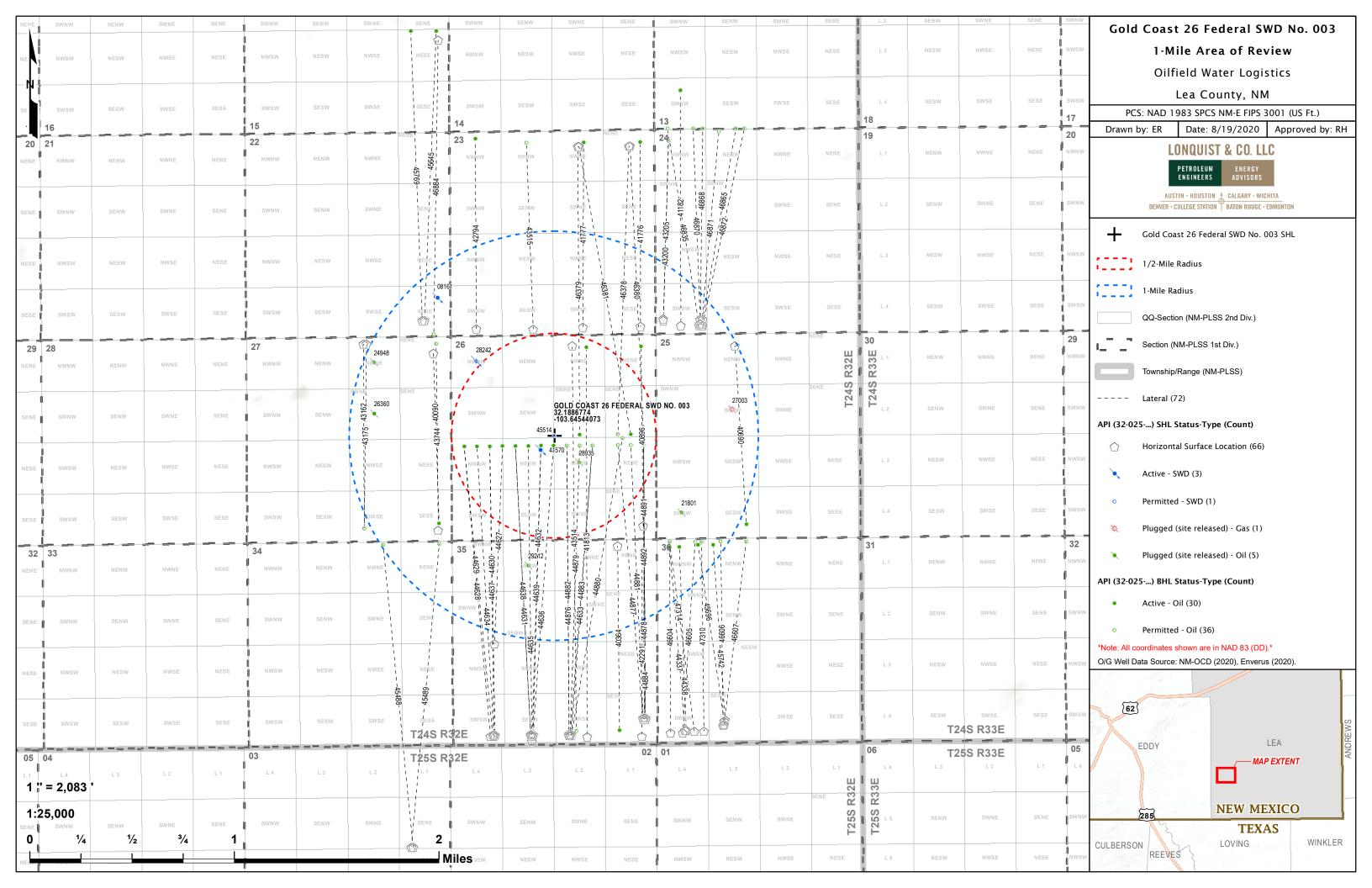
- One-mile affected parties map and list
- Proof of notice for additional affected parties since original application
- Proof of delivery for additional affected parties

Please note that the US Postal Service returned our notice to 3 Knights Operating, but we were able to reach the contact of record via email and his response acknowledging receipt is included. If you have any questions, please do not hesitate to call or email me.

