

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



Proposed
BT
MOSAIC

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

- [D] Other: Specify _____

- SWD
- Owl SWD Operating, LLC
308339

RECEIVED OGD
 23 SEP 23 P 1:59

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

WCH
- Mills Ranch SWD
#1
30-015-41590
Pool
- SWD, Devonian
96101

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Ben Stone
 Print or Type Name

Ben Stone
 Signature

Agent for Owl SWD Operating, LLC 9/15/14
 Title Date
 ben@sosconsulting.us
 e-mail Address

MOSAIC - DAN MOREHOUSE
575-628-6312



September 18, 2014

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

Attn: Ms. Jami Bailey, Director

Re: Application of Owl SWD Operating, LLC to permit for salt water disposal its Mills Ranch SWD No.1, API No.30-015-41590, located in Section 7, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico.

Dear Ms. Bailey,

Please find enclosed, form C-108 - Application for Authority to Inject, supporting the above-referenced request to complete for disposal, the Mills Ranch SWD Well No.1.

This [undrilled] well was originally permitted by Silver Spike Operating with the C-101 being approved August 6, 2013. Owl SWD Operating recently acquired the permit and the SWD lease. The lease is with the landowner, Mr. Stacie Mills.

Upon approval of the C-101, we prepared a C-108 but during the notice and publication process, the BLM Carlsbad Field Office registered an objection with the NMOCD. The objection pertained to the proximity of the location to the James Ranch Unit. Over the next several months, we communicated with the BLM and BOPCO, which is the current operator of the JRU.

BOPCO did not object nor did they offer support however, during the development of the lease and prospect, they had indicated that they may be interested in utilizing the SWD facility in the future, once permitted.

On June 13th of this year, I spoke with Mr. Steve Caffey, of the BLM CFO and he affirmed that BLM does not have jurisdiction as long as the SWD was not a participatory part of the unit. I assured him it was not and being in the Devonian, it would have no impact on unit operations or mineral interests. He concurred and we ended the conversation with me explaining that the application would be refilled, published and new notice made. Mr. Caffey affirmed that BLM would have no objection.

Published legal notice ran in the September 17, 2014 edition of the Artesia Daily Press and all offset operators and other interested parties have been notified individually. This application also includes all other required information for a complete Form C-108.

I respectfully request that the approval of this salt water disposal well proceed swiftly and if you or your staff requires additional information or has any questions, please do not hesitate to call or email me.

Best regards,

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

Cc: Application attachment and file

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: **Salt Water Disposal** and the application *qualifies* for administrative approval.
- II. OPERATOR: **Owl SWD Operating, LLC**
ADDRESS: **8214 Westchester Dr., Ste.850, Dallas, TX 75255**
- CONTACT PARTY: **Agent: SOS Consulting, LLC – Ben Stone (903) 488-9850**
- III. WELL DATA: **To be Drilled (APD approved 8/06/13). All well data and applicable wellbore diagrams are ATTACHED.**
- IV. **This is not an expansion of an existing project.**
- V. **A map is attached** that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- *VI. A tabulation is attached of data on all wells of public record within the area of review which penetrate the proposed injection zone. **No wells penetrate the subject interval however, the horizontal leg of 2 wells pass through the AOR - both are Delaware completions several thousand feet above the proposed Devonian disposal interval. ATTACHED**
The data includes a description of each well's type, construction, date drilled, location, depth, and a schematic of any plugged well illustrating all plugging detail. **There are no plugged wells in the subject AOR.**
- VII. **The following data is ATTACHED** on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. **Appropriate geologic data on the injection zone is ATTACHED** including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. **No stimulation program is proposed at this time.**
- *X. **There is no applicable logging and test data on the well however, after drilling, logs will be run from TD to approximately 15,000' and will be submitted to the OCD.**
- *XI. **There is 1 domestic water well within one mile (SE/SE/SE Sec. 6) of the proposed salt water disposal well and one Sandia Labs (WIPP) groundwater monitoring well located just beyond 1 mile in the SW/SW/NE of Sec. 5. ATTACHED**
- XII. **An affirmative statement is ATTACHED that available geologic and engineering data has been examined and no evidence was found** of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. **"Proof of Notice" section on the next page of this form has been completed. ATTACHED**
There are 9 offset lessees and/or operators within ½ mile and 1 POTASH lessee - all have been noticed. ATTACHED
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: **Ben Stone** TITLE: **SOS Consulting, LLC agent for Owl SWD Operating, LLC**

SIGNATURE:  DATE: **9/12/2014**

E-MAIL ADDRESS: **ben@sosconsulting.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:

Page 2

III. 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.

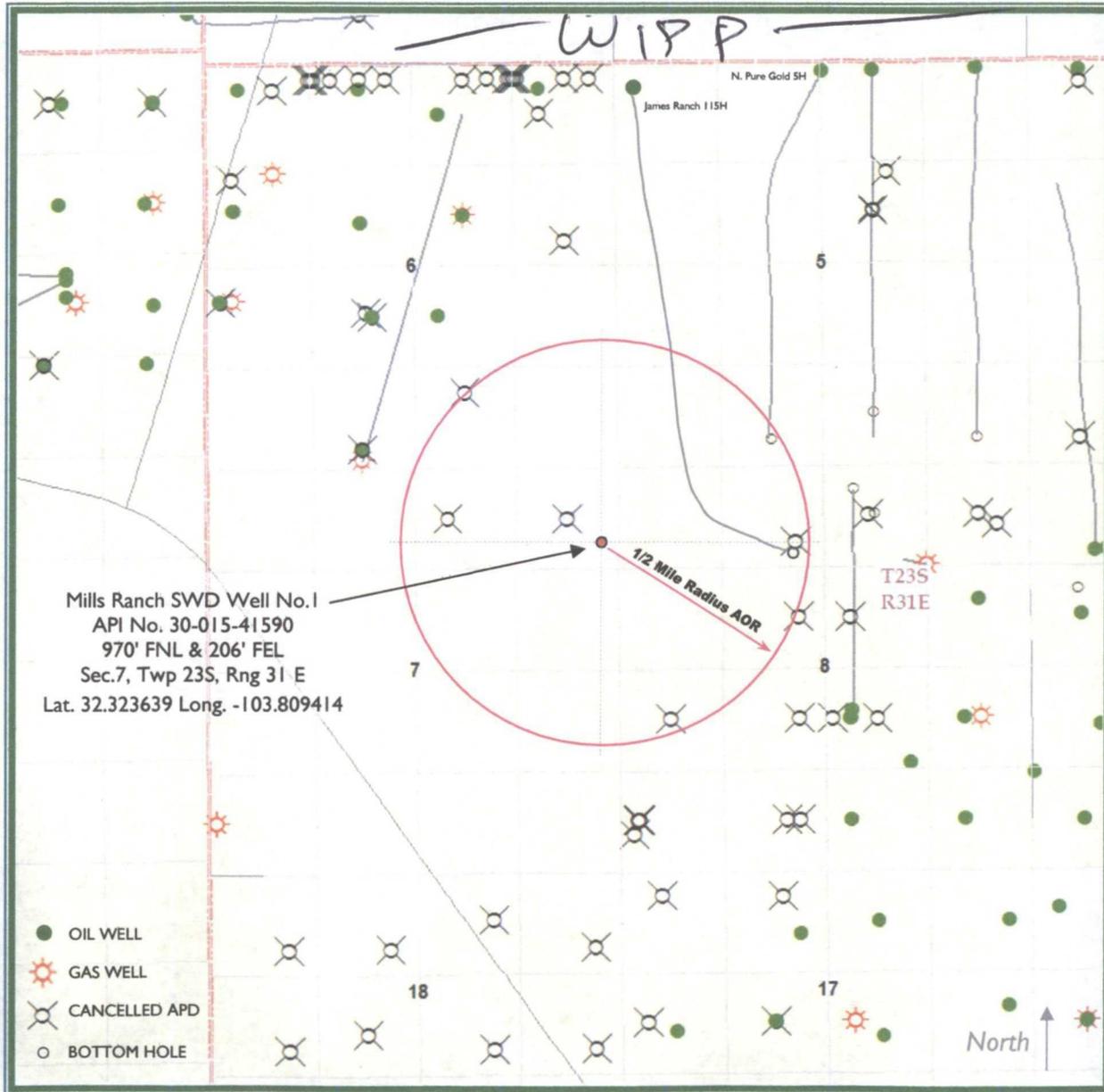
Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (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.

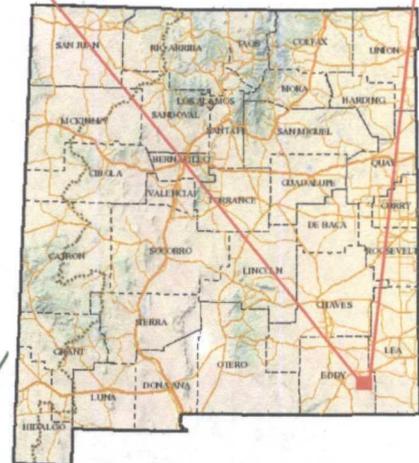
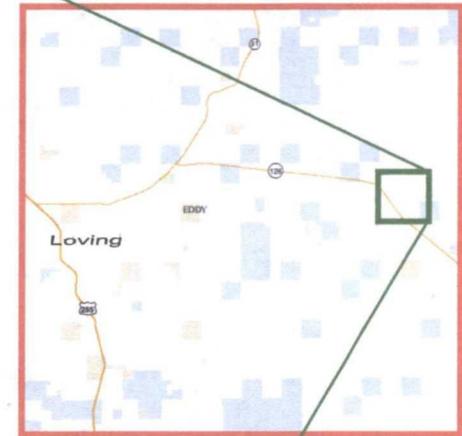
NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

Mills Ranch SWD Well No.1 - Area of Review / Overview Map

(Attachment to NMOCD Form C-108, Application for Authority to Inject.)

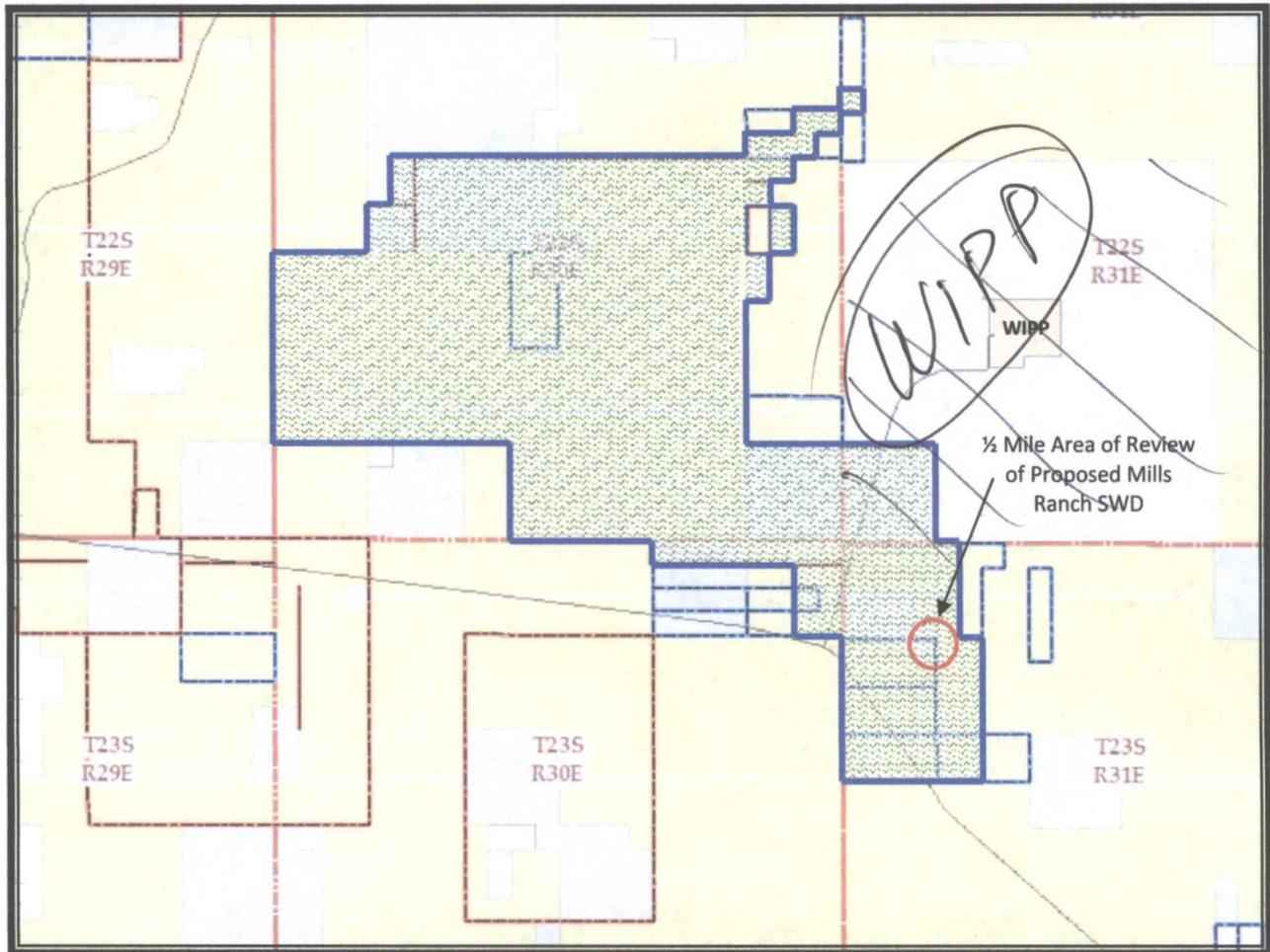


~21 miles East of Loving, NM



Eddy County, New Mexico

James Ranch Unit BOPCO, L.P.



Eddy County, New Mexico

Of Interest:

The James Ranch Unit Agreement was executed in May 1953 by Richardson and Bass. The unit agreement has been amended and participating areas expanded several times. BOPCO is the current operator.

The JRU Agreement, Paragraph 3 provides that, Unitized Substances – All oil and gas in any and all formations of the unitized lands are unitized under the terms of this agreement and are herein called, "unitized substances".

A significant majority of the JRU is federal acreage. Approximately 2000 acres are state and 280 private.

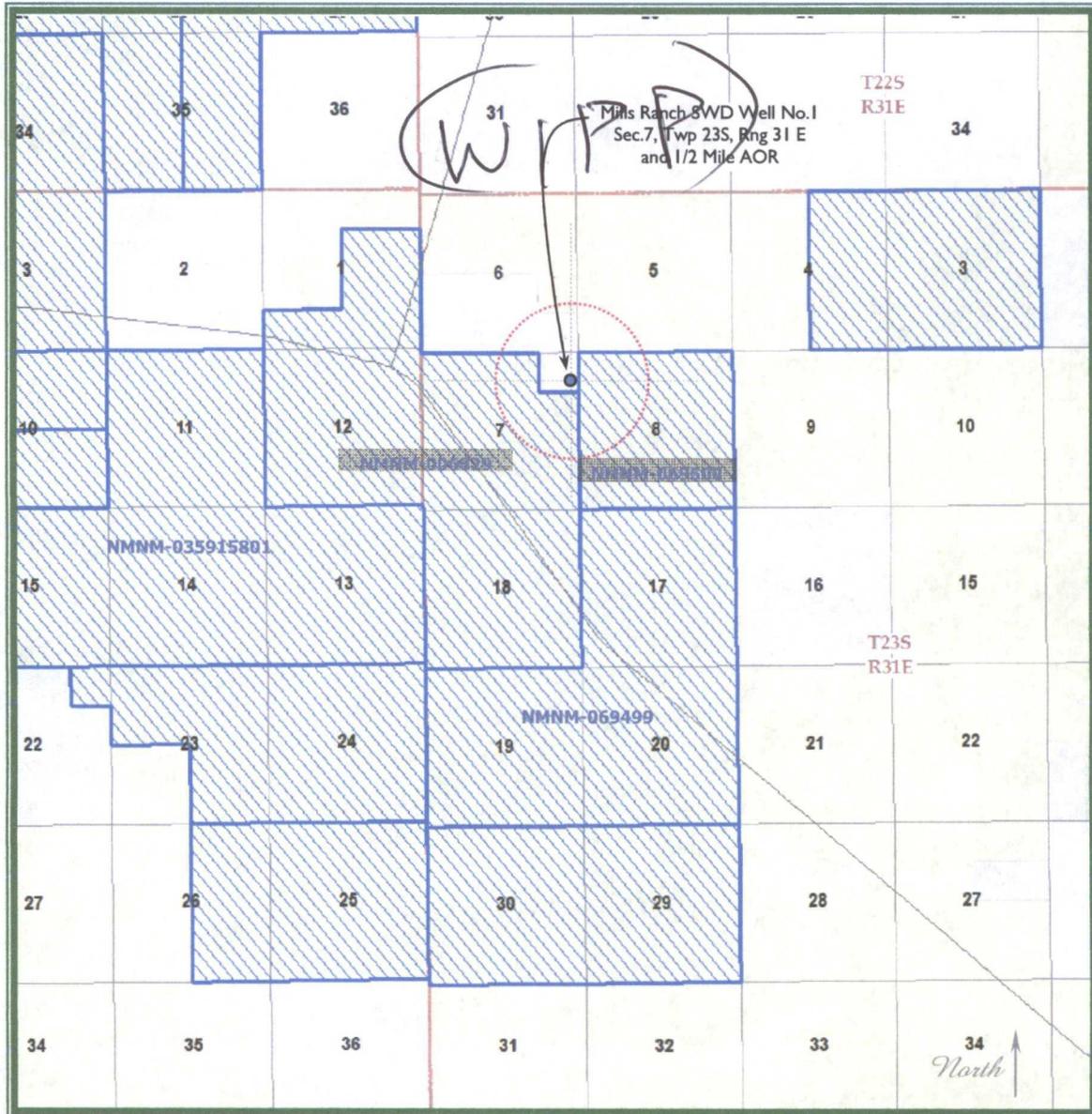
The proposed Mills Ranch SWD is located on a portion of private land (NE/NE of Section 7, Twp 23 S, Rng 31 E), the owner being Mr. Stacie Mills (Mills Ranch, et al). The potash mineral rights have not been leased. Mr. Mills has leased this tract to Owl SWD Operating, LLC for the development of a Salt Water Disposal Well and Facility.