Regards,

Ramona K. Hovey Sr. Petroleum Engineer Lonquist & Co., LLC

(512) 600-1777 ramona@lonquist.com

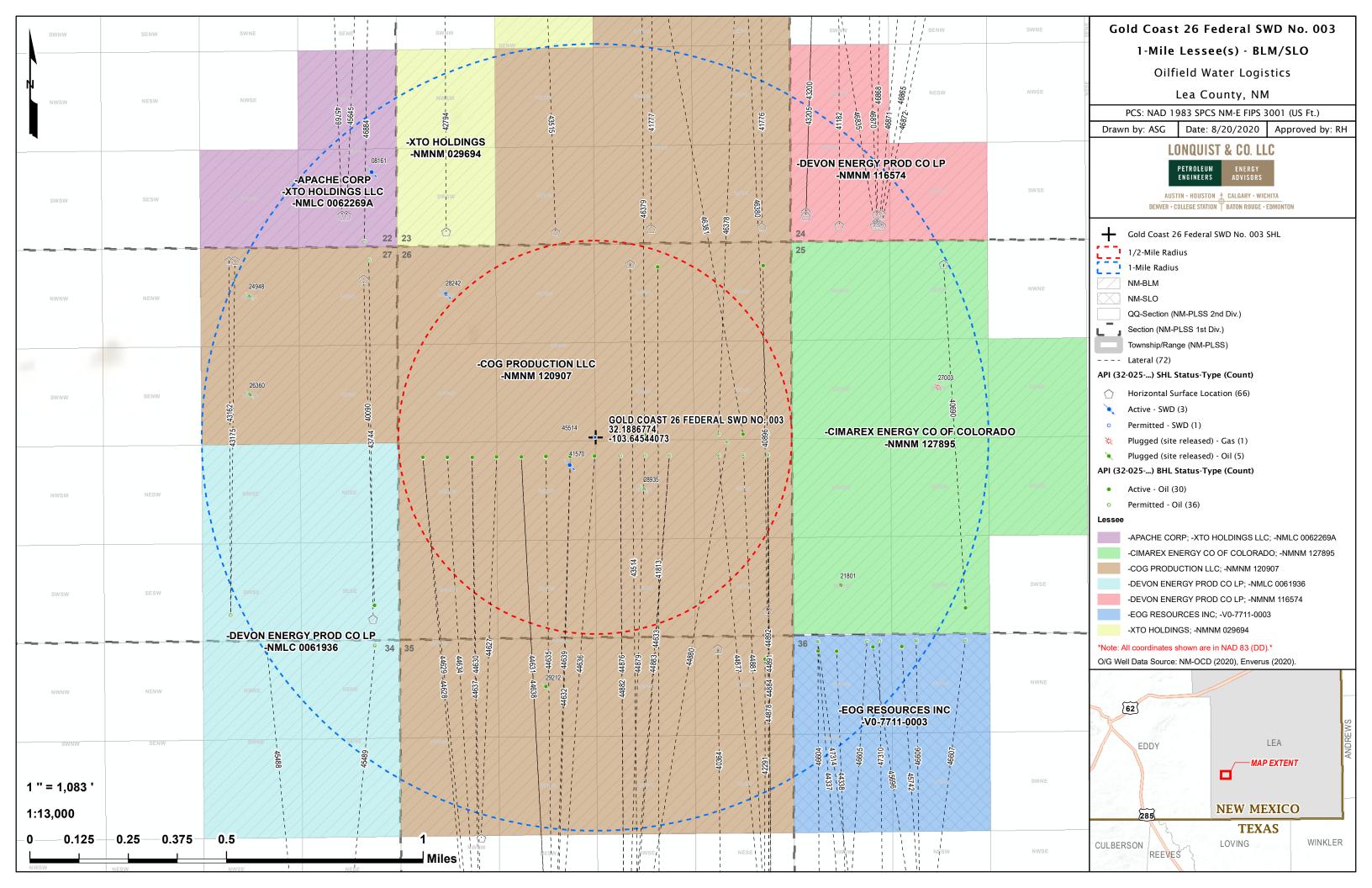


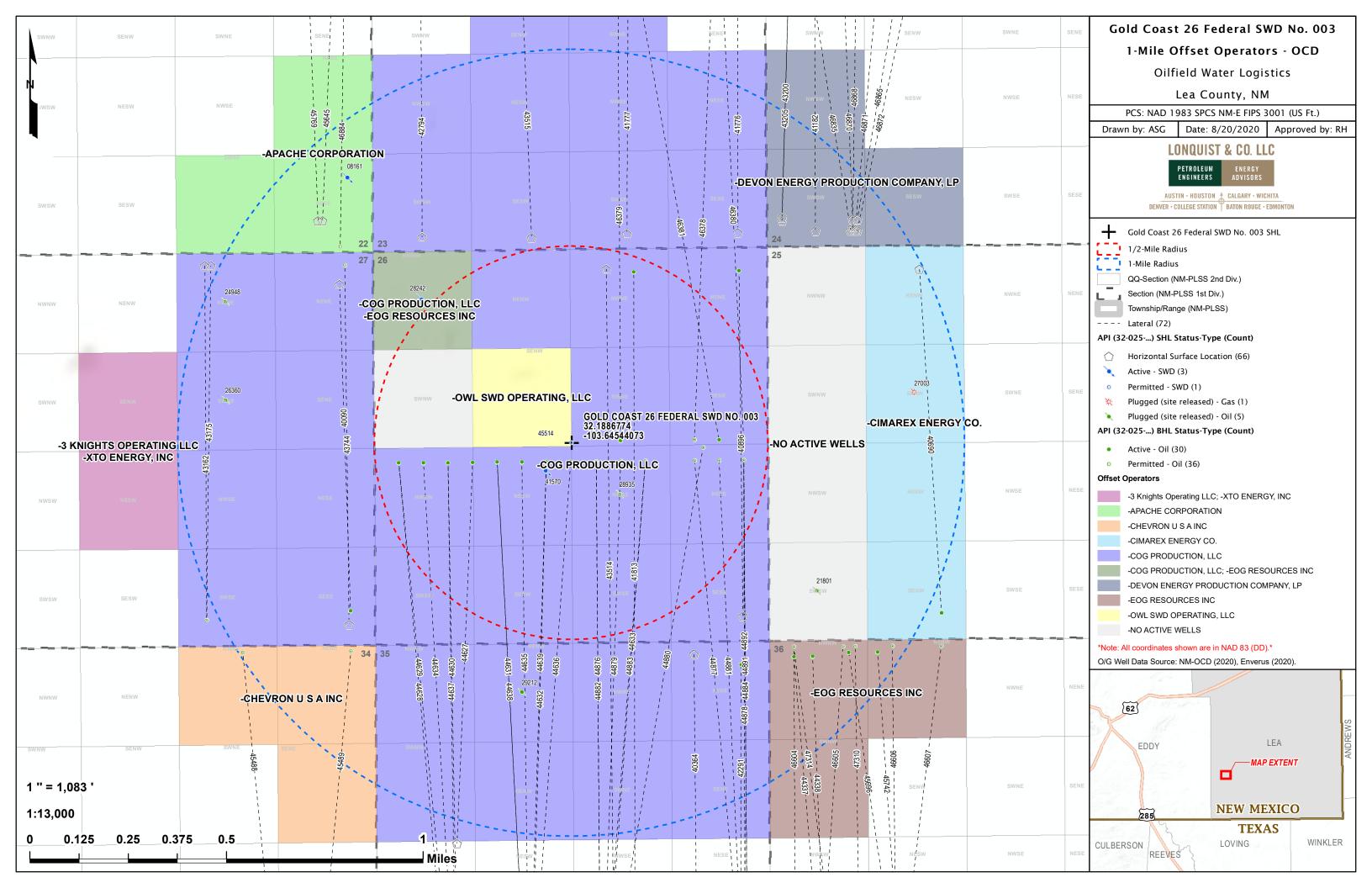
Gold Coast 26 Federal SWD No. 3 1 Mile Area of Review List