The proposed Mills Ranch SWD will be completed in the Devonian formation at depths from 15,400' to 17,000'. A SWD completion at this depth will pose no risk to hydrocarbon production or to area potash production or leases.

There are several other Devonian SWDs in the James Ranch Unit as well as several Delaware SWDs in the general vicinity.

C-108 – Item V – AOR Additional Information

Mills Ranch SWD Well No.1 - Potash Map
(Attachment to NMOCD Form C-108, Application for Authority to Inject.)



OWL SWD OPERATING, LLC

LEGEND



NMNM-069500; NMNM-069499;
NMNM-035915801; NMNM-006829
Western-Ag Minerals Company



WELL SCHEMATIC - PROPOSED

Mills Ranch SWD Well No.1

API 30-015-41590

970' FNL & 206' FEL, SEC. 7-T23S-R31E
EDDY COUNTY, NEW MEXICO

Proposed Spud Date: 10/01/2014

Annulus Monitored
or open to atmosphere

Injection Pressure Regulated
and Volumes Reported
3080 psi Max. Surface

OWL SWD OPERATING, LLC

Drill and Configure for SWD:

Upon approval of APD, spud on or about 10/01/2014.

Set casing and cement as described.

Drill 3.75" openhole to establish desirable exposure to porosity for suitable disposal interval.

Run logs from TD to 15,000'

Run IPC Tubing (or equivalent) and PKR - Conduct MIT.

Commence Disposal Operations.

Note: Facility (tanks, equipment, pumps, berms, etc.) will be constructed concurrently or as drilling site configuration allows so that operations will commence at the earliest possible date.

Annulus Loaded
w/ Inert Packer Fluid

Surface Casing

16.0", 75.0# J-55 Csg. (20.0" Hole) @ 550'
570 sx - Circulated to Surface

Intermediate Casing

9.625", 40.0# Csg. (12.25" Hole) @ 3600'
780 sx - Circulated to Surface

2nd Intermediate Casing

7.0", 26.0# HCP-110 Csg. (8.75" Hole) @ 10,800'
750 sx - Calculated TOC @ 2000'

Prod/LNR Casing

5.0", 17.0 & 23.2# HCN-80 Csg (6.125" Hole) @ 10078'
425 sxs Cls H - TOC @ Top of LNR

NOTE: DTD will terminate once desirable interval of suitable porosity has been achieved. (e.g. Anticipated DTD will occur from 16,700' to 17,000')

3.75" Openhole Interval: 15,400' to 17,000'

DTD @ ~17,000'



Drawn by: Ben Stone, R'vsd 9/09/2014

C-108 – Item III

WELL DATA

(Approved C-101 w/ Attachments)

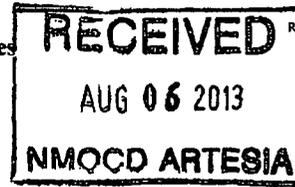
District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505



Form C-101
Revised August 1, 2011
Permit

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address Silver Spike Energy Operating of NM, LLC P.O. Box 50885 Midland, TX 79701		OGRID Number 300017
Property Code 400.55		API Number 30-015-41590
Property Name Mills Ranch SWD		Well No. 1

7 Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
A	7	23 S	31 E		970'	North	206'	East	Eddy

8 Pool Information

SWD; Devonian	96101
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Additional Well Information

Work Type N	Well Type S	Cable/Rotary R	Lease Type P	Ground Level Elevation 3299'
Multiple N	Proposed Depth 17000' PBTD	Formation Devonian	Contractor Patriot Drilling	Spud Date 10/01/2013
Depth to Ground water ~350'		Distance from nearest fresh water well > 1 mile		Distance to nearest surface water n/a

19 Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	20.0"	16.0"	75.0# J-55	550'	570 'C'	Circ. to Surf.
Intermediate	12.25"	9.625"	40.0# J-55	3600'	620 'C' + 150	Circ. to Surf.
2nd Inter.	8.75"	7.0"	26.0#	10800'	600 'H' + 150	2000'
Prod/LNR	6.125"	5.0"	23.2#	10700'-15400'	425 'H'	Top of LNR

Casing/Cement Program: Additional Comments

Drilling operation will utilized a closed-loop system of tanks and/or haul-off bins. Soil background samples have been taken and area will be checked for leaks or spills rig and other equipment has been removed. Appropriate reporting and forms will be filed as needed. Completions will have closed-loop.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Blind Ram	5000 psi	8000 psi	Townsend Mfg.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
I further certify that the drilling pit will be constructed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .

Printed name: **Ben Stone**

Title: **Agent for Silver Spike Energy Operating of NM, LLC**

E-mail Address: **ben@sosconsulting.us**

Date: **8/02/2013** Phone: **903-488-9850**

OIL CONSERVATION DIVISION	
Approved By: <i>JR Wade</i>	
Title: <i>DIST # Supervisor</i>	
Approved Date: <i>8/6/2013</i>	Expiration Date: <i>8/6/15</i>
Conditions of Approval Attached	

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240
Phone (505) 325-6161 Fax: (505) 325-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone (505) 748-1283 Fax: (505) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6176 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3400 Fax: (505) 476-3402

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-41590	Pool Code 96101	Pool Name SWD; DEVONIAN
Property Code 40055	Property Name MILLS RANCH SWD	Well Number 1
OGRID No. 300017	Operator Name SILVER SPIKE ENERGY OPERATING of NM, LLC	Elevation 3299'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the.	East/West line	County
A	7	23 S	31 E		970	NORTH	206	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
0			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>SURFACE LOCATION Lat - N 32°19'25.10" Long - W 103°48'33.69" NMSPC- N 481867.5 E 703191.3 (NAD-83)</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <u>Ben Stone</u> Date: <u>8/06/2011</u></p> <p>Printed Name: <u>Ben Stone</u></p> <p>Email Address: <u>ben@sonconsulting.us</u></p>
		<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p>
		<p>Date Surveyed: <u>8/06/2011</u></p> <p>Signature: <u>[Signature]</u> Professional Surveyor</p>
		<p>Certificate No. Gary L. Jones 7977</p> <p>DASIN SURVEYS 28677</p>

**Silver Spike Energy Operating NM, LLC
Mills Ranch SWD Well No.1
Section 7, Twp 23-S, Rng 31-E
Eddy County, New Mexico**

Well Program - New Drill

Objective: Drill new well for commercial salt water disposal into the Devonian formation.

I. Geologic Information - Devonian Formation

This area of the Devonian consists of dolomites with some cherty domites characterized by intercrystalline and vugular porosity. Additional porosity can be found when the well bore encounters detrital carbonates interspersed throughout.

Estimated Formation Tops:

T/Fresh Water	346
T/Rustler	191
T/Salado	556
T/Lamar	3536
Delaware Sand	3581
Bone Spring	7384
Wolfcamp	10693
Middle Wolfcamp	11351
Strawn	12283
Atoka	12395
Morrow	12254
Middle Morrow	13520
Lower Morrow	13915
Mississippian	14662
Woodford	15122
Devonian	15291
TD	17000

DD PV TOOL

2. Drilling Procedure

- a. MIRU drilling rig and associated equipment. Set up H2S wind direction indicators; brief all personnel on Emergency Evacuation Routes.
- b. All contractors conduct safety meeting prior to current task. All equipment inspected daily. Repair / replace as required.
- c. Well spud operations commence.
- d. Mud logger monitoring returns; cuttings & waste hauled to specified facility. CRI - LEA COUNTY
- e. After surface casing set/drilled; if H2S levels >20ppm detected, implement H2S Plan accordingly. (e.g., cease operations, shut in well, employ H2S safety trailer & personnel safety devices, install flare line, etc. - refer to plan.)
- f. Spills contained & cleaned up immediately. Repair or otherwise correct the situation within 48 hours before resuming operations. Notify OCD within 24 hours. Remediation started ASAP if required. Operator shall comply with 19.15.29 NMAC and 19.15.30 NMAC, as appropriate.
- g. Sundry forms filed as needed - casing, cement, etc. - operations continue to completion.

Well Program - New Drill (cont.)

3. Casing program - Casing designed as follows:

Surface	20.0" hole	16."	75.# J-55 LT&C	550'	570 sx	Circ to Surf
Intermediate	12.25" hole	9.625"	40.0# J-55 ST&C	3600'	780 sx	Circ to Surf
2nd Inter	8.75" hole	7.0"	26.0# HCP-110 LT&C	10800'	750 sx	2000'
Prod/ Lnr	6.125" hole	5.0"	23.2# HCN-80 LT&C	15400'	425 sx	TOL
Openhole	3.75" hole	OH	n/a	16900'	n/a	n/a

4. Cementing Program:

Surface – 570 sxs (14.8#: 1/33 ft³/sk) 75% excess; circulated to surface

1st Intermediate – LEAD 620 sxs (11.8#: 2.65 ft³/sk); TAIL 150 sxs (14.8#: 1.33 ft³/sk) 50% excess; circulated to surface

2nd Intermediate – LEAD 600 sxs (11.8#: 2.65 ft³/sk); TAIL 150 sxs (14.8#: 1.33 ft³/sk) 30% excess; TOC = 2000'

Prod Liner – 425 sxs (13.2#: 1/36 ft³/sk) 30% excess; TOC = 10,700'

 **5. Pressure Control** - BOP diagram is attached to this application. All BOP and related equipment shall comply with well control requirements as described NMOCD rules and regulations. Minimum working pressure of the BOP and related equipment required for the drilling operations shall be 5000 psi. OCD will be notified a minimum of 4 hours prior to BOP pressure tests. The test shall be performed utilizing a test plug (no cup or J-packer). Test shall be conducted at installation and at any point during operations that conditions warrant and every 30 days from any previous test. The results of the test shall be submitted to the OCD Artesia district office.

6. Mud Program & Monitoring - Mud will be balanced for all operations as follows:

DEPTH	MUD TYPE	WEIGHT	FV	PV	YP	FL	Ph
0-550'	FW Spud Mud	8.5-9.2	70-40	20	12	NC	10.0
550'-3600'	Brine Water	9.8-10.2	28-32	NC	NC	NC	10.0
3600'-10800'	FW/Gel	8.7-9.0	28-32	NC	NC	NC	9.5-10.5
10800'-15400'	XCD Brine Mud	11.0-12.5	45-48	20	10	<5	9.5-10.5
15400'-16900'	FW Mud	8.4-8.6	28-30	NC	NC	NC	9.5-10.5

Mud and all cuttings monitored w/ cuttings recovered for disposal. Returns shall be visually and electronically monitored. In the event of H2S, mud shall be adjusted appropriately by weight and H2S scavengers.

7. Auxiliary Well Control and Monitoring - Not Applicable

Well Program - New Drill (cont.)

8. **H₂S Safety** - There is a low risk of H₂S in this area. The operator will comply with the provisions of 19.15.11 NMAC. All personnel will wear monitoring devices and a wind direction sock will be placed on location.

9. **Logging, Coring and Testing** - Silver Spike Energy Operating of NM expects to run a standard porosity log from TD to approximately 3600'. No corings or drill tests will be conducted. (The well may potentially be step rate tested in the future if additional injection pressures are required.)

10. **Potential Hazards** - No abnormal pressures or temperatures are expected.

No loss of circulation is expected to occur with the exception of drilling into the target disposal zone. All personnel will be familiar with the safe operation of the equipment being used to drill this well.

The maximum anticipated bottom hole pressure is 9000 psi and the maximum anticipated bottom hole temperature is 190 F.

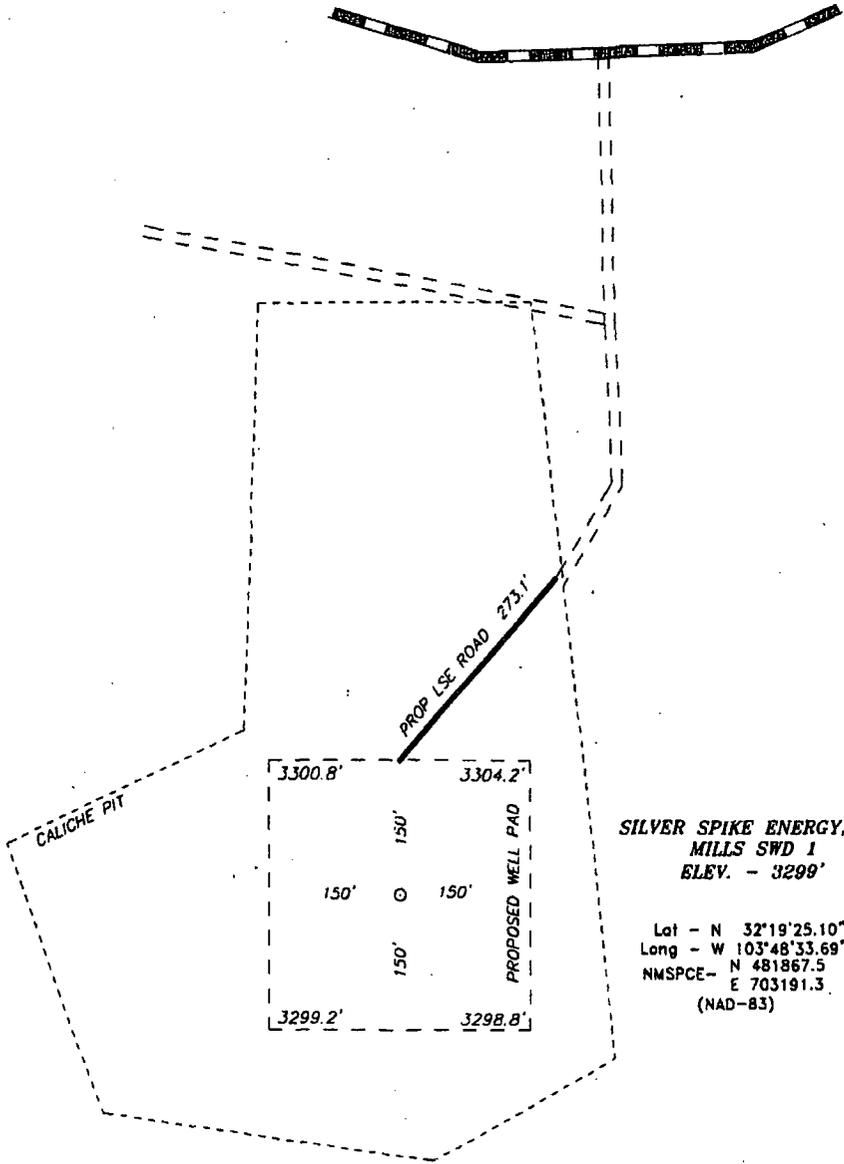
11. **Waste Management** - All drill cuttings and other wastes associated with and drilling operations will be transported to a CRI facility permitted by the Environmental Bureau of the New Mexico Oil Conservation Division.

12. **Anticipated Start Date** - Upon approval of all permits for SWD, operations would begin within 30 days. Completion of the well operations will take six to seven weeks. Installation of the tank battery, berms, plumbing and other and associated equipment would be occurring during the same interval. 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 the availability of the drilling contractor, the anticipated start date is:

September 1, 2013.

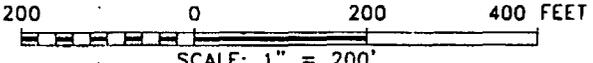
13. **Configure for Salt Water Disposal** - Prior to commencing any work, an NOI sundry(ies) will be submitted to configure the well for SWD and will detail the completion workover including all work otherwise described above, any change to the procedure noted herein and to perform mechanical integrity 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. Anticipated daily maximum volume is 30000 bpd and average of 20000 bpd at a maximum surface injection pressure of 3080 psi.

**SECTION 34, TOWNSHIP 25 SOUTH, RANGE 26 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.**



**SILVER SPIKE ENERGY, LP
MILLS SWD 1
ELEV. - 3299'**

Lat - N 32°19'25.10"
Long - W 103°48'33.69"
NMSPCE - N 481867.5
E 703191.3
(NAD-83)

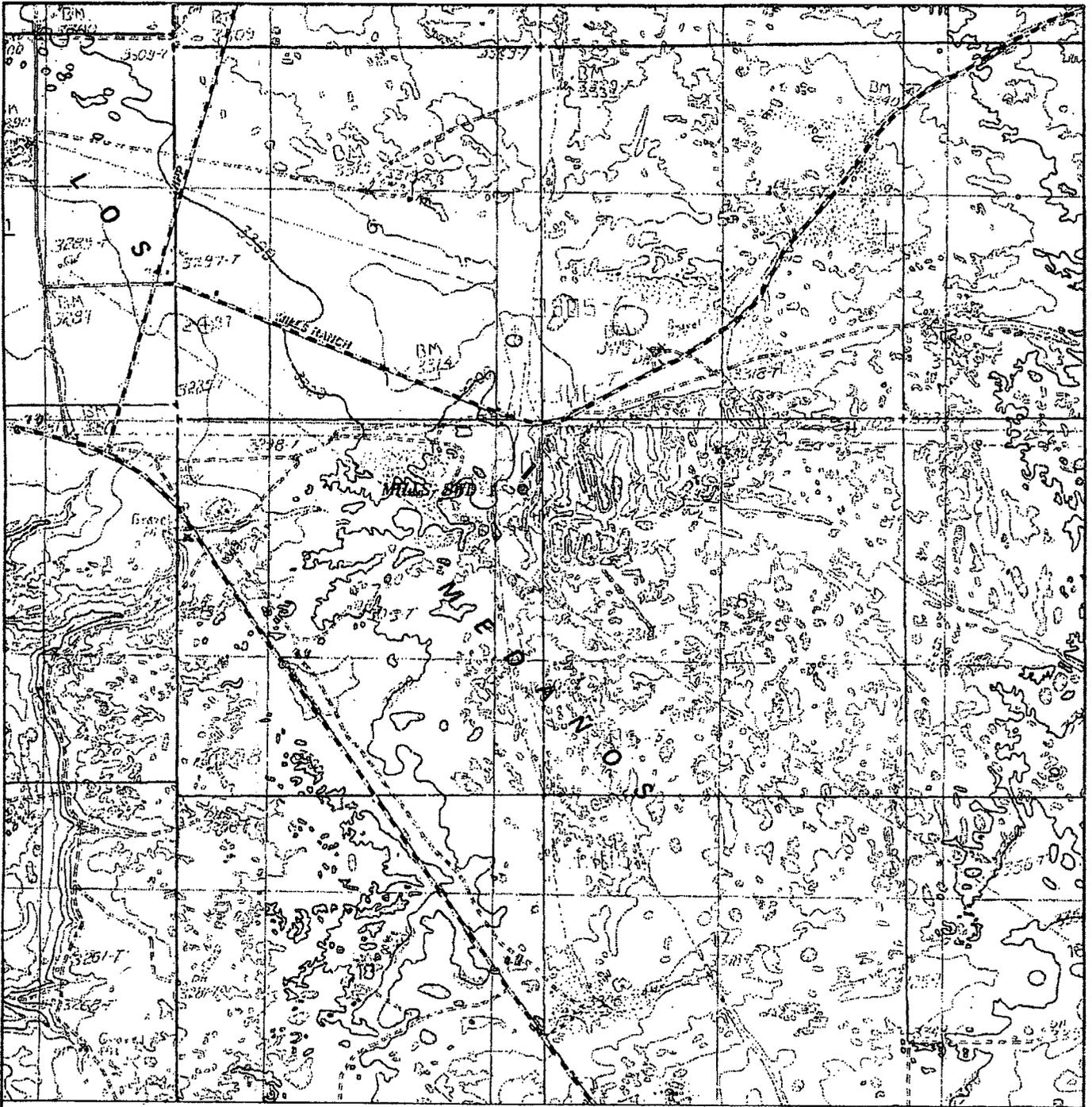


Directions to Location:

FROM THE JUNCTION OF MILLS AND WIPP, GO EAST ON MILLS FOR 1.1 MILES TO LEASE ROAD, ON LEASE ROAD GO SOUTH 0.1 MILES TO PROPOSED LEASE ROAD.

SILVER SPIKE ENERGY, LP	
REF: MILLS SWD 1 / WELL PAD TOPO	
THE MILLS SWD 1 LOCATED 970'	
FROM THE NORTH LINE AND 206' FROM THE EAST LINE OF	
SECTION 7, TOWNSHIP 23 SOUTH, RANGE 31 EAST,	
N.M.P.M., EDDY COUNTY, NEW MEXICO.	
Survey Date: 05-09-2013	Sheet 1 of 1 Sheets

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO	
W.O. Number: 28677	Drawn By: J. SMALL
Date: 05-23-2013	Disk: JMS 28677



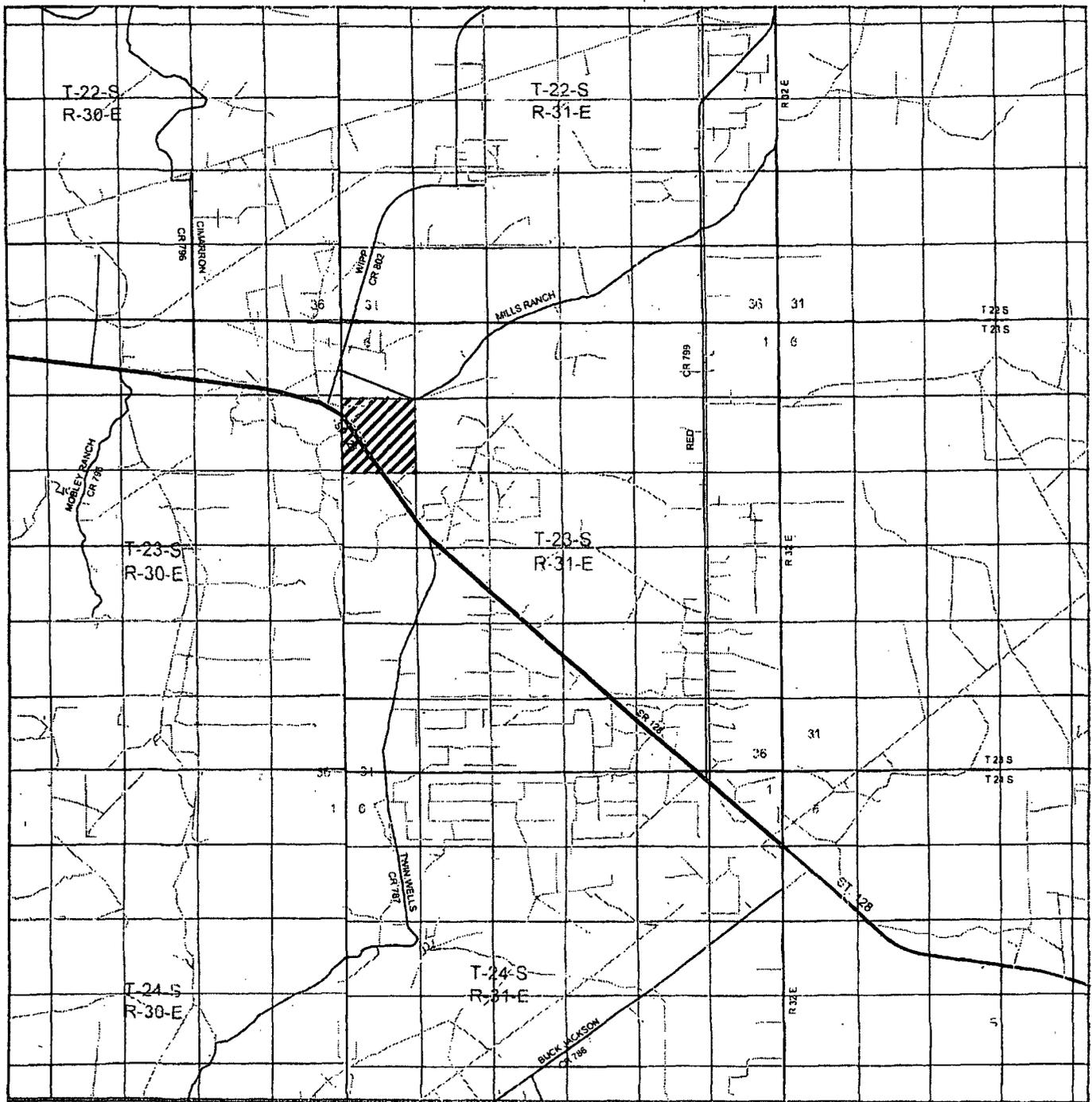
MILLS SWD 1
 Located 970' FNL and 206' FEL
 Section 7, Township 23 South, Range 31 East,
 N.M.P.M., Eddy County, New Mexico.


basin surveys
 focused on excellence
 in the oilfield

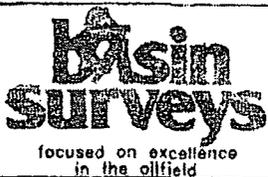
P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

W.O. Number:	JMS 28677
Survey Date:	05-09-2013
Scale:	1" = 2000'
Date:	05-23-2013

**SILVER SPIKE
 ENERGY, LP**



MILLS SWD 1
 Located 970' FNL and 206' FEL
 Section 7, Township 23 South, Range 31 East,
 N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
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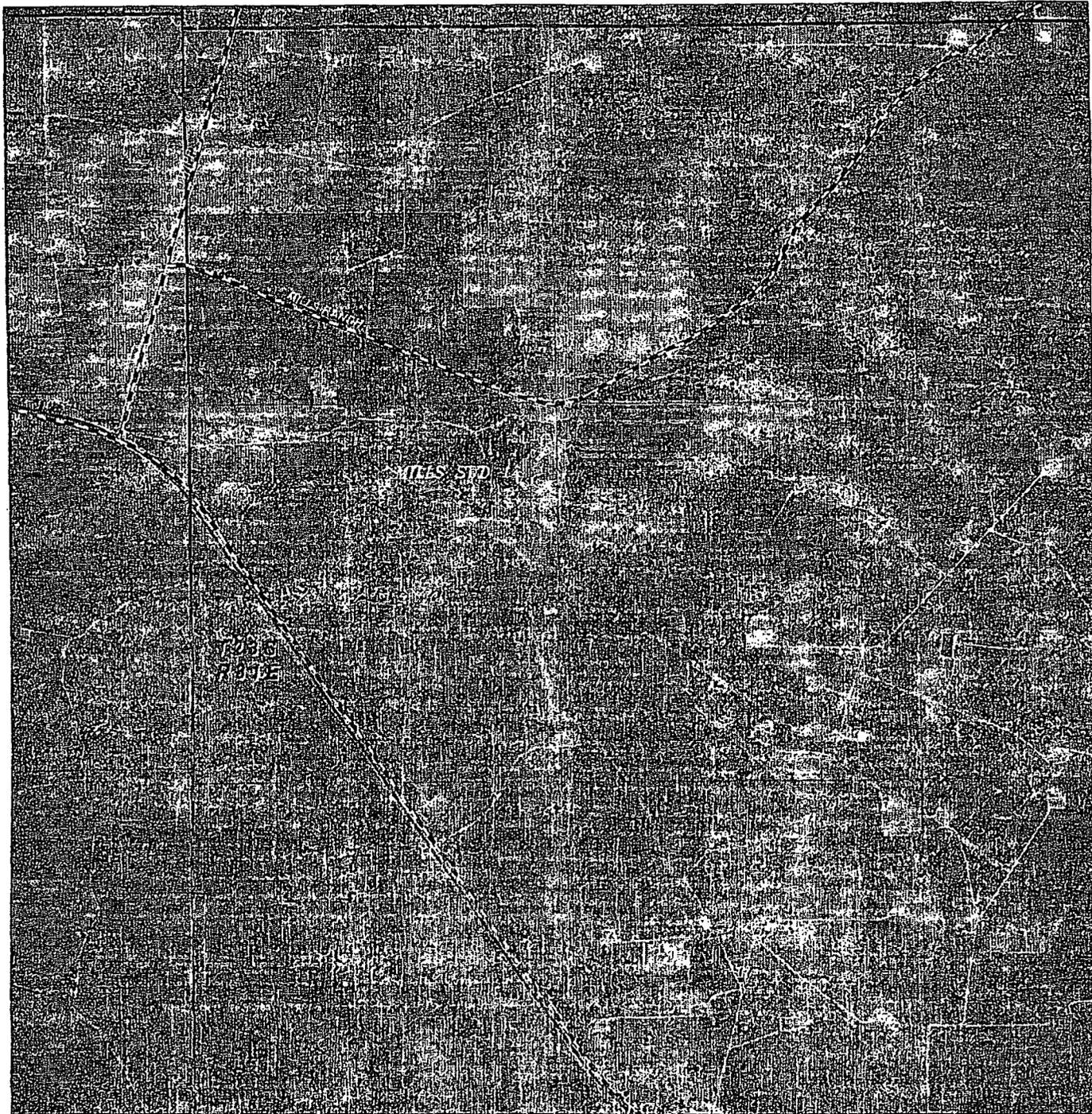
W.O. Number: JMS 28677

Survey Date: 05-09-2013

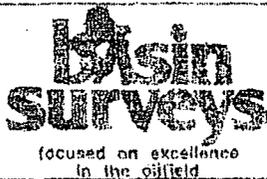
Scale: 1" = 2 Miles

Date: 05-23-2013

**SILVER SPIKE
 ENERGY, LP**



MILLS SWD 1
 Located 970' FNL and 206' FEL
 Section 7, Township 23 South, Range 31 East,
 N.M.P.M., Eddy County, New Mexico.



P.O. Box 1796
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

W.O. Number: JMS 28677

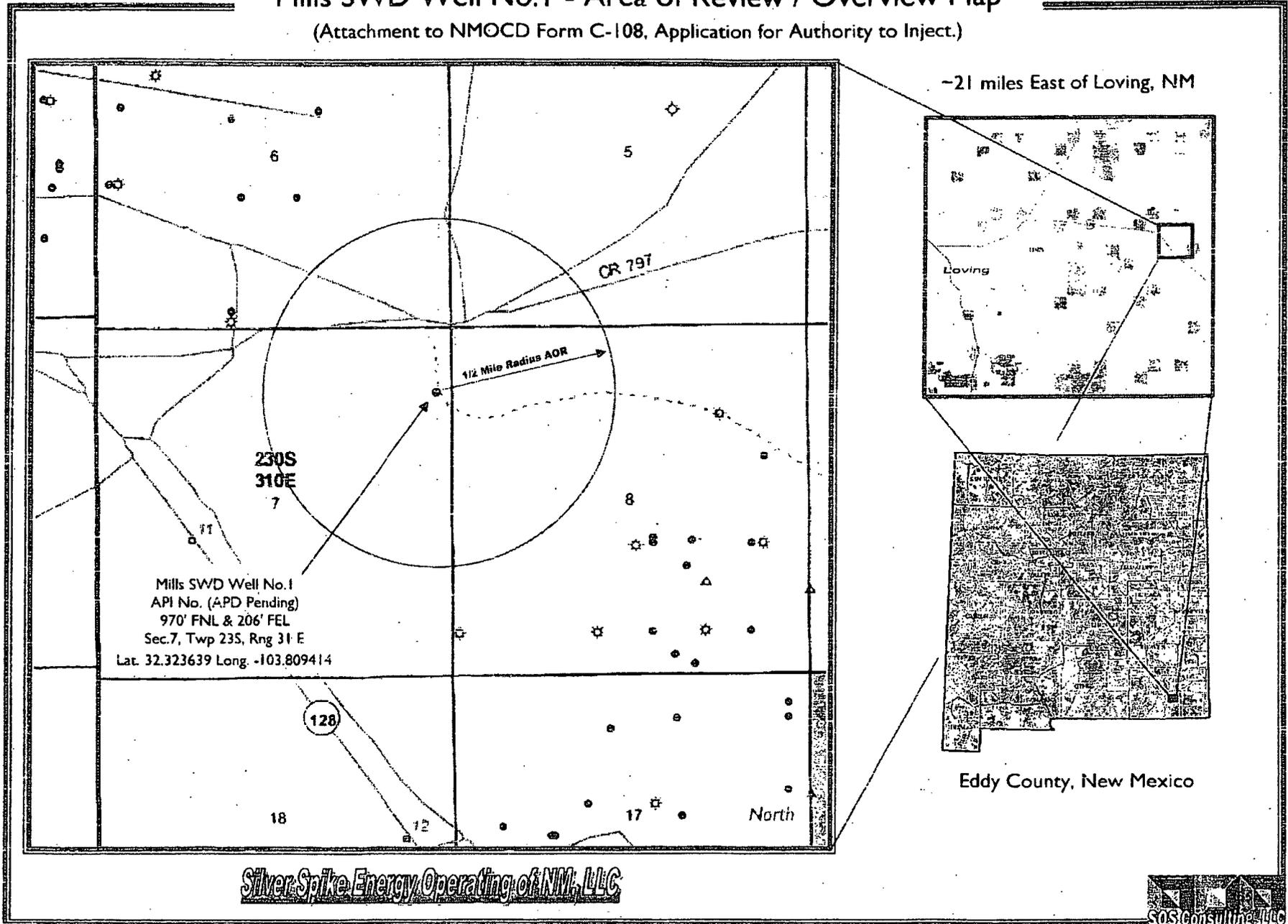
Scale: 1" = 2000'

YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND

SILVER SPIKE
 ENERGY, LP

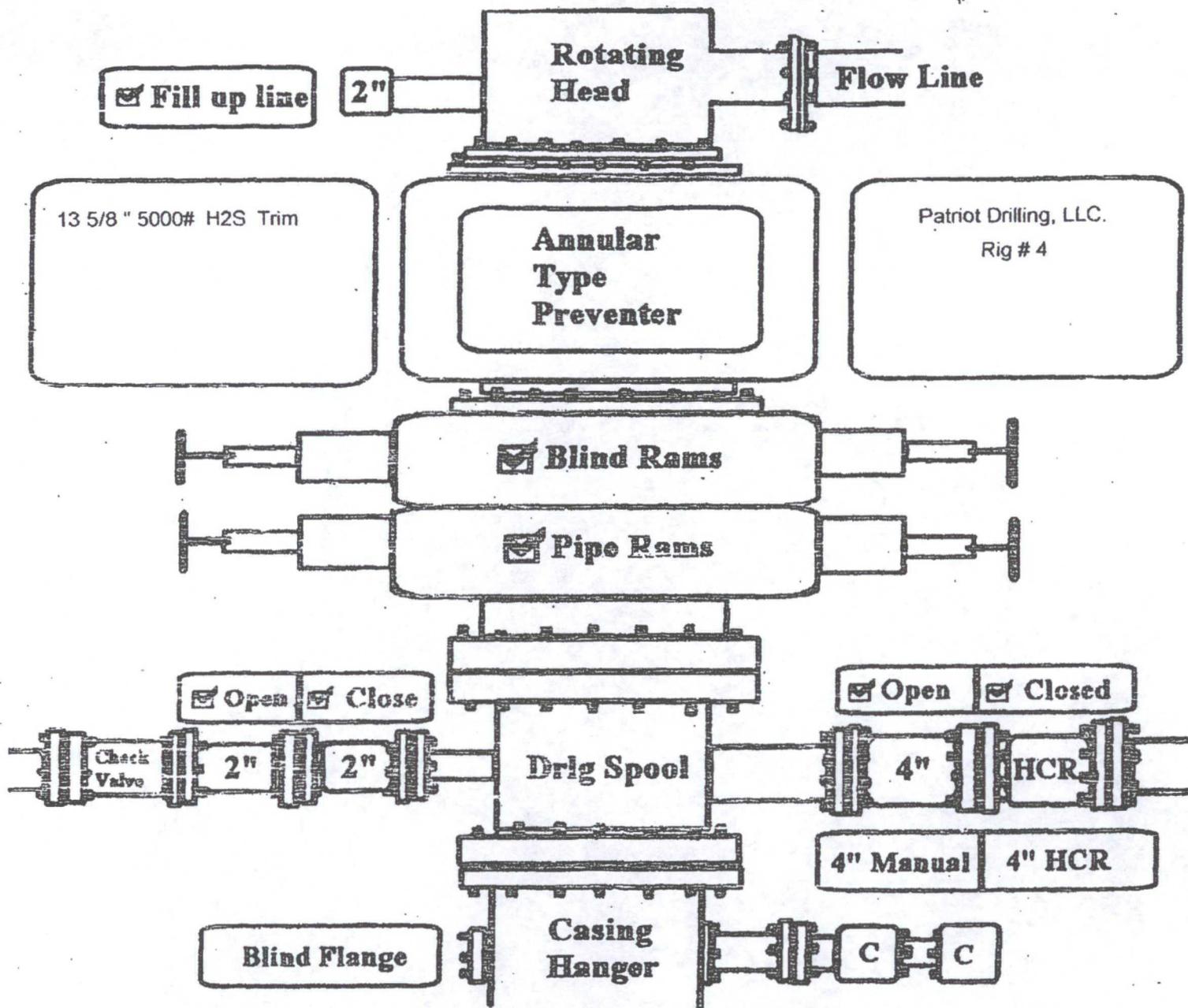
Mills SWD Well No.1 - Area of Review / Overview Map

(Attachment to NMOCD Form C-108, Application for Authority to Inject.)