API (30-025)	WELL NAME	WELL TYPE	STATUS	OPERATOR	TVD (FT.)	LATITUDE (NAD83 DD)	LONGITUDE (NAD83 DD)	DATE DRILLED
08161	U S SMELTING FEDERAL SWD #005	S	Α	MCI OPERATING OF NM, LLC	4995	32.1985168000	-103.655075100	12/31/9999
21801	PRE-ONGARD WELL #001	0	Р	PRE-ONGARD WELL OPERATOR	5038	32.1831665000	-103.634826700	1/1/1900
24948	WRIGHT FEDERAL #001	0	Р	RALPH E WILLIAMSON	4937	32.1939659000	-103.660415600	12/31/9999
26360	WRIGHT FEDERAL #002	0	Р	RALPH E WILLIAMSON	4885	32.1903343000	-103.660423300	4/1/1985
27003	FEDERAL BM #001	G	Р	DEVON ENERGY PRODUCTION COMPANY, LP	99999	32.1904526000	-103.630531300	12/31/9999
28242	JACKSON FEDERAL SWD #001	S	Α	EOG RESOURCES INC	9350	32.1939964000	-103.651886000	1/1/1900
28935	PRE-ONGARD WELL #002	0	Р	PRE-ONGARD WELL OPERATOR	5100	32.1867638000	-103.643348700	1/1/1900
29212	PRE-ONGARD WELL #004	0	Р	PRE-ONGARD WELL OPERATOR	5100	32.1794891000	-103.647644000	1/1/1900
40090	DOS XX 27 FEDERAL COM #001H	0	Α	COG PRODUCTION, LLC	9595	32.1945839000	-103.655441300	1/6/2013
40364	GADWALL 35 FEDERAL #001H	0	Α	COG PRODUCTION, LLC	9624	32.1808357000	-103.640167200	9/11/2012
40690	DOUBLE X 25 FEDERAL #004	0	Α	CIMAREX ENERGY CO.	10832	32.1949883000	-103.630271900	8/9/2012
40896	GOLD COAST 26 FEDERAL #001H	0	Α	COG PRODUCTION, LLC	10955	32.1822472000	-103.638031000	1/10/2013
41182	BELL LAKE 24 FEDERAL #001H	0	Α	DEVON ENERGY PRODUCTION COMPANY, LP	10991	32.1964340000	-103.634780900	9/8/2013
41570	GOLD COAST 26 FEDERAL SWD #001	S	А	COG OPERATING LLC	7200	32.18765640000	-103.64656070000	11/16/2014
41776	TREASURE ISLAND FEDERAL #001H	0	А	COG PRODUCTION, LLC	10722	32.19639590000	-103.63814540000	8/9/2014
41777	TREASURE ISLAND FEDERAL #002H	0	Α	COG PRODUCTION, LLC	10961	32.1963730000	-103.642959600	6/30/2014
41813	EIDER FEDERAL #002H	0	А	COG PRODUCTION, LLC	10896	32.1673088000	-103.642814600	8/5/2015
42291	GADWALL 35 FEDERAL #005H	0	Α	COG PRODUCTION, LLC	10900	32.1673187800	-103.638247610	12/26/2014
42794	CHARRO FEDERAL COM #001H	0	Α	COG OPERATING LLC	10972	32.1963020000	-103.651845000	10/13/2015
43162	DOS XX 27 FEDERAL COM #002H	0	N	COG PRODUCTION, LLC	0	32.1952829300	-103.661283800	12/31/9999
43175	DOS XX 27 FEDERAL COM #004H	0	N	COG PRODUCTION, LLC	0	32.1952829300	-103.661025800	12/31/9999
43200	BELL LAKE 24 FEDERAL #005H	0	N	DEVON ENERGY PRODUCTION COMPANY, LP	0	32.1969342000	-103.636225400	12/31/9999
43205	BELL LAKE 24 FEDERAL #009H	0	N	DEVON ENERGY PRODUCTION COMPANY, LP	0	32.1967966000	-103.636225800	12/31/9999
43514	EIDER FEDERAL #013H	0	N	COG PRODUCTION, LLC	0	32.1950770000	-103.643864000	12/31/9999
43515	TREASURE ISLAND FEDERAL COM #003H	0	N	COG PRODUCTION, LLC	0	32.19625100000	-103.64710000000	12/31/9999
43744	DOS XX 27 FEDERAL COM #003H	0	N	COG PRODUCTION, LLC	0	32.1820290000	-103.655124000	12/31/9999
44337	PYTHON 36 STATE COM #701H	0	Α	EOG RESOURCES INC	12321	32.1677055000	-103.634650900	2/10/2018
44338	PYTHON 36 STATE COM #702H	0	Α	EOG RESOURCES INC	12878	32.1677058000	-103.634544200	2/12/2018
44627	EIDER FEDERAL #202H	0	Α	COG PRODUCTION, LLC	9358	32.17393000000	-103.65049600000	6/22/2018
44628	EIDER FEDERAL #301H	0	Α	COG PRODUCTION, LLC	9635	32.1673920000	-103.650884000	5/4/2018
44629	EIDER FEDERAL #101H	0	Α	COG PRODUCTION, LLC	9217	32.1674750000	-103.650690000	8/22/2018
44630	EIDER FEDERAL #102H	0	Α	COG PRODUCTION, LLC	9239	32.16747500000	-103.65049600000	7/12/2018
44631	EIDER FEDERAL #103H	0	Α	COG PRODUCTION, LLC	9220	32.1674840000	-103.647523000	8/18/2018
44632	EIDER FEDERAL #104H	0	Α	COG PRODUCTION, LLC	9240	32.1674840000	-103.647329000	7/7/2018
44633	EIDER FEDERAL #106H	0	N	COG PRODUCTION, LLC	0	32.1674930000	-103.644130000	2958465
44634	EIDER FEDERAL #201H	0	Α	COG PRODUCTION, LLC	9349	32.1674750000	-103.650593000	43312
44635	EIDER FEDERAL #203H	0	Α	COG PRODUCTION, LLC	9372	32.16748400000	-103.64742600000	43308
44636	EIDER FEDERAL #204H	0	Α	COG PRODUCTION, LLC	9385	32.1674020000	-103.647329000	43267
44637	EIDER FEDERAL #302H	0	Α	COG PRODUCTION, LLC	9511	32.16739300000	-103.65059300000	43249
44638	EIDER FEDERAL #303H	0	Α	COG PRODUCTION, LLC	9711	32.1674010000	-103.647523000	43212
44639	EIDER FEDERAL #304H	0	Α	COG PRODUCTION, LLC	9540	32.1670100000	-103.647426000	43237
44876	EIDER FEDERAL #105H	0	N	COG PRODUCTION, LLC	0	32.16749200000	-103.64432400000	2958465
44877	EIDER FEDERAL #107H	0	N	COG PRODUCTION, LLC	0	32.16863300000	-103.63813200000	2958465
44878	EIDER FEDERAL #108H	0	N	COG PRODUCTION, LLC	0	32.1686330000	-103.638036000	2958465
44879	EIDER FEDERAL #205H	0	N	COG PRODUCTION, LLC	0	32.1674920000	-103.644227000	2958465
44880	EIDER FEDERAL #206H	0	N	COG PRODUCTION, LLC	0	32.1674100000	-103.644130000	2958465