**PATRIOT DRILLING, LLC
RIG #4 INVENTORY
DEPTH CAPACITY 16,000'**

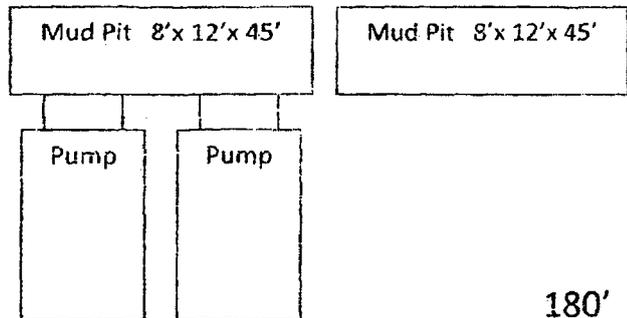
DRAWWORKS 1,300 HP	National 80B-M powered by 2 Caterpillar C-18, engines, (600 HP each) each with torque converters. 1 1/4" drilling line 342 Parmac Hydromatic brake
DERRICK	142' Lee C. Moore rated @750,000# SHL.
SUBSTRUCTURE	20' box on box rated @750,000 # GNC. 16' Clearance below rotary bushings.
TRAVELING EQUIPMENT	Ideco 350 ton block & hook. Ideco 350 ton swivel.
ROTARY TABLE	National Type 27 1/2".
PUMP	1-Bridges RSF-(1,600 HP) triplex powered by CAT 3512 engine (1,300 HP). 1-Bridges 1000 triplex powered by CAT 3508 engine (960 HP).
BOP	1-Townsend 82 double ram 13 3/8" X 5,000#. 1-Townsend 90 annular 13 3/8" X 5,000#. 1-2" X 3" 5,000# choke manifold & HCR valve. 1-5 station, Koomey type 80 gallon accumulator.
MUD SYSTEM	2-8' X 12' X 45' pits, 1,200 bbl total including 120 bbl slug pit. 4-5" X 6" centrifugals electric stirrers 1-MI-SWACO LM2 shale shaker
GENERATOR	2 - C15 CAT 320 KW gen sets
DRILL PIPE	11,000' 4 1/2" 16.60, X-95 4 1/2" XH 2,000' - 4 1/2" 16.60, G-105 4 1/2" XH
DRILL COLLARS	5-8" x 2 13/16" x 30' w/ 6 5/8" Reg. conn. 27-6 1/2" x 2 1/4" x 31' w/ 4 1/2" x H conn.



13 5/8 " 5000# H2S Trim

Patriot Drilling, LLC.
Rig # 4

Closed Loop System



Generator House

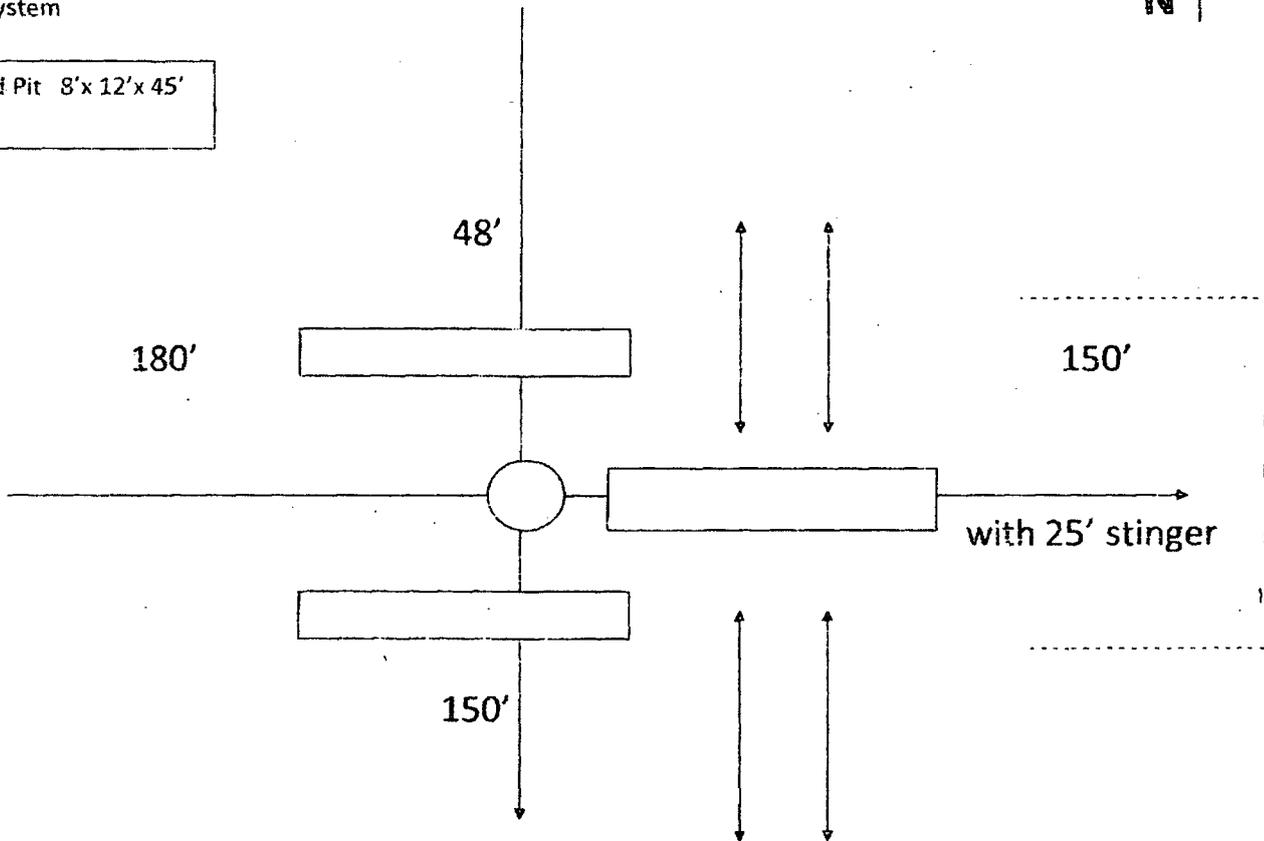
Water Tank

Water Tank

Fuel Tank

Change House

Tool Pushers House



N ↑

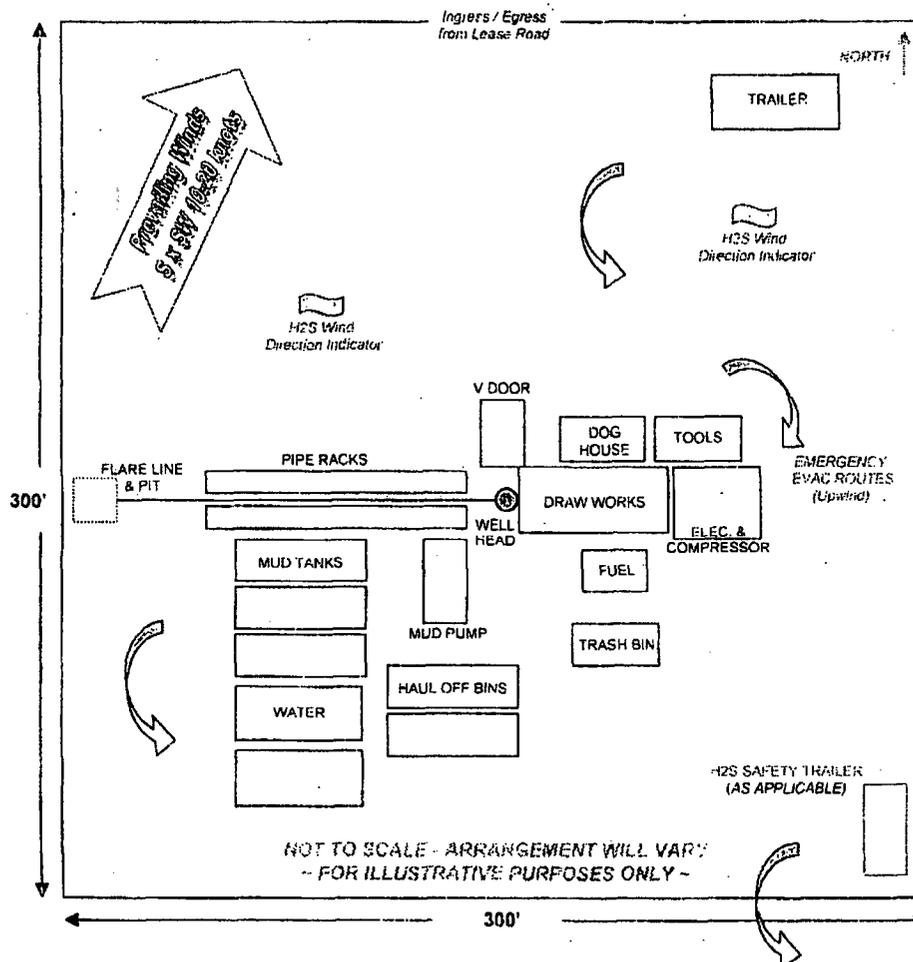
Patriot Drilling, LLC
Rig # 4

Standard Drill - Operating Procedure & Site Setup

ALL OPERATIONS CONDUCTED WITHIN EXISTING PAD SITE
NOT EXCEEDING SURVEYED SITE. ORIENTATION PER BEST FIT.

1. MIRU Drilling and drilling support contractors / equipment.
2. Set up H2S wind direction indicators; brief all personnel on Emergency Evacuation Routes.
3. All contractors conduct safety meeting prior to current task.
4. If H2S levels >20ppm detected, implement H2S Plan accordingly. (e.g., cease operations, shut in well, employ H2S safety trailer & personnel safety devices, install flare line, etc. - refer to plan.)
5. All equipment inspected daily. Repair / replace as required.
6. Mud logger monitoring returns: cuttings & waste hauled to specified facility. CRI - LEA COUNTY
7. Spills contained & cleaned up immediately. Repair or otherwise correct the situation within 48 hours before resuming operations. Notify OCD within 24 hours. Remediation started ASAP if required. Operator shall comply with 19.15.29 NMAC and 19.15.30 NMAC, as appropriate.
8. Sundry forms filed as needed - casing, cement, etc. - operations continue to completion.

TYPICAL LOCATION SETUP (V Door North)



CLOSURE PLAN DETAIL

Silver Spike Energy Operating of NM, LLC Mills Ranch SWD No.1 Facility

Overview and Background

Silver Spike Energy Operating of NM has negotiated terms with the landowner, Stacie Mills to drill, construct and otherwise operate and maintain a commercial salt water disposal facility located in Unit Letter 'A' of Section 7, Township 23 South, Range 31 East and is approximately 21 miles east of Loving, New Mexico. The area, situated approximately 1 mile east of NM 128 and two-tenths of a mile south of Eddy County Road 797, is at the northwestern edge of an historically oil and gas producing area. Additional producing areas are located to the north of the subject location.

In the general area, vegetation is composed of native plains bristlegrass and other sand grasses and mesquite shrubs and trees. Some yucca and sand shinnery (scrub) oak may also be found in the area. Grazing is limited and surface water is generally not present. Topography is very flat with less than 10 feet of change in elevation for approximately ½ mile in all directions. Groundwater in the area is more than 300 feet in depth and there are no domestic water wells within one mile. There are no mineral mines or known karst areas in the immediate vicinity. The immediate site is located within the surface boundaries of a caliche pit, historically mined and sold by the landowner for oil and gas operations in the area.

Upon approval of the pending SWD permit, Silver Spike Energy Operating will construct all facilities including tanks, pipelines and pumps to operate the commercial SWD facility. The well and tank battery site will be fenced while the truck offloading station will be outside the fenced area for easy access by truck. The tanks and pumps will be enclosed by a berm constructed to contain 150% of the volume of the tanks. The Devonian disposal well will be designed to accept a maximum daily volume of 30,000 bwpd with an average daily volume expected to be around 20,000 bwpd. The surface injection pressure will be 3080 psi. It is not expected that an increase should ever be required however, if needed, the operator would conduct a step rate test to determine the formation parting pressure and request a new permitted pressure of 50 psi less than frac pressure.

Silver Spike Energy Operating of NM, LLC wishes to further establish itself as an "operator in good standing" with the NMOCDC by complying with 19.15.17.13 NMAC by submitting this C-144 CLEZ Closure Plan.

For the purpose of this narrative the term "operator" shall refer to Silver Spike Operating of NM, LLC, its agent or its contractor(s) retained for the operations described herein.

Please Note: The drilling operation will consist of a closed loop system utilizing tanks and/or haul off bins for all cuttings and drilling wastes.



Closure Plan Detail

1. Procedure and Protocols

(a) Upon rig down of all drilling equipment and associated containment vessels, the operator shall test the collect individual grab samples from any area that is wet, discolored or showing other evidence of a release; and analyze for **BTEX, TPH, the GRO and DRO combined fraction and chlorides** to demonstrate that:

- 1) benzene concentration does not exceed 0.2 mg/kg, and;
- 2) total BTEX concentration does not exceed 50 mg/kg, both constituents determined by EPA SW-846 methods 8021B or 8260B, and;
- 3) TPH concentration does not exceed 2500 mg/kg; as determined by EPA method 418.1 or 19.15.17 NMAC <http://www.nmcpr.state.nm.us/nmac/parts/title19/19.015.0017.htm> [1/16/2009 4:19:53 PM], and;
- 4) GRO and DRO combined fraction does not exceed 500 mg/kg, both constituents determined by EPA SW-846 method 8015M, and;
- 5) chloride concentration does not exceed 1000 mg/kg, as determined by EPA method 300.1.

The various contaminants will be remediated to the specified levels or background concentration, whichever is greater. Other EPA methods may be approved by the division but are not anticipated to be utilized in this closure or subsequent remediation.

(b) The operator shall notify the division of its results on form C-141. Additional delineation may be performed pending a review of the results by NMOCD.

(c) If the operator or the division determines that a release has occurred, then the operator shall comply with 19.15.29 NMAC and 19.15.30 NMAC, **as appropriate**.

- 1) Notification – The operator will report any unauthorized release of oil, gases, produced water, condensate or oil field waste including regulated NORM, or other oil field related chemicals, contaminants or mixtures of those chemicals or contaminants that occur during drilling, producing, storing, disposing, injecting, transporting, servicing or processing and to establish reporting procedures.
- 2) Remediation – The operator will conduct operations to abate pollution of subsurface water so that ground water of the state that has a background concentration of 10,000 mg/l or less TDS is either remediated or protected for use as domestic, industrial and agricultural water supply, and will remediate or protect those segments of surface waters that are gaining because of subsurface-water inflow for uses designated in the water quality standards for interstate and intrastate surface waters in New Mexico, 20.6.4 NMAC; and will abate surface-water pollution so that surface waters of the state are remediated or protected for designated or attainable uses as defined in the water quality standards for interstate and intrastate surface waters in New Mexico, 20.6.4 NMAC.

(d) If the sampling program demonstrates that a release has not occurred or that any release does not exceed the concentrations specified in Subparagraph (b) of Paragraph (1) of Subsection B of 19.15.17.13 NMAC, ~~then the operator shall construct a division-prescribed soil cover, recontour and re-vegetate the site. The division-prescribed soil cover, recontouring and re-vegetation requirements shall comply with Subsections G, H and I of 19.15.17.13 NMAC.~~

Exception Requested - The site is located within an existing, large caliche pit. The operator proposes fill of clean, compacted caliche during the ongoing operation of the site as a salt water disposal facility. At the time of final decommissioning of all operations, the operator shall include a topsoil design to facilitate re-vegetation, if applicable at that future date, and will be properly permitted through applicable regulatory agencies.



2. Waste Removal - Disposal Facility Name and Permit Number

The waste (all pit contents, liner and any excavated contaminated soil) shall be transferred to the division-authorized, permitted facility in Lea County operated by CRI (Controlled Recovery Inc.), Permit number R-9166.

3. Soil Backfill and Cover Design Specifications

~~(a) The soil cover for closures where the operator has removed the pit contents or remediated the contaminated soil to the division's satisfaction shall consist of the background thickness of topsoil or one foot of suitable material to establish vegetation at the site, whichever is greater.~~

Exception Requested - The site is located within an existing, large caliche pit. The operator proposes fill of clean, compacted caliche during the ongoing operation of the site as a salt water disposal facility. At the time of final decommissioning of all operations, the operator shall include a topsoil design to facilitate re-vegetation, if applicable at that future date, and will be properly permitted through applicable regulatory agencies.

(b) The operator shall construct the soil cover to the site's existing grade and prevent ponding of water and erosion of the cover material.

4. Re-Vegetation Plan

The operator shall substantially restore and re-vegetate the impacted area's surface in accordance with Subsections G, H and I of 19.15.17.13 NMAC.

Exception Requested - As the facility is a semi-permanent, ongoing oil and gas operation, all surface area within and outside the fenced perimeter is compacted caliche, potentially with some small concrete equipment pads in use. At this time, for the duration of continuing operations, the operator proposes to backfill and compact the site to match the surrounding site location. As the area impacted by operation is approximately 2 acres, it would not be useful to only try a small footprint re-vegetation effort while the area is still subject to moving equipment and ongoing operations.

This plan will effectively prevent erosion, and protect fresh water, human health and the environment.

~~(a) The first growing season after the operator closes a pit or trench or is no longer using a drying pad, below-grade tank or an area associated with a closed-loop system, pit or below-grade tank including access roads, the operator shall seed or plant the disturbed areas.~~

~~(b) The operator shall accomplish seeding by drilling on the contour whenever practical or by other division-approved methods. The operator shall obtain vegetative cover that equals 70% of the native perennial vegetative cover (un-impacted by overgrazing, fire or other intrusion damaging to native vegetation) consisting of at least three native plant species, including at least one grass, but not including noxious weeds, and maintain that cover through two successive growing seasons. During the two growing seasons that prove viability, there shall be no artificial irrigation of the vegetation.~~

~~(c) The operator shall repeat seeding or planting until it successfully achieves the required vegetative cover.~~

~~(d) When conditions are not favorable for the establishment of vegetation, such as periods of drought, the division may allow the operator to delay seeding or planting until soil moisture~~



~~conditions become favorable or may require the operator to use additional cultural techniques such as mulching, fertilizing, irrigating, fencing or other practices.~~

~~(e) The operator shall notify the division when it has seeded or planted and when it successfully achieves re-vegetation.~~

5. Site Reclamation Plan

(a) Once the operator has closed any area associated with a closed-loop system, pit, trench or below-grade tank, the operator shall reclaim the location, drying pad location, below-grade tank location or trench location and all areas associated with the closed-loop system, pit, trench or below-grade tank including associated access roads to a safe and stable condition that blends with the surrounding undisturbed area. The operator shall substantially restore the impacted surface area to the condition that existed prior to oil and gas operations by placement of the soil cover as provided in Subsection H of 19.15.17.13 NMAC, recontour the location and associated areas to a contour that approximates the original contour and blends with the surrounding topography and re-vegetate according to Subsection I of 19.15.17.13 NMAC.

(b) The operator may propose an alternative to the re-vegetation requirement if the operator demonstrates that the proposed alternative effectively prevents erosion, and protects fresh water, human health and the environment. The proposed alternative shall be agreed upon by the surface owner. The operator shall submit the proposed alternative, with written documentation that the surface owner agrees to the alternative, to the division for approval.

Summary and Conclusion

Silver Spike Energy Operating of NM, LLC seeks approval for its plan contained herein, to responsibly close and otherwise remediate any release of drilling fluids, hydrocarbons or chlorides. All wastes will be excavated and disposed of at the CRI licensed waste disposal facility. Further, Silver Spike Energy Operating will continue operations at the site with appropriate housekeeping guidelines in place and will notify the NMOCD and submit complete and accurate paperwork for any events requiring such.

At whatever point in the future the site is to be decommissioned while still operated by Silver Spike Energy Operating, a new C-144 and other required forms shall be submitted to NMOCD. Until that time, Silver Spike will maintain a clean and well kept site for safe operations, protection of underground sources of drinking water and the environment, public health and esthetics.

Prepared and submitted by:

**Ben Stone, Partner
SOS Consulting, LLC
Agent for Silver Spike Energy Operating of NM, LLC**



Permit Conditions of Approval

API: 30-015-41590

OCD Reviewer	Condition
CSHAPARD	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string

R. Dade Cannot inject until SWD order ap'd

C-108 - Item VI

Wells within Area of Review

No wells penetrate the proposed disposal zone.

There are two (2) wells of which a portion of the horizontal leg lies within the AOR.

Both wells are illustrated and labeled on the AOR map.

1. North Pure Gold 5 Federal No.3H - Devon Energy Production Co., LP

API 30-015-35892

The bottom hole location of this well lies within the AOR however, the horizontal leg is a Delaware completion at true vertical depth of 7880' to 7900'.

2. James Ranch Well No.115H - BEPCO, LP

API 30-015-38118

The bottom hole location of this well lies within the AOR however, the horizontal leg is a Delaware completion at true vertical depth of 7736'.

C-108 ITEM VII – PROPOSED OPERATION

Mills Ranch SWD Well No.1

Commercial SWD Facility

Upon approval of all permits for SWD, operations would begin within 30 days. Completion of the well operations will take six to seven weeks. Installation of the tank battery, berms, plumbing and other and associated equipment would be occurring during the same interval. 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 the availability of the drilling contractor, the anticipated start date is November 1, 2014.

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 be fenced with only the offloading station located outside 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 open the to atmosphere or 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 30,000 bpd and an average of 20,000 bpd at a maximum surface injection pressure of 3080 psi (.2 psi/ft gradient).

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 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.

C-108 ITEM XII – GEOLOGIC AFFIRMATION

We have examined available geologic and engineering data and have found no evidence of open faults or other hydrologic connection between the disposal interval and any underground sources of drinking water.



Ben Stone, Partner
SOS Consulting, LLC

Project: Owl SWD Operating, LLC
Mills Ranch SWD No.1
Reviewed 8/28/2014

C-108 - Item XI

Water Wells Within One Mile

There is ONE domestic water well located and ONE Monitor Well within one mile of the proposed SWD.



New Mexico Office of the State Engineer Active & Inactive Points of Diversion (with Ownership Information)

WR File Nbr	Sub basin	Use	Diversion	Owner	County	POD Number	Code	Grant	(quarters are 1=NW 2=NE 3=SW 4=SE)		X	Y		
									Source	6416 4 Sec, Tws Rng				
C 02664	MON	0	SANDIA NATIONAL LABORATORIES	ED	C 02664	Shallow	3	3	2	05	23S	31E	613049	3578138*
C 02865	EXP	0	STACY MILLS	ED	C 02865	Shallow	4	4	4	06	23S	31E	612056	3577320*

*UTM location was derived from PLSS - see Help

8/12/13 12:57 PM

Page 1 of 1

ACTIVE & INACTIVE POINTS OF DIVERSION



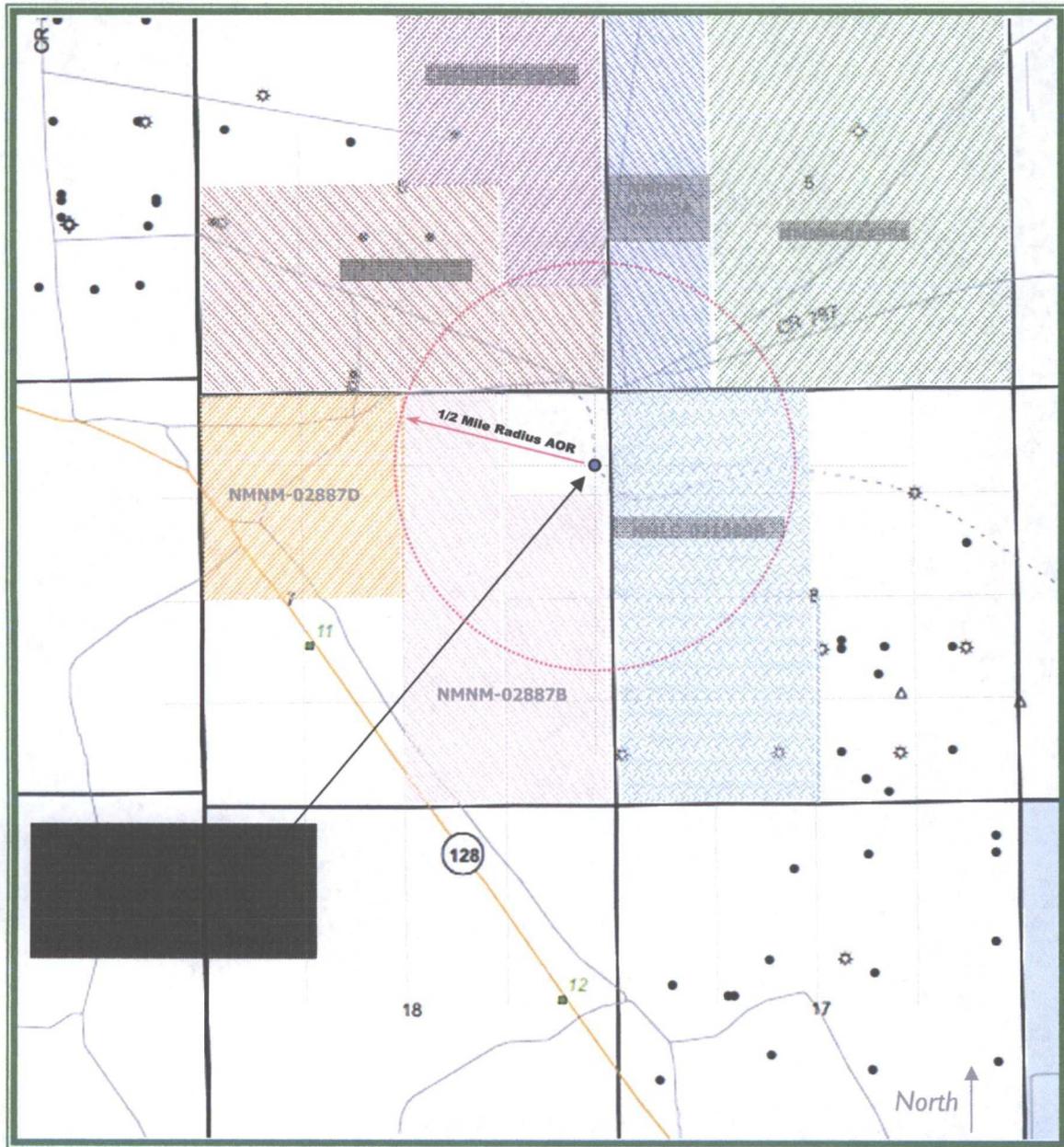
New Mexico Office of the State Engineer Point of Diversion Summary

POD Number	Q64 Q16 Q4	Sec	Tws	Rng	X	Y
C 02865	4	4	4	06	23S	31E

Driller License:	TAYLOR WATER WELL SERVICE					
Driller Name:	TAYLOR, CLINTON E.					
Drill Start Date:	08/27/2001	Drill Finish Date:	09/04/2001	Plug Date:		
Log File Date:	10/30/2001	PCW Rcv Date:		Source:	Shallow	
Pump Type:		Pipe Discharge Size:		Estimated Yield:	0	
Casing Size:		Depth Well:	174 feet	Depth Water:		

Mills Ranch SWD Well No.1 - Leasehold Plat

(Attachment to NMOCD Form C-108, Application for Authority to Inject.)



OWL SWD OPERATING, LLC

LEGEND

-  NMNM-02883A - CTV O&G NM, Keystone O&G NM, Others
-  NMNM-081953 - Yates Petroleum, Devon Energy, Others
-  NMLC-071988B - CTV O&G NM, Keystone O&G NM, Others
-  NMNM-02887B - CTV O&G NM, Keystone O&G NM, Others
-  NMNM-02887D - CTV O&G NM, Keystone O&G NM, Others
-  NMNM-004473 - CTV O&G NM, Keystone O&G NM, Others
-  NMNM-02887A - CTV O&G NM, Keystone O&G NM, Others

>>> Research performed by C&G Records Research <<<



SOS Consulting, LLC

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST**

SURFACE OWNER (Notified via U.S. Postal Certified Mail)

- 1 STACIE MILLS / MILLS RANCH
c/o Francis Mills, Registered Agent
P.O. Box 1358
Loving, NM 88256

MINERALS LESSEES and OFFSET OPERATORS (All notified via U.S. Postal Certified Mail)

BLM Leases:

NMNM-002883A;
NMLC-071988B;
NMNM-02887B;
NMNM-02887D;
NMNM-004473;
NMNM-002887A

Lessee

- 2 CTV OG NM LLC
201 Main St., Ste. 2700
Fort Worth, TX 76102-3131

Lessees at same address as above:

- 3 KEYSTONE OG NM LLC
- 4 LMBI OG NM LLC
- 5 SRBI OG NM LLC
- 6 THRU LINE OG NM LLC

Operator

- 7 BOPCO, LP
Attn: Fredrick Schock
333 W. Sheridan Avenue
Midland, TX 73102-5010

BLM Lease NMNM-081953

Lessees

- 8 YATES PETROLEUM CORPORATION
105 South 4th St.
Artesia, NM 88210
- 9 DEVON ENERGY PRODUCTION CO., LP
333 W. Sheridan Avenue
Oklahoma City, OK 73102-5010

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST (cont.)**

BLM Lease NMNM-081953 (cont.)

- 10 CAMTERRA RESOURCE PARTNERS
2615 East End Blvd. South
Marshall, TX 75670

Operator
DEVON ENERGY PRODUCTION CO., LP
333 W. Sheridan Avenue
Oklahoma City, OK 73102-5010

POTASH LEASES

BLM Lease NMNM-006829:
NMNM-069499;
NMNM-069500;
NMNM-035915801

- 11 WESTERN AG-MINERALS COMPANY
P.O. Box 71
Carlsbad, NM 88221

REGULATORY

NEW MEXICO OIL CONSERVATION DIVISION (FedEx'ed copy)
1220 St. Francis Drive
Santa Fe, NM 87505

NEW MEXICO OIL CONSERVATION DIVISION (FedEx'ed copy)
811 S. First St.
Artesia, NM 88210

- 12 BUREAU OF LAND MANAGEMENT (U.S. Postal Certified Mail)
Oil & Gas Division
620 E. Greene St.
Carlsbad, NM 88220



September 15, 2014

NOTIFICATION TO INTERESTED PARTIES
via U.S. Certified Mail

To Whom It May Concern:

Owl SWD Operating, LLC, Dallas, Texas, has made application to the New Mexico Oil Conservation Division to drill and configure for salt water disposal the Mills Ranch SWD Well No.1. The proposed commercial operation will be for produced water disposal from area operators into the Devonian formation. As indicated in the notice below, the well is located in Section 7, Township 23 South, Range 31 East in Eddy County, New Mexico.

The published notice states that the interval will be from a maximum top of 15,400 feet and maximum depth of 17,000 feet. Depths may alter only slightly depending on log analysis to establish an appropriate interval of desirable porosity.

Following is the notice published in the Artesia Daily Press, Artesia, New Mexico on or about September 16, 2014.

LEGAL NOTICE

Owl SWD Operating, LLC, 8214 Westchester Dr., Ste.850, Dallas, TX 75255 is filing Form C-108 (Application for Authority to Inject) with the New Mexico Oil Conservation Division for administrative approval to [drill and] permit for salt water disposal its Mills Ranch SWD Well No.1. The well, API No.30-015-41590 will be located 970 FNL & 206 FEL in Section 7, Township 23 South, Range 31 East in Eddy County, New Mexico. Produced water from area production will be commercially disposed into the Devonian formation through an openhole completion between a maximum applied for top of 15,400 feet to maximum depth of 17,000 feet. (Actual interval will vary only by depth setting of casing and DTD when desired porosity interval is exposed meaning, total depth of the well could be shallower.) The maximum injection pressure will be 3080 psi surface (0.2 psi/ft gradient) and a maximum rate limited only by such pressure.

Interested parties wishing to object to the proposed application must file with the New Mexico Oil Conservation Division, 1220 St. Francis Dr., Santa Fe, NM 87505, (505)476-3460 within 15 days of the date of this notice. Additional information may be obtained from the applicant's agent, SOS Consulting, LLC, (903)488-9850 or, email info@sosconsulting.us.

You have been identified as a party who may be interested as an offset lessee or operator.

C-108 - Item XIV

Proof of Notice – Legal Notice
Newspaper of General Circulation

LEGAL NOTICE

Owl SWD Operating, LLC, 8214 Westchester Dr., Ste.850, Dallas, TX 75255 is filing Form C-108 (Application for Authority to Inject) with the New Mexico Oil Conservation Division for administrative approval to [drill and] permit for salt water disposal its Mills Ranch SWD Well No.1. The well, API No.30-015-41590 will be located 970 FNL & 206 FEL in Section 7, Township 23 South, Range 31 East in Eddy County, New Mexico. Produced water from area production will be commercially disposed into the Devonian formation through an openhole completion between a maximum applied for top of 15,400 feet to maximum depth of 17,000 feet. (Actual interval will vary only by depth setting of casing and DTD when desired porosity interval is exposed meaning, total depth of the well could be shallower.) The maximum injection pressure will be 3080 psi surface (0.2 psi/ft gradient) and a maximum rate limited only by such pressure.