Gold Coast 26 Federal SWD No. 3 1 Mile Area of Review List

44881	EIDER FEDERAL #207H	0	N	COG PRODUCTION, LLC	0	32.1685510000	-103.638133000	2958465
44882	EIDER FEDERAL #305H	0	N	COG PRODUCTION, LLC	0	32.1674100000	-103.644324000	2958465
44883	EIDER FEDERAL #306H	0	N	COG PRODUCTION, LLC	0	32.16741000000	-103.64422700000	2958465
44884	EIDER FEDERAL #601H	0	N	COG PRODUCTION, LLC	0	32.16855100000	-103.63793900000	2958465
44891	EIDER FEDERAL #307H	0	N	COG PRODUCTION, LLC	0	32.16863400000	-103.63793900000	2958465
44892	EIDER FEDERAL #401H	0	N	COG PRODUCTION, LLC	0	32.16855100000	-103.63803600000	2958465
45488	CO GRIZZLY 3 34 FEDERAL #057H	0	N	CHEVRON U S A INC	0	32.15953900000	-103.65738900000	2958465
45489	CO GRIZZLY 3 34 FEDERAL #510H	0	N	CHEVRON U S A INC	0	32.15953800000	-103.65755100000	2958465
45514	GOLD COAST 26 FEDERAL SWD #003	S	N	OWL SWD OPERATING, LLC	0	32.18867740000	-103.64544090000	2958465
45645	GHOST RIDER 22 15 FEDERAL COM #201H	0	Α	APACHE CORPORATION	10572	32.19691850000	-103.65616290000	43604
45696	PYTHON 36 STATE COM #703H	0	Α	EOG RESOURCES INC	12416	32.16835980000	-103.63137440000	43592
45742	PYTHON 36 STATE COM #743H	0	Α	EOG RESOURCES INC	12908	32.16842100000	-103.63129570000	43593
45769	GHOST RIDER 22 15 FEDERAL COM #202H	0	Α	APACHE CORPORATION	10934	32.19691800000	-103.65635680000	43607
46378	EIDER 23 FEDERAL #601H	0	N	COG PRODUCTION, LLC	0	32.20920200000	-103.63901400000	2958465
46379	EIDER 23 FEDERAL #602H	0	Α	COG PRODUCTION, LLC	12364	32.20918500000	-103.64328100000	43757
46380	EIDER 23 FEDERAL #701H	0	N	COG PRODUCTION, LLC	0	32.20920300000	-103.63891700000	2958465
46381	EIDER 23 FEDERAL #702H	0	Α	COG PRODUCTION, LLC	12390	32.20918600000	-103.64318400000	43755
46604	PYTHON 36 STATE COM #501H	0	N	EOG RESOURCES INC	0	32.16754000000	-103.63585700000	43845
46605	PYTHON 36 STATE COM #502H	0	N	EOG RESOURCES INC	0	32.16754020000	-103.63484430000	43845
46606	PYTHON 36 STATE COM #503H	0	N	EOG RESOURCES INC	0	32.16806560000	-103.63146540000	43844
46607	PYTHON 36 STATE COM #504H	0	N	EOG RESOURCES INC	0	32	-104	2958465
46835	BELL LAKE 24 FEDERAL #015H	0	N	DEVON ENERGY PRODUCTION COMPANY, LP	0	32	-104	2958465
46865	BELL LAKE 24 FEDERAL #008H	0	N	DEVON ENERGY PRODUCTION COMPANY, LP	0	32	-104	2958465
46868	BELL LAKE 24 FEDERAL #012H	0	N	DEVON ENERGY PRODUCTION COMPANY, LP	0	32	-104	2958465
46870	BELL LAKE 24 FEDERAL #016H	0	N	DEVON ENERGY PRODUCTION COMPANY, LP	0	32	-104	2958465
46871	BELL LAKE 24 FEDERAL #018H	0	N	DEVON ENERGY PRODUCTION COMPANY, LP	0	32	-104	2958465
46872	BELL LAKE 24 FEDERAL #019H	0	N	DEVON ENERGY PRODUCTION COMPANY, LP	0	32	-104	2958465
46884	GHOST RIDER 22 15 FEDERAL COM #101H	0	N	APACHE CORPORATION	0	32	-104	43882
47310	PYTHON 36 STATE COM #102H	0	N	EOG RESOURCES INC	0	32	-104	2958465
47314	PYTHON 36 STATE COM #101H	0	N	EOG RESOURCES INC	0	32	-104	2958465





Gold Coast 26 Federal SWD No. 3 1 Mile Offset Operators and Lessees List

S/T/R	QQ UNIT LETTER(S)	OPERATOR	MINERAL LESSEE	MINERAL OWNER	Surface Owner	ADDRESS 1	ADDRESS 2
22/T24S/R32E	I,J O,P	APACHE CORPORATION	-	-	-	303 Veterans Airpark Ln	Midland, TX 79705
	I, P	MCI OPERATING OF NM, LLC	-	-	-	9147 Briar Forest	Houston, TX 77024
23/T24S/R32E	ENTIRE SECTION	COG PRODUCTION, LLC	-	-	-	P.O. Box 2064	Midland, TX 79702
24/T24S/R32E	ENTIRE SECTION	DEVON ENERGY PRODUCTION COMPANY, LP	-	-	-	333 West Sheridan Ave.	Oklahoma City, OK 73102
25/T24S/R32E	C,F,K,N	CIMAREX ENERGY CO.	-	-	-	600 N. Marienfeld Street Suite 600	Midland, TX 79701
	ENTIRE SECTION	-	CIMAREX ENERGY CO OF COLORADO	-	-	600 N MARIENFELD ST STE 600	MIDLAND TX 797014405
26/T24S/R32E	A,B,G,H,I,J,K,L,M,N,O,P	COG PRODUCTION, LLC	-	-	-	P.O. Box 2064	Midland, TX 79702
	D	EOG RESOURCES INC	-	-	-	P.O. Box 2267	Midland, TX 79702
	F	OWL SWD OPERATING, LLC	-	-	-	8201 Preston Road Suite 520	Dallas, TX 75225
	ENTIRE SECTION	-	COG PRODUCTION LLC	-	-	600 W ILLINOIS AVE	MIDLAND TX 79701
27/T24S/R32E	F,K	3 Knights Operating LLC	-	-	-	16609 CR 1930	lubbock, TX 79424
	A,B,G,H,I,J,O,P	COG PRODUCTION, LLC	-	-	-	P.O. Box 2064	Midland, TX 79702
	C,F,K,N	XTO ENERGY, INC	-	-	-	6401 Holiday Hill Road	Midland, TX 79707
34/T24S/R32E	A,B,H	CHEVRON U S A INC	-	-	-	6301 Deauville Blvd	Midland, TX 79706
35/T24S/R32E	ENTIRE SECTION	COG PRODUCTION, LLC	-	-	-	P.O. Box 2064	Midland, TX 79702
36/T24S/R32E	C,D,E	EOG RESOURCES INC	-	-	-	P.O. Box 2267	Midland, TX 79702
Surface Owner	-	-	-	-	-	-	-