Interested parties wishing to object to the proposed application must file with the New Mexico Oil Conservation Division, 1220 St. Francis Dr., Santa Fe, NM 87505, (505)476-3460 within 15 days of the date of this notice. Additional information may be obtained from the applicant's agent, SOS Consulting, LLC, (903)488-9850 or, email info@sosconsulting.us.

Published in the Artesia Daily Press, Artesia, N.M., September 16, 2014 Legal No. 23175.

The above is the "Proof Copy" sent from the Artesia Daily Press. The affidavit of publication will be forwarded as soon as it is received.

You are entitled to a full copy of the application. A full copy in PDF format on a mini-CD will be arriving within a few days of this notice. If you do not receive it, please call or email SOS Consulting, LLC at 903-488-9850, info@sosconsulting.us, and a copy will be expedited to you and may also be sent via email if preferred.

Thank you for your attention in this matter.

Best regards,

A handwritten signature in black ink, appearing to read "Ben Stone". The signature is stylized with a large initial "B" and "S".

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

Cc: Application File

C-108 - Item XIV

Proof of Notice (Certified Mail Receipts)

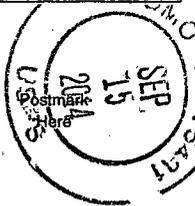
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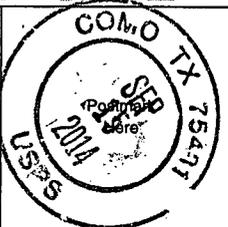
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Certified Fee	3.30
Return Receipt Fee (Endorsement Required)	2.70
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.70



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Street, Apt. or PO Box: STACIE MILLS / MILLS RANCH
City, State: c/o Francis Mills, Registered Agent
P.O. Box 1358
Loving, NM 88256

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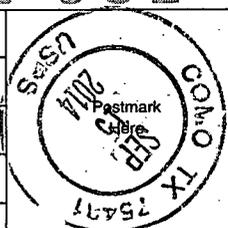
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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.70



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City, State: 201 Main St., Ste. 2700
Fort Worth, TX 76102-3131

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Fort Worth, TX 76102-3131

55ET 9922 2766 1355
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7014 0510 0001 2766
7014 0510 0001 2766

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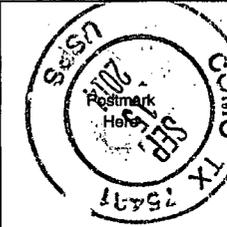
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Restricted Delivery Fee (Endorsement Required)	
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Street, Apt. or PO Box: CTV OG NM LLC
City, State: 201 Main St., Ste. 2700
Fort Worth, TX 76102-3131

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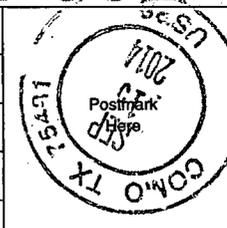
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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.70



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City, State: 201 Main St., Ste. 2700
Fort Worth, TX 76102-3131

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.70



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Street, Apt. or PO Box: THRU LINE OG NM LLC
City, State: 201 Main St., Ste. 2700
Fort Worth, TX 76102-3131

C-108 - Item XIV

Proof of Notice (Certified Mail Receipts - cont.)

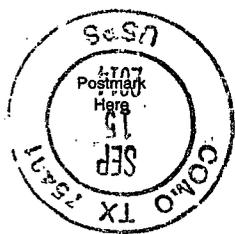
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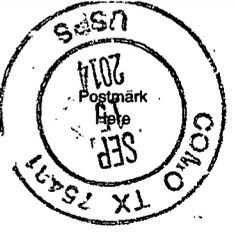
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Street, Apt. or PO Box
City, State

BOPCO, LP
Attn: Fredrick Schock
333 W. Sheridan Avenue
Midland, TX 73102-5010

PS Form 3800, January 2002

OFFICIAL USE

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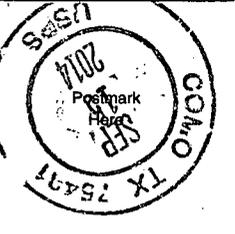
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DEVON ENERGY PROD. CO., LP
333 W. Sheridan Avenue
Oklahoma City, OK 73102-5010

PS Form 3800, January 2002

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City, State

WESTERN AG-MINERALS CO.
P.O. Box 71
Carlsbad, NM 88221

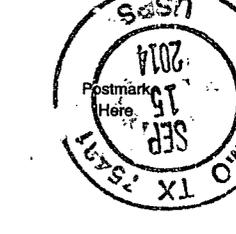
PS Form 3800, January 2002

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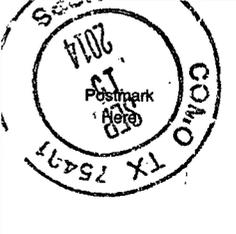
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City, State

YATES PETROLEUM CORP
105 South 4th St.
Artesia, NM 88210

PS Form 3800, January 2002

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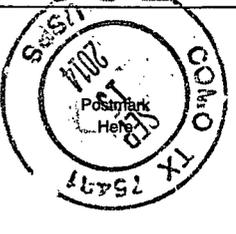
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CAMTERRA RESOURCE PARTNERS
2615 East End Blvd. South
Marshall, TX 75670

PS Form 3800, January 2002

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.70



Sent To
Street, Apt. or PO Box
City, State

Bureau of Land Management
Carlsbad Field Office - O&G Division
Attn: Steve Caffey
620 E. Greene St.
Carlsbad, NM 88220

PS Form 3800, January 2002

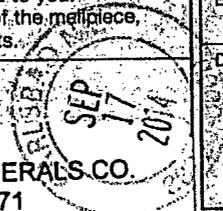
4621 9922 0001 2766 1294
7014 0510 0001 2766
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SENDER - COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

WESTERN AG-MINERALS CO.
P.O. Box 71
Carlsbad, NM 88221
MILLS RANCH SWD



COMPLETE THIS SECTION ON DELIVERY

A. Signature: *L. Bartzell* Agent Addressee

B. Received by (Printed Name): **LIVAS BARTZELL**

C. Date of Delivery: **9/17/14**

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type:

Certified Mail® Priority Mail Express™

Registered Return Receipt for Merchandise

Insured Mail Collect on Delivery

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label): **7014 0510 0001 2766 1256**



October 7, 2014

BOPCO, L.P.
333 W. Sheridan Avenue
Midland, TX 73102-5010

Attn: Mr. Fredrick Schoch

Re: Response to comments from Mr. Walter Jones on Owl SWD Operating, LLC's recently submitted Mills Ranch No. 1 SWD, C-108 Application Package.

Dear Mr. Schoch,

We received the letter from Mr. Jones regarding the omission of information from the subject C-108 application package. In response, an updated Area of Review Map and corresponding well tabulation is included with this letter. A copy of these items, including this letter, has been submitted as an addendum to the C-108 to the NMOCD in Santa Fe.

Let me first state my apology for this oversight. As you may recall, the Mills Ranch SWD application package and associated exhibits have been prepared for many months and in my earnest attempt to finally get the application filed, I failed to generate a new AOR map resulting in an out of date presentation. This oversight was inadvertent however, I accept responsibility for the exhibits I create.

With regards to the specific issue of BOPCO's wells which laterals fall within the AOR, we maintain that there will be no impact to these wells as there is substantial vertical separation between the proposed Devonian disposal zone and the Delaware producing intervals.

I appreciate your attention to this matter and, if there is any other information I can provide, please don't hesitate to contact me at your earliest convenience.

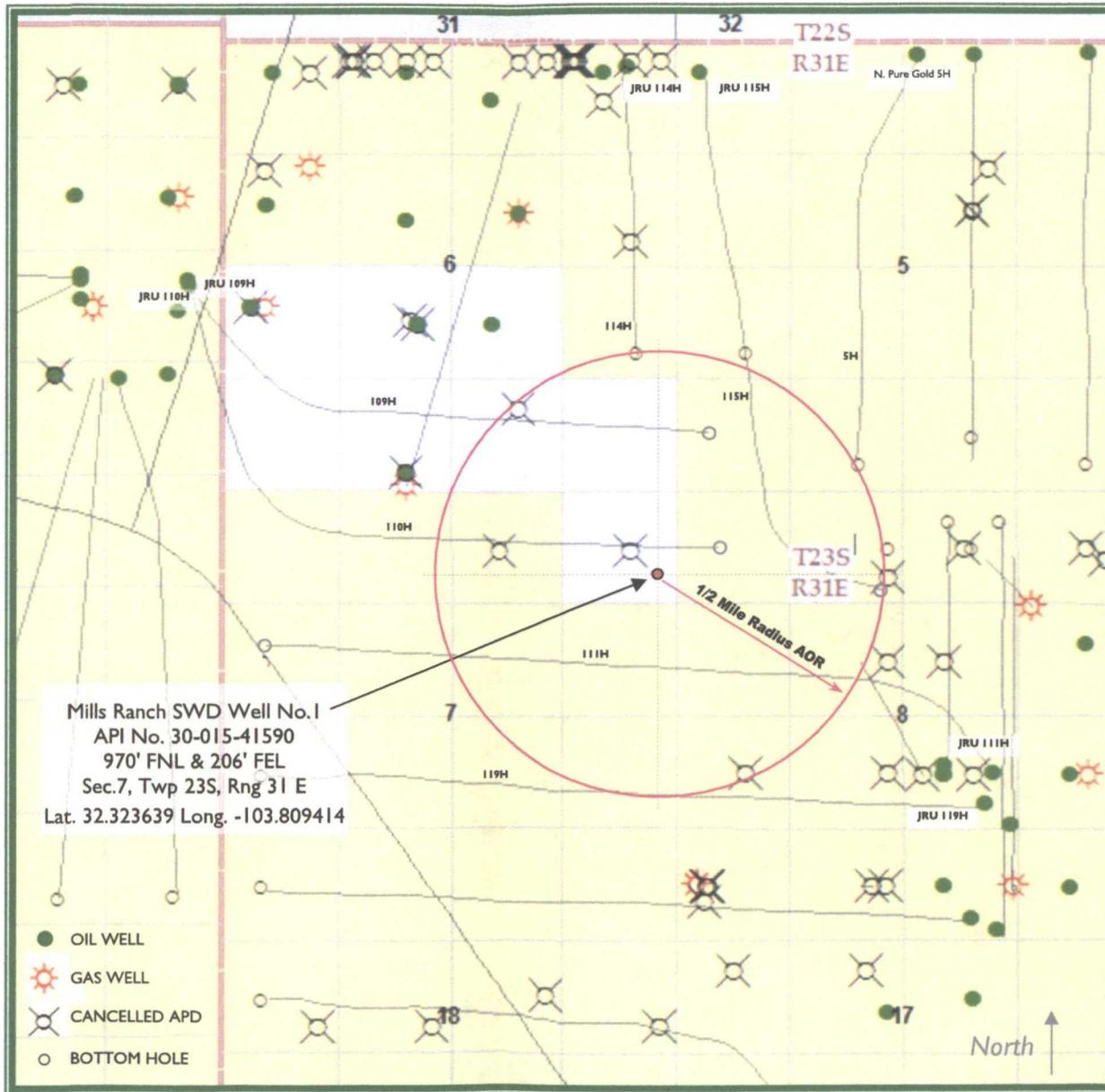
Best regards,

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

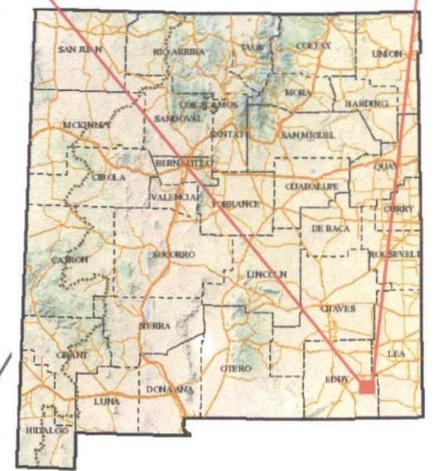
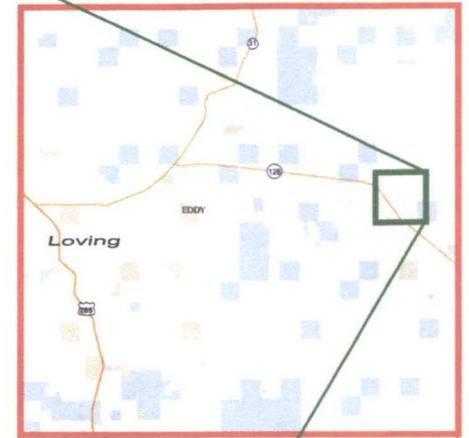
Cc: Mr. Walter Jones, BOPCO, Ft. Worth
NMOCD, Santa Fe, Artesia
Application File

Mills Ranch SWD Well No.1 - Area of Review / Overview Map

(Attachment to NMOCD Form C-108, Application for Authority to Inject.)



~21 miles East of Loving, NM



Eddy County, New Mexico

Mills Ranch SWD Well No.1
API No. 30-015-41590
970' FNL & 206' FEL
Sec.7, Twp 23S, Rng 31 E
Lat. 32.323639 Long. -103.809414



REVISED 10/03/2014



Jones, William V, EMNRD

From: Ben Stone <ben@sosconsulting.us>
Sent: Monday, November 10, 2014 11:51 AM
To: Jones, William V, EMNRD
Subject: RE: Owl SWD Operating LLC: proposed Mills Ranch SWD Well No. 1 (30-015-41590)
Attachments: Mills_CBL_due to WIPP_affidavit.pdf

Will,

Please find the attached affidavit w/ drilling/completion stipulations authorized by Owl.

I believe this along with the already submitted lease information and water well information addresses your concerns so that the application should be complete.

Please let me know and I hope to look forward to the approved permit very soon.

Best,

Ben



[Visit SOS Website](#)

CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

From: Jones, William V, EMNRD [<mailto:WilliamV.Jones@state.nm.us>]
Sent: Wednesday, October 29, 2014 7:54 PM
To: ben@sosconsulting.us
Cc: Dade, Randy, EMNRD; Shapard, Craig, EMNRD; Sanchez, Daniel J., EMNRD; efernandez@blm.gov; Goetze, Phillip, EMNRD
Subject: Owl SWD Operating LLC: proposed Mills Ranch SWD Well No. 1 (30-015-41590)

Hello Mr. Ben,
Hope all is well.

I just reviewed this application.

Would you please let me know if Stacie Mills owns the oil and gas rights under Unit letter A and who it is leased to? Or is it unleased? Should be apparent from the application, but easy to just ask you.

Also, since the well is permitted for drilling by the OCD to Silver Spike (and is still under that name) – is there a certified notice to that entity somewhere? If not, please send.

The permit would require logging and mudlogging of the open hole, is that already planned? These should also be capable of detecting formation tops if any within the open hole disposal interval.

Is there a Fresh Water analysis of one of the two water wells? I saw the OSE data, but not an analysis.

Because this will be a long term disposal well just over 1 mile south of the WIPP site, some minor well design changes:
Would you please send a plan stating the 9-5/8 inch will have a bond log run prior to drilling out – even if circulated with cement.

And the 7 inch pipe will be cemented to surface using a design such as a DV tool at 7400 feet (base of Delaware) or above the Delaware production interval.

And another bond log run on this 7 inch pipe from TD to surface.

Thanks in Advance!

William V. Jones, P.E.

EMNRD/OCD District IV Supervisor

505.476.3477 W, 505.690.2365 C 505.476.3462 F,

(Alt. Leonard Lowe 505.476.3492 W)

WilliamV.Jones@state.nm.us

<http://www.emnrd.state.nm.us/OCD/about.html>

C-108 - Item VI

Wells within Area of Review

No wells penetrate the proposed disposal zone.

There are seven (7) wells of which a portion of the horizontal leg lies within the AOR. All are Delaware horizontal true vertical depth completions lie a minimum of 7500' above the proposed Devonian disposal interval. All wells are illustrated and labeled on the AOR map.

1. North Pure Gold 5 Federal No.3H - Devon Energy Production Co., LP

API 30-015-35892

The bottom hole location of this well lies within the AOR. The horizontal leg is at a TVD of 7880' to 7900'.

2. James Ranch Well No.109H - BOPCO, LP

API 30-015-38114

The bottom hole location of this well lies within the AOR. The horizontal leg is at a TVD of 7041' to 7649'.

3. James Ranch Well No.110H - BOPCO, LP

API 30-015-38115

The bottom hole location of this well lies within the AOR including a long path through the AOR. The horizontal leg is at a TVD of 7561' to 7686'. This is the closest completion to the proposed well passing approximately 315 feet to the north.

4. James Ranch Well No.111H - BOPCO, LP

API 30-015-38120

The bottom hole location of this well lies within the AOR. The horizontal leg is at a TVD of 7282' to 7653'.

5. James Ranch Well No.114H - BOPCO, LP

API 30-015-37925

The bottom hole location of this well lies within the AOR. The horizontal leg is at a TVD of 7685' to 7725'.

C-108 - Item VI

Wells within Area of Review (cont.)

6. James Ranch Well No.115H - BOPCO, LP

API 30-015-38118

The bottom hole location of this well lies within the AOR including a long path through the AOR. The horizontal leg is at a TVD of 7730' to 7738'.

7. James Ranch Well No.119H - BOPCO, LP

API 30-015-38117

The bottom hole location of this well lies within the AOR. The horizontal leg is at a TVD of 7279' to 7649'.



RECEIVED OOD
2014 OCT 10 P 3:00

October 07, 2014

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

Attn: Mr. Phillip Goetze

Re: Response to comments from Mr. Walter Jones on Owl SWD Operating, LLC's recently submitted Mills Ranch No.1 SWD, C-108 Application Package.

Dear Mr. Goetze,

Enclosed, please find additional information in response to the subject.

Please include this as an addendum to the recently submitted C-108 package.

This information was sent via U.S. certified mail to BOPCO, both Mr. Schock and Mr. Jones at their respective office addresses.