Gold Coast 26 Federal SWD No. 3 Notice List - New Parties Lea County, NM OWL SWD Operating, LLC

S/T/R	UNIT	REGULATORY	MAILING ADDRESS	Shipment tracking	Date Shipped	Date Delivered
		SURFACE OWNER	MAILING ADDRESS			
		MINERAL LESSEE	MAILING ADDRESS			
		OFFSET OPERATORS	MAILING ADDRESS			
		EOG Resources Inc.	P.O Box 2267 Midland, TX 79702	9314869904300074440324	8/27/2020	8/31/2020
		3 Knights Operating LLC	16609 CR 19030 Lubbock, TX 79424	9314869904300074440331	8/27/2020	RETURNED
		XTO Energy, Inc.	6401 Holiday Hill Road Midland, TX 79702	9314869904300074440348	8/27/2020	9/4/2020
		Apache Corporation	303 Veterans Airpark Ln Midland, TX 79705	9314869904300074440355	8/27/2020	8/31/2020
		MCI Operating of NM, LLC	9147 Briar Forest Houston, TX 77024	9314869904300074440362	8/27/2020	8/29/2020
		Cimerex Energy Co.	600 N. Marienfeld Street, Suite 600 Midland, TX 79701	9314869904300074440379	8/27/2020	8/31/2020
		OTHER PARTIES	MAILING ADDRESS			

Notices were sent on 8/27 for the Gold Coast 26 Federal SWD No. 3 application extension by mailing them a copy of the Form C-108.

Sincerely,

Ramone Il Hovey

Sr. Petroleum Engineer / Lonquist & Co., LLC

For OWL SWD Operating, LLC

ALERT: STAY UPDATED ON POST OFFICE CLOSURES AND SERVICE IMPACTS DUE TO SEVERE WEATHER IN THE SOUTHEAST AND WILDFIRES ON THE WEST C...

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FAQs >

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(https://reg.usps.com/xsell?

Tracking Number: 9314869904300074440324

Remove X

Your item was picked up at a postal facility at 7:35 am on August 31, 2020 in MIDLAND, TX 79702.

⊘ Delivered

August 31, 2020 at 7:35 am Delivered, Individual Picked Up at Postal Facility MIDLAND, TX 79702

Get Updates ✓

Text & Email Updates	~
Return Receipt Electronic	~
Tracking History	~
Product Information	~

See Less ^

Tracking Number: 9314869904300074440331

Remove X

Your item was delivered to the front desk, reception area, or mail room at 4:20 pm on September 14, 2020 in HOUSTON, TX 77002.

⊘ Delivered

RETURNED

September 14, 2020 at 4:20 pm Delivered, Front Desk/Reception/Mail Room HOUSTON, TX 77002

Get Updates ✓

Text & Email Updates	~
Return Receipt Electronic	~
Tracking History	~
Product Information	~

See Less ^

Tracking Number: 9314869904300074440348

Remove X

Your item was delivered to the front desk, reception area, or mail room at 10:44 am on September 4, 2020 in MIDLAND, TX 79707.



September 4, 2020 at 10:44 am Delivered, Front Desk/Reception/Mail Room MIDLAND, TX 79707

Get Updates ✓

See More ✓

Tracking Number: 9314869904300074440355

Remove X

Your item was delivered at 8:24 am on August 31, 2020 in MIDLAND, TX 79705.

⊘ Delivered

August 31, 2020 at 8:24 am Delivered MIDLAND, TX 79705

Get Updates ✓

See More ✓

Tracking Number: 9314869904300074440362

Remove X

Your item has been delivered to an agent for final delivery in HOUSTON, TX 77024 on August 29, 2020 at 11:35 am.

⊘ Delivered to Agent

August 29, 2020 at 11:35 am Delivered to Agent for Final Delivery HOUSTON, TX 77024

Get Updates ✓

Text & Email Updates	~
Return Receipt Electronic	~
Tracking History	~
Product Information	~

Tracking Number: 9314869904300074440379

Remove X

Your item was delivered to an individual at the address at 6:55 am on August 31, 2020 in MIDLAND, TX 79701.



August 31, 2020 at 6:55 am Delivered, Left with Individual MIDLAND, TX 79701

Get Updates ✓

See More ✓

Can't find what you're looking for?

Go to our FAQs section to find answers to your tracking questions.

FAQs

Ramona Hovey

From: Aaron Kennemur <arkennemur@gmail.com>
Sent: Monday, September 21, 2020 4:40 PM

To: Ramona Hovey

Subject: Re: New Mexico Salt Water Disposal Well Notice

Got it Thank you

Sent from my iPhone

On Sep 21, 2020, at 11:15 AM, Ramona Hovey <ramona@longuist.com> wrote:

Good morning, Mr. Kennemur. I believe our landman, Jamie Edwards, just spoke with you to confirm this is a good email for you and for 3 Knights Operating. 3 Knights is the operator of record on two units in Lea County adjacent to a one-mile area of review for a salt water disposal well application. OWL SWD Operating, LLC received a permit for the Gold Coast 26 Federal #3 in June of 2018. They are requesting an extension with the Oil Conservation Division (OCD) to drill this well and the OCD has requested that we notify any operators within one-mile of the proposed location and provide a copy of the original application and final order. We attempted to send the notice via US Postal service, but we have had issues getting a proof of delivery back for many of the letters we've sent lately. I'm attaching a copy of the notice we originally sent. Can you respond after you receive this email to confirm the receipt so we can provide that to the OCD? If you have any questions, you can reach me at either of the numbers below.