Please let me know if you have any questions.

Best regards,

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

Cc: BOPCO, Fredrick Schock, Walter Jones
Application File

BOPCO, L.P.
201 MAIN ST.
FORT WORTH, TEXAS 76102-3131
817/390-8400

September 30, 2014

FEDERAL EXPRESS

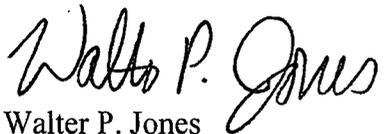
Owl SWD Operating, LLC
8214 Westchester Dr., Suite 850
Dallas, TX 75255

Re: Improper Attachment / Well List
Mills Ranch SWD #1 Well
T23S-R31E, Section 7
Eddy County, New Mexico

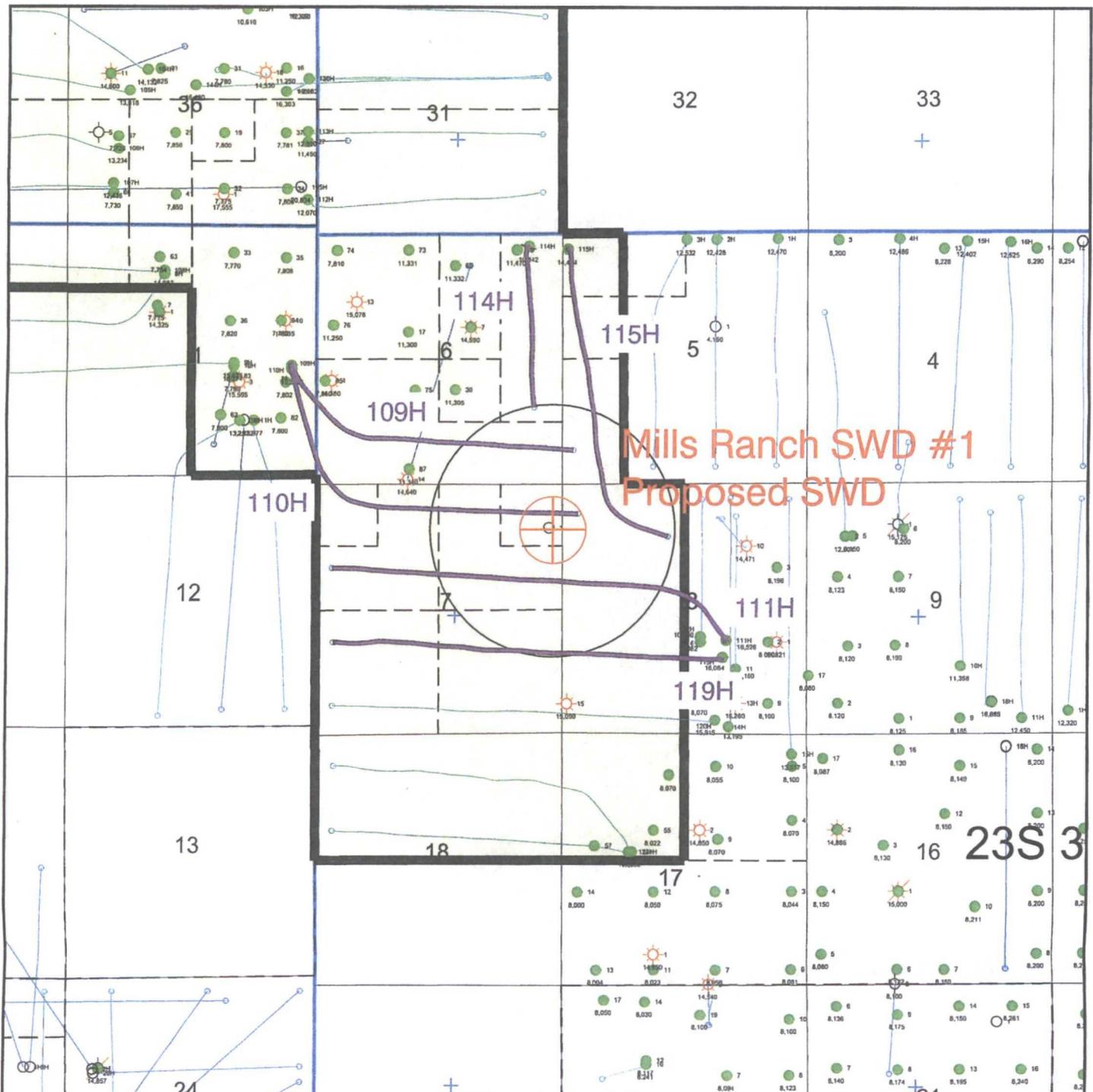
Gentlemen:

Reference is made to the Notification to Interested Parties Letter, dated September 15, 2014, wherein BOPCO, L.P. was notified of Owl SWD Operating, LLC's intention to drill the Mills Ranch SWD #1 Well in Section 7, T23S-R31E of Eddy County, New Mexico. Please be advised the C-108 Item VI attachment to NMOCD Form C-108 was incorrect. I have attached a map showing BOPCO, L.P.'s wells in the James Ranch Unit which fall within the notification buffer, five (5) of which were excluded from the referenced attachment.

Respectfully,


Walter P. Jones

Cc: SOS Consulting, LLC ✓
P.O. Box 300
Como, TX 75431
Attn: Ben Stone



Mills Ranch SWD #1
Proposed SWD



BEPCO, L.P.

FEDERAL UNITS

Eddy & Lea County, New Mexico

Land Map

DATE: 9-26-2014	INTER/DRAFT, BY: Walt Jones/EMT	FILE: SWDs-Battery_SWD Wells_Wells
--------------------	------------------------------------	---------------------------------------

Jones, William V, EMNRD

From: Jones, William V, EMNRD
Sent: Wednesday, October 29, 2014 6:54 PM
To: 'ben@sosconsulting.us'
Cc: Dade, Randy, EMNRD; Shapard, Craig, EMNRD; Sanchez, Daniel J., EMNRD; 'efernandez@blm.gov'; Goetze, Phillip, EMNRD
Subject: Owl SWD Operating LLC: proposed Mills Ranch SWD Well No. 1 (30-015-41590)

Hello Mr. Ben,
Hope all is well.

I just reviewed this application.

Would you please let me know if Stacie Mills owns the oil and gas rights under Unit letter A and who it is leased to? Or is it unleased? Should be apparent from the application, but easy to just ask you.

Also, since the well is permitted for drilling by the OCD to Silver Spike (and is still under that name) – is there a certified notice to that entity somewhere? If not, please send.

The permit would require logging and mudlogging of the open hole, is that already planned? These should also be capable of detecting formation tops if any within the open hole disposal interval.

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Because this will be a long term disposal well just over 1 mile south of the WIPP site, some minor well design changes: Would you please send a plan stating the 9-5/8 inch will have a bond log run prior to drilling out – even if circulated with cement.

And the 7 inch pipe will be cemented to surface using a design such as a DV tool at 7400 feet (base of Delaware) or above the Delaware production interval.

And another bond log run on this 7 inch pipe from TD to surface.

Thanks in Advance!

William V. Jones, P.E.
EMNRD/OCD District IV Supervisor
505.476.3477 W, 505.690.2365 C 505.476.3462 F,
(Alt. Leonard Lowe 505.476.3492 W)
WilliamV.Jones@state.nm.us
<http://www.emnrd.state.nm.us/OCD/about.html>

Still waiting of 11/24/14 Done 12/16/14

Jones, William V, EMNRD

From: Ben Stone <ben@sosconsulting.us>
Sent: Thursday, October 30, 2014 5:56 AM
To: Jones, William V, EMNRD
Subject: RE: Owl SWD Operating LLC: proposed Mills Ranch SWD Well No. 1 (30-015-41590)

Hello Will, welcome back!

Have a doctor's appointment this morning but here's what I know right now. I'll get the rest this afternoon.

- 1) I'll check on mineral interests.
- 2) Owl purchased the APD from Silver Spike - they were working on the change of operator several weeks ago and I would have thought that would have been approved by now.
- 3) Yes, mudlogging for drilling, full suite of logs from TD up to 15,000.
- 4) I'll check on water well data - thought we had that.
- 5) Yes, we'll bond log both strings and 2 stage the long string.

Thanks Will, bet Phillip breathed a sigh of relief when you came back!! (Me too!!)

More later,

Ben



[Visit SOS Website](#)

CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

From: Jones, William V, EMNRD [<mailto:WilliamV.Jones@state.nm.us>]
Sent: Wednesday, October 29, 2014 7:54 PM
To: ben@sosconsulting.us
Cc: Dade, Randy, EMNRD; Shapard, Craig, EMNRD; Sanchez, Daniel J., EMNRD; efernandez@blm.gov; Goetze, Phillip, EMNRD
Subject: Owl SWD Operating LLC: proposed Mills Ranch SWD Well No. 1 (30-015-41590)

Hello Mr. Ben,
Hope all is well.

I just reviewed this application.

Would you please let me know if Stacie Mills owns the oil and gas rights under Unit letter A and who it is leased to? Or is it unleased? Should be apparent from the application, but easy to just ask you.

Also, since the well is permitted for drilling by the OCD to Silver Spike (and is still under that name) – is there a certified notice to that entity somewhere? If not, please send.

The permit would require logging and mudlogging of the open hole, is that already planned? These should also be capable of detecting formation tops if any within the open hole disposal interval.

Is there a Fresh Water analysis of one of the two water wells? I saw the OSE data, but not an analysis.

Because this will be a long term disposal well just over 1 mile south of the WIPP site, some minor well design changes: Would you please send a plan stating the 9-5/8 inch will have a bond log run prior to drilling out – even if circulated with cement.

And the 7 inch pipe will be cemented to surface using a design such as a DV tool at 7400 feet (base of Delaware) or above the Delaware production interval.

And another bond log run on this 7 inch pipe from TD to surface.

Thanks in Advance!

William V. Jones, P.E.

EMNRD/OCD District IV Supervisor

505.476.3477 W, 505.690.2365 C 505.476.3462 F,

(Alt. Leonard Lowe 505.476.3492 W)

WilliamV.Jones@state.nm.us

<http://www.emnrd.state.nm.us/OCD/about.html>

Well Activity – Addendum to C-108

Well Operations in Vicinity of WIPP

AFFIRMATIVE STATEMENT

Because the Mills Ranch SWD No.1 will be a long term salt water disposal well and due to the proximity to the WIPP site, well drilling and completion will include the following stipulations:

- 1) Prior to drilling deeper, the centralized 9-5/8" casing will have a bond log run regardless of whether the cement was circulated to surface, and;
- 2) The centralized 7" casing will be cemented using a 2-stage design. A DV tool will be located at approximately 7400' (at the base of the Delaware formation). Cement volumes will be calculated and the final design submitted on form C-103 sundry, intent status, and;
- 3) The 7" casing will have a cement bond log run from total depth to surface.

These items have been discussed with and agreed to by Owl SWD Operating, LLC personnel on or before November 10, 2014.



Ben Stone
Agent for Own SWD Operating, LLC



Frac Water Analysis

Date: 8/27/2013

2708 West County Road, Hobbs NM 88240
 Phone (575) 392-5556 Fax (575) 392-7307

Source Water

1

Analyzed For

Company	Well Name	County	State
Devon	Mills Ranch WW		

Specific Gravity	1.005	SG @ 60 °F	1.008
pH	7.29	Sulfides	Not Tested
Temperature (°F)	75	Reducing Agents	Not Tested

Cations

Sodium (Calc)	in Mg/L	1,762	in PPM	1,748
Calcium	in Mg/L	556	in PPM	552
Magnesium	in Mg/L	7	in PPM	7
Soluble Iron (FE2)	in Mg/L	0.0	in PPM	0

Anions

Chlorides	in Mg/L	3,520	in PPM	3,492
Sulfates	in Mg/L	200	in PPM	198
Bicarbonates	in Mg/L	102	in PPM	102

Total Hardness (as CaCO3)	in Mg/L	1,420	in PPM	1,409
Total Dissolved Solids (Calc)	in Mg/L	6,148	in PPM	6,099

Remarks Fresh Water:
 Gelled / X-linked

Report # 13038

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTIES LIST**
Lessees – Additional Information

A title search was conducted on the 40 acre tract where the proposed Mills Ranch SWD No.1 is to be located. The minerals lessee is SRBI OG NM, LLC and this company has already been notified as they are the lessee of record for one of the other tracts adjoining the subject area. They are shown as number 5 on the original List of Interested Parties.

Lessee
SRBI OG NM, LLC
201 Main St., Ste. 2700
Fort Worth, TX 76102-3131

I hereby certify that the above-named party received notice via U.S. Certified Mail and received a full copy of the subject application as required by the rules.



Ben Stone
Agent for Owl SWD Operating, LLC

November 3, 2014

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720

District II

811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505
Change of Operator**

Form C-145
August 1, 2011
Permit 189283

**NM OIL CONSERVATION
ARTESIA DISTRICT**

DEC 01 2014

RECEIVED

Previous Operator Information

New Operator Information

OGRID:	<u>300017</u>	Effective Date:	<u>Effective on the date of approval by the OCD</u>
Name:	<u>SILVER SPIKE ENERGY OPERATING OF NM, LLC</u>	OGRID:	<u>308339</u>
Address:	<u>203 W. Wall St</u> <u>Suite 920</u>	Name:	<u>OWL SWD OPERATING, LLC</u>
City, State, Zip:	<u>Midland, TX 79701</u>	Address:	<u>8214 WESTCHESTER DRIVE</u> <u>SUITE 850</u>
		City, State, Zip:	<u>DALLAS, TX 75225</u>

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Additionally, by signing below, OWL SWD OPERATING, LLC certifies that it has read and understands the following synopsis of applicable rules.

PREVIOUS OPERATOR certifies that all below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells being transferred are either (1) in compliance with 19.15.17 NMAC, (2) have been closed pursuant to 19.15.17.13 NMAC or (3) have been retrofitted to comply with Paragraphs 1 through 4 of 19.15.17.11(i) NMAC.

OWL SWD OPERATING, LLC understands that the OCD's approval of this operator change:

1. constitutes approval of the transfer of the permit for any permitted pit; below-grade tank or closed-loop system associated with the selected wells; and
2. constitutes approval of the transfer of any below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells, regardless of whether the transferor has disclosed the existence of those below-grade tanks to the transferee or to the OCD, and regardless of whether the below-grade tanks are in compliance with 19.15.17 NMAC.

Inactive Well Additional Financial Assurance Report

300017 SILVER SPIKE ENERGY OPERATING OF NM, LLC

Total Well Count: 6

Printed On: Wednesday, October 29 2014

Property	Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Prod/Inj	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Bond In Place	In Violation
313115	COOPER #001	P	3-2 -17S-38E	C	30-025-28166	O	07/2014	08/01/2016	12690	17690		0	
313116	KNOWLES SWD #002	P	P-34-16S-38E	P	30-025-07287	S	02/2014	03/01/2016	12565	17565		0	
40055	MILLS RANCH SWD #001	P	A-7 -23S-31E	A	30-015-41590	S			Unknown			26000	
313117	O A WOODY #001	P	E-35-16S-38E	E	30-025-26361	O			12428			0	
313118	W W HAMILTON #002Y	P	L-35-16S-38E	L	30-025-29316	O	07/2014	08/01/2016	14168	19168		0	
313119	W W HAMILTON A #002	P	I-34-16S-38E	I	30-025-12485	S	07/2013	08/01/2015	12560	17560		0	

WHERE Ogrid:300017

Jones, William V, EMNRD

From: Jones, William V, EMNRD
Sent: Thursday, January 08, 2015 1:45 PM
To: 'Ben Stone'
Subject: RE: Protest of Owl SWD Operating LLC: Mills Ranch SWD Well No. 1 (30-015-41590)

Mosaic told me yesterday they wanted the well moved.
You can continue discussions as to a new well location.

The protest is valid because the permit has not been issued – per David Brooks years ago and I think a good policy.
15 days is the minimum time we must wait.

From: Ben Stone [mailto:ben@sosconsulting.us]
Sent: Thursday, January 08, 2015 1:08 PM
To: Jones, William V, EMNRD
Subject: Re: Protest of Owl SWD Operating LLC: Mills Ranch SWD Well No. 1 (30-015-41590)

Hi Will,

I'm a little confused on the timing... I visited w/ Mosaic this morning and thought we were going to continue discussions. What time did you receive the objection?

Also, I understand their concerns but, they apparently missed the usual deadline for objections - please clarify OCD's position on this.

Thanks,

Ben



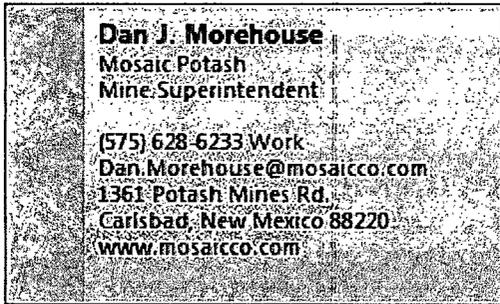
Jones, William V, EMNRD

Thursday, January 08, 2015 12:54 PM

Dear Ben,
Please let your client know to "Hold the phone" on drilling this recently permitted well.

The Mosaic Potash has protested this SWD application.
You can call Dan (see below) to work out concerns, but the way it was explained to me – they have worked with the oil companies very hard to come up with drilling islands and this particular spot would be a new well located

away from the islands and may even be in an existing or previously LMR. There are two islands relatively close by, one to the northwest and one to the southeast.