Regards,

Ramona Hovey

Sr. Petroleum Engineer

Office: 512-600-1777 Cell: 512-585-0654

<image002.jpg> 12912 Hill Country Blvd., Suite F-200, Austin, Texas, 78738

 $\underline{ramona@lonquist.com} \cdot \underline{www.lonquist.com}$

AUSTIN · HOUSTON · CALGARY · WICHITA · BATON ROUGE · DENVER · COLLEGE STATION · EDMONTON

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<3Knights_GoldCoastC108_Permit.pdf>

LONQUIST & CO. LLC

AUSTIN **HOUSTON**

PETROLEUM **ENGINEERS**

ENERGY **ADVISORS** WICHITA CALGARY

www.longuist.com

August 26, 2020

3 Knights Operating, LLC 16609 CR 19030 Lubbock, TX 79424

Subject: Gold Coast 26 Federal SWD No. 3 Authorization to Inject - Extension

To Whom It May Concern:

Attached for your review is the approved Order and Form C-108, Application for Authorization to Inject, as originally submitted, for OWL SWD Operating, LLC's Gold Coast 26 Federal SWD No. 3 well. OWL SWD Operating, LLC has applied for an extension for this order and therefore is required to notice any new surface land owner on which the well is located and new leasehold operators within a one-mile radius of the proposed well location from when the application was originally approved.

According to the New Mexico Oil Conservation Division, surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date in which this application was mailed to them.

Any questions should be directed towards OWL SWD Operating, LLC's agent, Lonquist & Co., LLC.

Regards,

Ramona K. Hovey Sr. Petroleum Engineer Lonquist & Co., LLC

Kamone Il Honey

(512) 600-1777 ramona@lonquist.com

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



Administrative Order SWD-1679-A June 12, 2018

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 Gold Coast 26 Federal SWD Well No. 3 (API No. 30-025-Pending; "proposed well") to be located 2548.5 feet from the South line and 2607 feet from the West line, Unit letter K of Section 26, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico, for the purpose of commercial disposal of produced water.

This amended administrative order addresses the new surface location of the proposed well. This order supersedes the original administrative order, SWD-1679 dated June 27, 2017.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of Division Rule 19.15.26.8(B) NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objection was received within the required suspense 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 Rule 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, OWL SWD Operating, LLC (OGRID 308339) is hereby authorized to utilize its proposed Gold Coast 26 Federal SWD Well No. 3 (API No. 30-025-Pending) to be located 2548.5 feet from the South line and 2607 feet from the West line, Unit letter K of Section 26, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico, for disposal of oil field produced water (UIC Class II only) through an open-hole interval within Devonian and Silurian formations from approximately 17050 feet to approximately 19000 feet. Injection shall occur through internally-coated 4^{-1/2}-inch or smaller tubing and a packer set a maximum of 100 feet above the top of the disposal interval.

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

Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information, to the Division's District geologist and Santa Fe Engineering Bureau office, showing

evidence agreeable that only the permitted formation is 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.

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 in the application and any required modifications of construction as required by the Division.

The operator shall circulate the cement behind the casing to surface for all surface and intermediate casings.

The operator shall run a CBL (or equivalent) across the 7-inch liner from 500 feet above the liner to the bottom of the liner to demonstrate a good cement across the 7-inch liner, and good bond between the liner and the $9^{-5/8}$ -inch casing.

Within two years after commencing disposal, the operator shall conduct an injection survey, consisting of a temperature log or equivalent, over the entire injection interval using representative disposal rates. Copies of the survey results shall be provided to the Division's District I office and Santa Fe Engineering Bureau office.

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 3410 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 Division Director retains the right to require at any time the operator to install and maintain a chart recorder showing casing and tubing pressures during disposal operations.

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 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 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 disposal 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 one year after the effective date of this Order if the operator has not commenced injection operations into the proposed 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.

HEATHER RILEY

Director

HR/mam

cc: Oil Conservation Division – Hobbs District Office Bureau of Land Management – Carlsbad Field Office Administrative Application - pMAM1816240298 revised 6-26-2017

PROPOSED WELLBORE

WELL NAME
POOL
LOCATION

 WELL NAME
 Gold Coast 26 Fed SWD No

 POOL
 SWD, DEVONIAN-SILURIAN (97869)

 LOCATION
 2650' FSL & 2650' FWL

 Sect 26, T-24S, R-32E
 Lea County, New Mexico

SPUD RIG RELEASE COMP DATE	API# AFE#	
DRILLING RIG		

KB 3500 28' above G	GL 3572	SURFACE DEPTH CEMENT	CASING 750 Lead 1025 ex Extended 0 25 pps Celloflake (14 i	Sizt Cem + 2% CaCl + 6 8 ppg 1 34 yld) C	25 pps Celloflake (1:	WT <u>94</u> 3 5 ppg 1 76 yld urface	GRADE _	BTC I/K-55 BIT SIZE 1 I C + 2% CaCl +	<u>26*</u>
N	<u> </u>	1st INTERI DEPTH CEMENT DV TOOL	MEDIATE CASING 4900' Two Stage- Stg 1-Lead Stg 2 - Lead 1820 ax H Girculate cmt to surface 2,500'	2170 sx HLC + 5 LC + 5% Salt (12 7	IZE 13-3/8" % Salt (12 7 ppg 1 94 ppg 1 94 yld) Tall :	WT 68 yld) Tall 300 s: 200 sx Cl C cmt	Class C cmt +	STC CP-110 BIT SIZE 17 2% CaCT (14 8 ppg 1 34 ppg 1 34 yld)	
TOL 12,000	O g	2nd INTER DEPTH PEMENT DV TOOL	MEDIATE CASING 12200' Two Stage Cmt Job St Stg 2 - Lead 800 ax HI 5,000'	g 1 - Lead 1535	HZE <u>9-5/8"</u> IX HLC cmt (11 9 pp Hd) Taul 100 ax Cl H	WT <u>53 5</u> 2 2 45 yld) Tail I (14 2 ppg 1 27	100 sx Cl H cm	LTC <u>CP-110</u> BIT SIZE 12 L (142 ppg 1 27 yid) amt to surface	<u>2-1/4"</u>
28	82	LINER DEPTH CEMENT	12,000' - 17,05 300 ax Class H cmt + ad		7 0°	WT 35		UFJ P-110_BIT SIZE8	11/2
OPEN HOLE	<u>6 125" OH</u>	TUBING DEPTH	16950		4-1/2" IPC	WT 15	GRADE	LTC P-110 PKR 16	3955'
Drawn by Ben S Rysd 6/26/.	TD - 19	,000							