Deep, high volume water disposal has been associated by some with earth tremors and this is proposed for the Devonian just south of the WIPP site. Not that it matters now, but Internally here at OCD, the decision had been made to require also notice to the following 3 WIPP folks. So to save time in the future, consider sending these folks a copy of any new, nearby application you come up with:

Jose Franco, Manager
Carlsbad Field Office
Department of Energy
PO Box 3090
Carlsbad, NM 88221-3090

Robert L. McQuinn, Project Manager
Nuclear Waste Partnership, LLC
PO Box 2078
Carlsbad, NM 88221-2078

Steve Holmes, WIPP Group
Hazardous Waste Bureau
NM Environment Department
2905 Rodeo Park Drive East, Building 1
Santa Fe, NM 87505

Many Regards,

Will Jones

William V. Jones PE
EMNRD/OCD District IV Supervisor
505.476.3477 Work (505.476.3462 Fax)
505.419.1995 Cell

(Alt. Leonard Lowe 505.476.3492W 505.930.6717Cell)
WilliamV.Jones@state.nm.us <http://www.emnrd.state.nm.us/OCD/about.html>

From: Ben Stone [<mailto:ben@sosconsulting.us>]
Sent: Friday, January 02, 2015 1:28 PM
To: Jones, William V, EMNRD
Subject: Re: Owl Mills Ranch SWD status...

Thanks Will. I had advise my client that it was ready to go - based on your last email, as soon as we got those items address, which we've done.

This is the first I've heard of anything about Mosaic (part of Western Ag Minerals I assume?).

Owl will be mud logging and will terminate within the Devonian.

We've had this in a long time - anything else we can do to speed it up?

Thanks,

Ben



Jones, William V, EMNRD

Friday, January 02, 2015 2:24 PM

Hi Ben..

Happy New Year. I have been home with the flu all week. Sitting here hoping I survive.

I did a draft of that one and turned it over to Phil to give it the geology look.

It was only targeting or applying for the Devonian but had a very thick interval in the application.. this is something OWL will need to watch for - staying only in the Devonian - unless they want to reapply for deeper formations.

Mosaic had called about it and never gotten back with us. With the recent scientific study of earthquakes and this being a little over a mile from WIPP. He may talk to you about whether WIPP or Mosaic had any concerns.

Anyway...that's all I can remember.

Will

----- Original message -----

From: Ben Stone <ben@sosconsulting.us>

Date: 01/02/2015 11:48 AM (GMT-07:00)

To: "Jones, William V, EMNRD" <WilliamV.Jones@state.nm.us>

Cc: "Goetze, Phillip, EMNRD" <Phillip.Goetze@state.nm.us>

Subject: Owl Mills Ranch SWD status...

Will,

Happy New Year! Status please on subject SWD...?

Thanks,

Ben



Ben Stone

Friday, January 02, 2015 12:48 PM

Will,

Happy New Year! Status please on subject SWD...?

Thanks,

Ben

Jones, William V, EMNRD

From: Vaughn, David - Carlsbad <David.Vaughn@mosaicco.com>
Sent: Tuesday, January 13, 2015 9:44 AM
To: Jones, William V, EMNRD
Cc: Morehouse, Dan J. - Carlsbad; Purvis, Don J - Carlsbad (575-628-6312)
Subject: Mosaic Objection to Mills Ranch SWD Well No.1 (DAN MOREHOUSE)
Attachments: RE: Possible compromise on SWD location...; RE: Mills AOR addendum...; RE: Mills AOR addendum...; Re: Mills AOR addendum...

Hello William,

Mosaic wanted to reinforce what we have already previously discussed regarding the Mills Ranch SWD Well No.1 in Section 7, Township 23 South, Range 31 East in Eddy County, New Mexico. Mosaic does object to this well on the basis that it impacts BLM measured ore that is on Mosaic leases. In addition there appear to be a number of options nearby that are acceptable to Mosaic.

We have been in discussions with Ben Stone, an Agent for OWL SWD Operating, LLC since December. Please find our email correspondence with Ben Stone attached. We did indicate to him yesterday that we intended to protest this.

Please accept this correspondence as Mosaic's formal objection to this SWD well.

Please let me know if you need anything else.

Thanks,



David Vaughn | Mine Engineering Superintendent
The Mosaic Company | 1361 Potash Mines Rd. | Carlsbad, New Mexico 88220
P: 575-628-6233 | C: 575-302-3871 | F: 575-887-0589
E: david.vaughn@mosaicco.com
W: www.mosaicco.com

Jones, William V, EMNRD

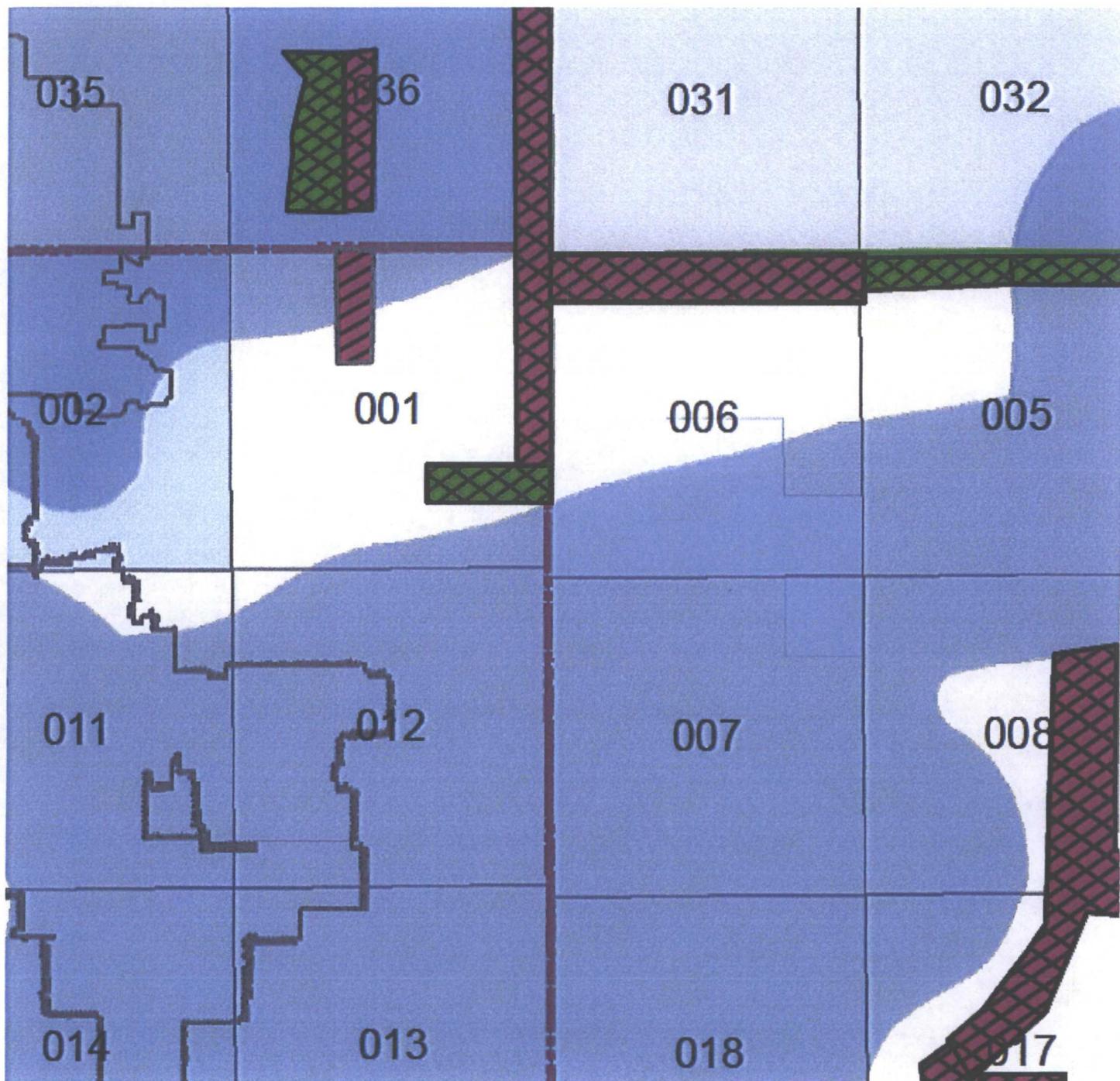
From: Vaughn, David - Carlsbad <David.Vaughn@mosaicco.com>
Sent: Thursday, January 08, 2015 2:15 PM
To: Ben Stone (ben@sosconsulting.us)
Cc: Morehouse, Dan J. - Carlsbad; Purvis, Don J - Carlsbad; Bell, Ric - Carlsbad; Charles C. High (CHIG@kempsmith.com)
Subject: RE: Mills AOR addendum...

Hello Ben,

We are amenable to discussions to resolve this issue.

We spoke with OCD yesterday, and did indicate that we saw issues with this location, as I indicated in our conversation. We told them that we wished to discuss this with you further to determine all the facts and that we would get back with them. We did tell them that this location was of issue for us, and that we may protest if we could not come to another mutually agreeable location. You did not indicate that you found our other suggested locations agreeable.

As I indicated I have also followed up with Dan Morehouse, and he is not supportive of allowing this location. The map below shows the areas we talked about today regarding acceptable locations for impacts to potash. This is the result of years of work and cooperation between potash and the Oil and Gas industry. The purple shapes indicate "all depths" islands, any location within these shapes is acceptable to Mosaic. In summary we will protest the proposed location because it causes unnecessary impacts to potash, and we believe there are viable options nearby. Please contact me if you would like to discuss further.



David

From: Ben Stone [<mailto:ben@sosconsulting.us>]
Sent: Thursday, January 08, 2015 1:00 PM
To: Vaughn, David - Carlsbad
Subject: Re: Mills AOR addendum...

Hi David,

Slash 46, Inc.

Stacey Mills

PO Box 1358

Loving, New Mexico 88256

Ph. (575)390-2779

January 12, 2015

ENMRD

Secretary David Martin

1220 S. St. Francis Drive

Santa Fe, NM 87505

Re: Proposed SWD – Mills Ranch #1 Sec. 7, T23S, R31E Eddy Co. NM

Dear Sir:

I am Stacey Mills, a beneficiary of The Jimmy Mills Trusts and operator; in partnership with my brother Kelly Mills, of a cattle ranching enterprise on the Antelope Ridge Allotment #77032 in southern Eddy and Lea counties. This ranch is currently owned by the Jimmy Mills Trusts and has been owned and operated by the Mills family for the last 40 years.

Total acreage of Antelope Ridge is roughly 78,000 acres of mostly federal land with approximately 15% owned by the State of New Mexico and 4% belonging to the Jimmy Mills Trusts. Fee minerals are owned on 120 acres of the 3000 acres of private surface and are shared equally by several descendants of the late J.C. Mills. The 40 acre tract of fee land and fee minerals located in the NE/NE of Sec. 7, T23S, R31E Eddy County is the subject of this letter and of our meeting on Jan. 13, 2015.

The 40 acres described is adjacent to other fee lands(federal minerals)where my home and ranch headquarters are located, and surrounded on all sides by federally owned surface and minerals which have been very extensively developed. From my front porch I can easily identify 22 producing wells in all directions, several on private surface(federal minerals)less than ½ mile away.

I feel certain that as Secretary of Energy you are familiar with my neighborhood and are aware of the tremendous amount of oil and gas activity in the area. Although the negative impacts of this activity to our ranching operation have been a significant burden we can appreciate the importance to our state and country of a plentiful supply of domestic energy. We are also mindful of the fact that on the lands to which we hold no patent we are tenants. However; on lands that we do

hold title to surface and minerals we feel that we should be able to develop those assets as we deem appropriate and as opportunities arise.

In 2004 Mosaic protested the drilling of the James Ranch Unit #93 located on this same 40. The basis for their protest was that a vertical hole at this location would block a mining route to the east and then north to avoid WIPP. Subsequent to the protest of the JRU #93 there have been 12 wells drilled directly along the southern boundary of the WIPP "no drill area", putting them between Mosaic mining operations and WIPP. Furthermore, at the time of the protest these 40 acres were not in the Mosaic LMR nor included in their 5 year mining plan.

Mosaic Potash has never solicited to lease the potash under these acres. The Mills family has no desire to ever lease to a potash company for any amount of money. How can they claim waste of material which they have no right to mine?

More recently we have negotiated to have a SWD well drilled on this site. I am confident that all necessary paperwork, advertisements, notifications, etc. were executed according to the laws of the State of New Mexico in a timely manner. I am disappointed; to put it mildly, to learn that once again Mosaic has filed a protest. This protest was filed months after publication of notice, yet this tardy protest has been upheld by some agency that I don't know the alphabet to and has placed the possible completion of this project in jeopardy.

It has been far more than frustrating when at every opportunity we try to mitigate somewhat the impacts of the "industry" to our ranching operation through free enterprise on our private property we are told either by a billion dollar corporation, a government agency, or both that we cannot. We feel that Mosaic, via the laws and bureaucracy of this state, has for all practical purposes condemned our property and our right to develop the surface as well as the mineral deposits beneath it.

We are asking you for; and we are prepared to pursue all options available to us in seeking relief from this taking of our private property.

Sincerely,



Stacey Mills



PERMIT TYPE: WFX / PMX / SWD Number: 1576 Permit Date: _____ Legacy Permits/Orders: _____

Well No. 1 Well Name(s): MILES RANCH SWD

API: 30-0 15-41590 Spud Date: _____ New or Old: N (UIC Class II Primacy 03/07/1982)

Footages 970 FNL 206 FEL Lot _____ or Unit A Sec 7 Tsp 23S Rge 31E County EDDY

General Location: Some miles. of WIPP in James Ranch UNIT Pool: _____ Pool No.: 26000 Bond 505 in House

BLM 100K Map: _____ Operator: OWL SWD Operating LLC OGRID: 308339 Contact: Ben Stone

COMPLIANCE RULE 5.9: Total Wells: 5 Inactive: 0 Fincl Assur: OK Compl. Order? _____ IS 5.9 OK? ✓ Date: 10/29/14

WELL FILE REVIEWED Current Status: Proposed

WELL DIAGRAMS: NEW: Proposed or RE-ENTER: Before Conv. After Conv. Logs in Imaging: New

Planned Rehab Work to Well: _____

Well Construction Details	Sizes (in) Borehole / Pipe	Setting Depths (ft)	Cement Sx or Cf	Cement Top and Determination Method
Planned <input checked="" type="checkbox"/> or Existing <input type="checkbox"/> Surface	20 - 16"	550	570	CIRC
Planned <input type="checkbox"/> or Existing <input type="checkbox"/> Interm/Prod	12 1/4 - 9 5/8"	3600'	780	CIRC
Planned <input checked="" type="checkbox"/> or Existing <input type="checkbox"/> Interm/Prod	8 3/4 - 7"	10,800'	750	3000'
Planned <input type="checkbox"/> or Existing <input type="checkbox"/> Prod/Liner				
Planned <input type="checkbox"/> or Existing <input type="checkbox"/> Liner	6 1/8 - 5"	10,700' - 15,400'	425	TP IL
Planned <input checked="" type="checkbox"/> or Existing <input type="checkbox"/> OH / PERF	3 3/4"	15,400 - 17,000'		
Injection Lithostratigraphic Units:				Completion/Operation Details:
Adjacent Unit: Litho. Struc. Por.	Depths (ft)	Injection or Confining Units	Tops	Drilled TD <u>17,000'</u> PBDT <u>17,000'</u>
Confining Unit: Litho. Struc. (Por.)	<u>15291</u>	<u>WOODFORD</u>	<input checked="" type="checkbox"/>	NEW TD _____ NEW PBDT _____
Proposed Inj Interval TOP:	<u>15,400</u>	<u>DEV</u>	<input checked="" type="checkbox"/>	NEW Open Hole <input checked="" type="checkbox"/> or NEW Perfs <input type="checkbox"/>
Proposed Inj Interval BOTTOM:	<u>17,000</u>	<u>?</u>	<input type="checkbox"/>	Tubing Size <u>2 1/2" x 13</u> in. Inter Coated? <input checked="" type="checkbox"/>
Confining Unit: Litho. Struc. Por.				Proposed Packer Depth _____ ft
Adjacent Unit: Litho. Struc. Por.				Min. Packer Depth _____ (100-ft limit)
				Proposed Max. Surface Press. <u>3080</u> psi
				Admin. Inj. Press. _____ (0.2 psi per ft)

AOR: Hydrologic and Geologic Information

POTASH: R-111-P Noticed? 422 BLM Sec Ord WIPP Noticed? _____ SALT/SALADO T: 556 B: 3536 CLIFF HOUSE _____

FRESH WATER: Aquifer _____ Max Depth 556' HYDRO AFFIRM STATEMENT By Qualified Person

NMOSE Basin: _____ CAPITAN REEF: thru adj NA No. Wells within 1-Mile Radius? 2 FW Analysis

Disposal Fluid: Formation Source(s) Comm. Analysis? _____ On Lease Operator Only or Commercial

Disposal Int: Inject Rate (Avg/Max-BWPD): _____ Protectable Waters? NO Source: _____ System: Closed or Open

HC Potential: Producing Interval? _____ Formerly Producing? _____ Method: Logs/DST/P&A/Other _____ 2-Mile Radius Pool Map

AOR Wells: 1/2-M Radius Map? _____ Well List? _____ Total No. Wells Penetrating Interval: 0 Horizontals? (2 above)

Penetrating Wells: No. Active Wells 0 Num Repairs? 0 on which well(s)? _____ Diagrams? _____

Penetrating Wells: No. P&A Wells 0 Num Repairs? 0 on which well(s)? _____ Diagrams? _____

NOTICE: Newspaper Date 9/17/14 Mineral Owner: James Miles Surface Owner: Spain Mills N. Date 9/15/14

RULE 26.7(A): Identified Tracts? Affected Persons: BOPCO see AP. N. Date _____

Permit Conditions: Issues: WIPP = 1 mi N. Log/mudlog dev.

Add Permit Cond: (add DV Tool CIRC for top of BRUSH)

SILVER PIPE Energy County of NM, LLC

CIRC