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

FORM,C-108 Revised June 10, 2003

APPLICATION FOR AUTHORIZATION TO INJECT

ŀ	PURPOSE	Salt Water	<i>Disposal</i> and the ap	plication QUALIFIE	S for administrative	approval				
II	OPERATOR ADDRESS		Operating, LLC chester Dr., Ste 850,	Dallas, TX 75255						
	CONTACT PARTY	Agent: SOS	6 Consulting, LLC –	Ben Stone (903) 4	88-9850					
Ш	WELL DATA All w	ell data and a	applicable wellbore	diagrams are ATT	ACHED.					
IV	This is not an expansion of an existing project.									
V			all wells and leases and injection well. This				th a one-half mile radius			
*VI	There are NO (0) W	/ells in the su	n all wells of public re bject AOR. The dat of any plugged well il	a includes a descrip	otion of each well's	type,-cons	e proposed injection zone truction, date drilled,			
VII	The following data	is ATTACHE	D on the proposed o	peration, including						
	 Whether the sys Proposed average Sources and an produced water If injection is for 	stem is open o ge and maxim appropriate a , and, disposal purp	num injection pressur inalysis of injection flu ioses into a zone not	e, uid and compatibility productive of oil or	with the receiving	mile of the	of other than reinjected e proposed well, attach a literature, studies, nearby			
*VIII	thickness, and dep containing waters	oth Give the with total diss	geologic name, and	depth to bottom of ntrations of 10,000	f all underground s mg/l or less) over	sources.of	etail, geologic name, drinking water (aquifers proposed injection zone a			
IX	Stimulation progra	ım – a conve	ntional acid job ma	y be performed to	clean and open th	e formatio	n.			
*X	Attach appropriate resubmitted) Wel		test data on the we	ll (If well logs have	e been filed with th	ne Divisior	n, they need not be			
*XI	There are NO (0) d	lomestic wat	er wells within one	mile of the propos	ed salt water disp	osal well.				
XII	An affirmative state was found of open water	tement is AT faults or any	TACHED that availa other hydrologic con	ble geologic and e nection between the	e ngineering data h e disposal zone and	as been e l any unde	xamined and no eviden rground sources of drinkin			
XIII			e next page of this and BLM minerals				here are 3 offset lessees ral.			
XIV	Certification I hereb	y certify that	the information subm	itted with this applic	ation is true and co	rrect to the	e best of my knowledge a			
,	NAME Ben S	Stone	TITLE SOS Cons	sulting, LLC agent	for Owl SWD Ope	rating, LL	C			
	SIGNATURE	Sen	ase		····	DATE _	5/31/2017			
	E-MAIL ADDRESS	: ben@sose	consulting.us							

If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted

Please show the date and circumstances of the earlier submittal

- 1 L

FORM C-108 - APPLICATION FOR AUTHORIZATION TO INJECT (cont.)

||| WELL DATA - The following information and data is included (See ATTACHED Wellbore Schematic):

- A The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include
 - (1) Lease name, Well No, Location by Section, Township and Range, and footage location within the section.
 - (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined
 - (3) A description of the tubing to be used including its size, lining material, and setting depth
 - (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well

- B The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.
 - (1) The name of the injection formation and, if applicable, the field or pool name
 - (2) The injection interval and whether it is perforated or open-hole
 - (3) State if the well was drilled for injection or, if not, the original purpose of the well
 - (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations
 - (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any

XIV. PROOF OF NOTICE pursuant to the following criteria is ATTACHED.

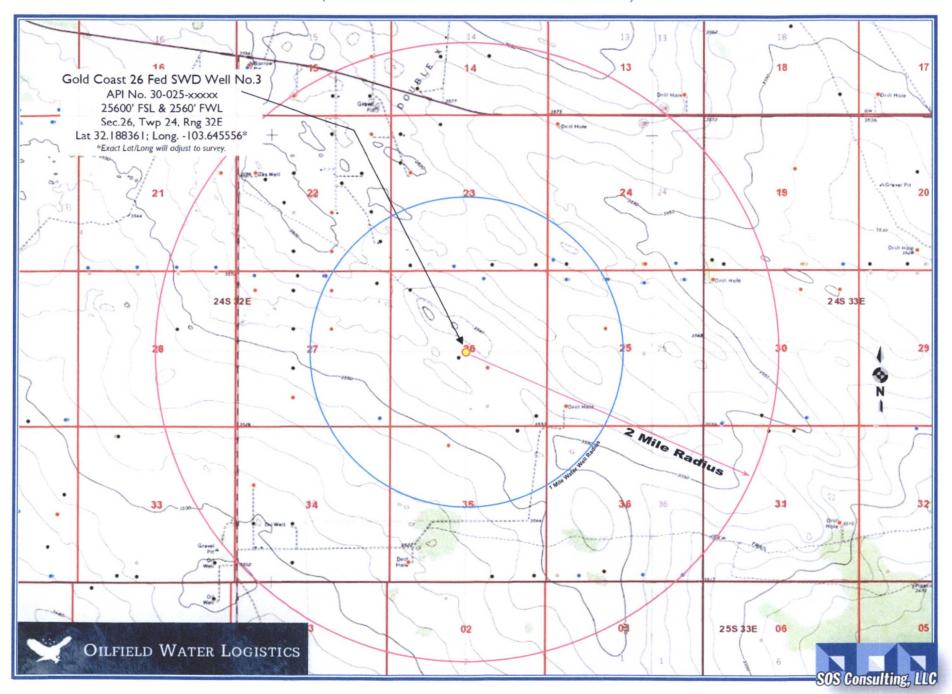
All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include

- (1) The name, address, phone number, and contact party for the applicant,
- (2) The intended purpose of the injection well, with the exact location of single wells or the Section, Township, and Range location of multiple wells,
- (3) The formation name and depth with expected maximum injection rates and pressures, and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days
 - NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED

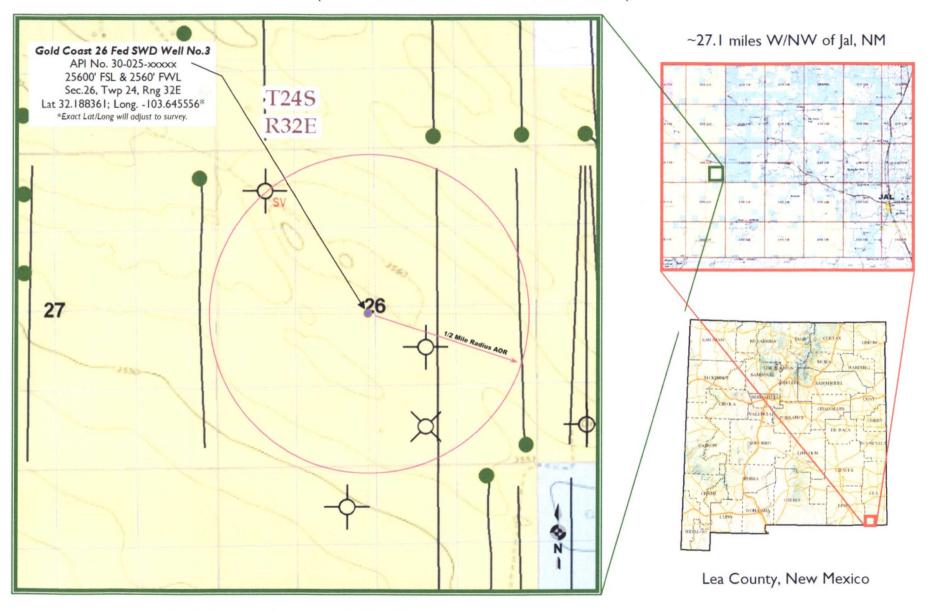
Gold Coast 26 Federal No.3 SWD - Area of Review / 2 Miles

(Attachment to NMOCD Form C-108 - Item V)



Gold Coast 26 Federal SWD Well No.3 - Area of Review / Overview Map

(Attachment to NMOCD Form C-108 - Item V)





C-108 - Item VI

Area of Review Well Data

THERE ARE NO WELLS WHICH PENETRATE THE PROPOSED DEVONIAN FORMATION IN THE ONE-HALF MILE AREA of REVIEW

revised 6-26-2017

PROPOSED WELLBORE

WELL NAME POOL LOCATION

COUNTY/STATE

Gold Coast 26 Fed SWD No SWD, DEVONIAN-SILURIAN (97869) 2650' FSL & 2650' FWL Sect 26, T-24S, R-32E Lea County, New Mexico

SPUD	API#	
RIG RELEASE	 AFE#	
COMP DATE		
DRILLING RIG		

28' above	GL , ,	SURFACE (DEPTH CEMENT	750' Lead 1025 sx ExtendaCem of 0 25 pps Celloflake (14 8 ppg					GRADE Tail 375 s	BTC <u>J/K-55</u> BIT SIZE ix CI C + 2% CaCl +	26"
N		1st INTERM DEPTH CEMENT DV TOOL	EDIATE CASING 4900' Two Stage Stg 1-Lead 217 Stg 2 - Lead 1820 sx HLC +: Circulate cmt to surface 2,500'					lass C cm		
.12,000		2nd INTERN DEPTH ZEMENT DV TOOL	MEDIATE CASING 12200' Two Stage Cmt Job Stg 1 - Stg 2 - Lead 800 sx HLC (11	SIZE 1535 sx HLI 9 ppg 2 45 yld) 7	9-5/8" C cmt (11 9 ppc Fail 100 sx CI H	WT <u>12 45 yld</u>) (14 2 ppg	Tail 1	00 sx Cl H	LTC <u>HCP-110</u> BIT SIZE cmt. (14 2 ppg 1 27) tte cmt to surface	: <u>12-1/4"</u> rid)
∠ ×	7.	LINER DEPTH CEMENT	12,000' - 17,050' 300 sx Class H cmt + additive	SIZE _	7 0"	wt	35	GRADE	UFJ P-110 BIT SIZE	8 1/2
OPEN HOLE	<u>6 125" (</u>	TUBING DEPTH	16950'	SIZE _	4-1/2" IPC	WT	15 1	GRADE	LTC <u>P-110</u> PKR	16955'
	τD	- 19,000'								

C-108 ITEM VII - PROPOSED OPERATION

Gold Coast 26 Federal SWD No.3

Commercial SWD Facility

Upon approval of all permits for SWD, operations would begin within 30 days. Completion of the well operations will take approximately 6-8 weeks. Facility construction including installation of the tank battery, berms, plumbing and other and associated equipment would be occurring during the same interval but at a different location from the well. In any event, it is not expected for the construction phase of the project to last more than 60 days, depending on availability of contractors and equipment. At the time of this submittal, and subject to approval of the BLM SWD right-of-way and the availability of the drilling contractor, the anticipated start date is November 15, 2017

Configure for Salt Water Disposal

Prior to commencing any work, an NOI sundry(ies) will be submitted to configure the well for SWD and will detail the completion workover including all work otherwise described above, any change to the procedure noted herein and to perform mechanical integrity pressure test per OCD test procedures (Notify NMOCD 24 hours prior) The casing/tubing annulus will be monitored for communication with injection fluid or loss of casing integrity

Operational Summary

The SWD facility will not be fenced so that trucks may access for load disposal 24/7

The well and injection equipment will be a closed system and equipped with pressure limiting devices and volume meters. The annulus, loaded with an inert, anti-corrosion packer fluid; will be monitored for pressure.

The tanks will be equipped with telemetry devices and visual alarms to alert the operator and customers of full tanks or an overflow situation.

Anticipated daily maximum volume is 25,000 bpd and an average of 15,000 bpd at a maximum surface injection pressure of 3410 psi (.2 psi/ft gradient – maximum pressure will be adjusted when top of interval is determined)

Potential releases will be contained and cleaned up immediately. The operator shall repair or otherwise correct the situation within 48 hours before resuming operations. OCD will be notified within 24 hours of any release greater than 5 bbls. If required, remediation will start as soon as practicable. Operator shall comply with 19 15 29 NMAC and 19 15 30 NMAC, as necessary and appropriate