

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**Ken McQueen**  
Cabinet Secretary

**Matthias Sayer**  
Deputy Cabinet Secretary

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



January 17, 2018

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

**RE: Administrative Order SWD-1555-A; First Extension of Deadline to Commence Injection**

Smith Ranch SWD Well No. 1 (API 30-025-42974)  
Unit I, Sec 6, T20S, R34E, NMPM, Lea County, New Mexico  
Order Date: November 13, 2015

Injection into Devonian formation; permitted interval: 14625 feet to 15625 feet

Dear Mr. Stone:

Reference is made to your request on behalf of OWL SWD Operating, LLC (the operator) to extend the deadline stipulated in order SWD-1555-A based upon the approval date of November 13, 2015, to commence injection for the above referenced well for an additional one year for reasons outlined in the attached correspondence.

It is the Division's understanding from your request that there have been no significant changes in the information provided in the application submitted for review and approval of this order. The additional evaluation for the extension included a review for the completion of new wells within the Area of Review that penetrated the approved injection interval and any changes in ownership of affected persons notified for the original application.

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

The deadline to commence injection for the existing order is hereby extended until November 13, 2018. All requirements of the above referenced administrative order and agreements in the

SWD-1555-A: First Extension of Deadline to Commence Injection

OWL SWD Operating, LLC

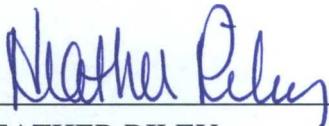
January 17, 2018

Page 2 of 2

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application remain in full force and effect.

Sincerely,



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HEATHER RILEY

Director

HR/prg

cc: Oil Conservation Division – Hobbs District Office  
Bureau of Land Management – Carlsbad Field Office  
Well file 30-025-42974  
SWD-1555-A

## Goetze, Phillip, EMNRD

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**From:** ben@sosconsulting.us  
**Sent:** Wednesday, October 25, 2017 9:23 AM  
**To:** Catanach, David, EMNRD; Kautz, Paul, EMNRD  
**Cc:** Goetze, Phillip, EMNRD; Brown, Maxey G, EMNRD  
**Subject:** Request for extension; SWD-1555-A (Owl's Smith Ranch SWD) and corresponding APD...  
**Attachments:** ExtRqst\_SmithRanchSWD-1555A\_AsSubmitted\_20171025.pdf

Gentlemen:

The subject request for permit extensions is attached. The subject SWD is due to expire in November and the APD in December.

Please let me know if additional information is needed.

Thank you,  
Ben



*Visit us on the web at [www.sosconsulting.us](http://www.sosconsulting.us)!*

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October 25, 2017

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

**VIA EMAIL**

Attn: Mr. David Catanach, Director

*Re: Request to Extend Expiration Dates for NMOCD Permits SWD-1555-A and the C-101 APD  
pertaining to Owl SWD Operating, LLC's Smith Ranch SWD No.1, located in Section 6,  
T20S-R34E, NMPM, Lea County, New Mexico.*

Dear Mr. Catanach,

Owl SWD Operating, LLC had suspended some of its projects to accommodate the changes in the climate of the industry over the last couple years. Management has determined that it would now like to move forward with the subject project as permitted. The original permit is set to expire on November 13, 2017. Also, the APD C-101 approved for this well will expire in December of this year. This request for extension of the permits will be sent to the Hobbs district office as well.

I have reviewed the subject Area of Review and determined that no impactful changes have taken place. Leases and offset interested operators are the same with 4 new horizontal wells drilled in the Teas; Bone Spring, East Pool. These laterals do not penetrate the target Devonian formation and are trending away from the subject location; an updated map and corresponding C-102 plats are included in this request. The Smith Ranch SWD well will be configured exactly as originally permitted. A copy of the approved C-101 is also included.

Owl is currently moving forward on its SWD drilling and completion program and anticipates the Smith Ranch project coming up in 2018. We therefore request an appropriate extension of one year for the subject permit SWD-1555-A as well as the C-101 APD.

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

Best regards,

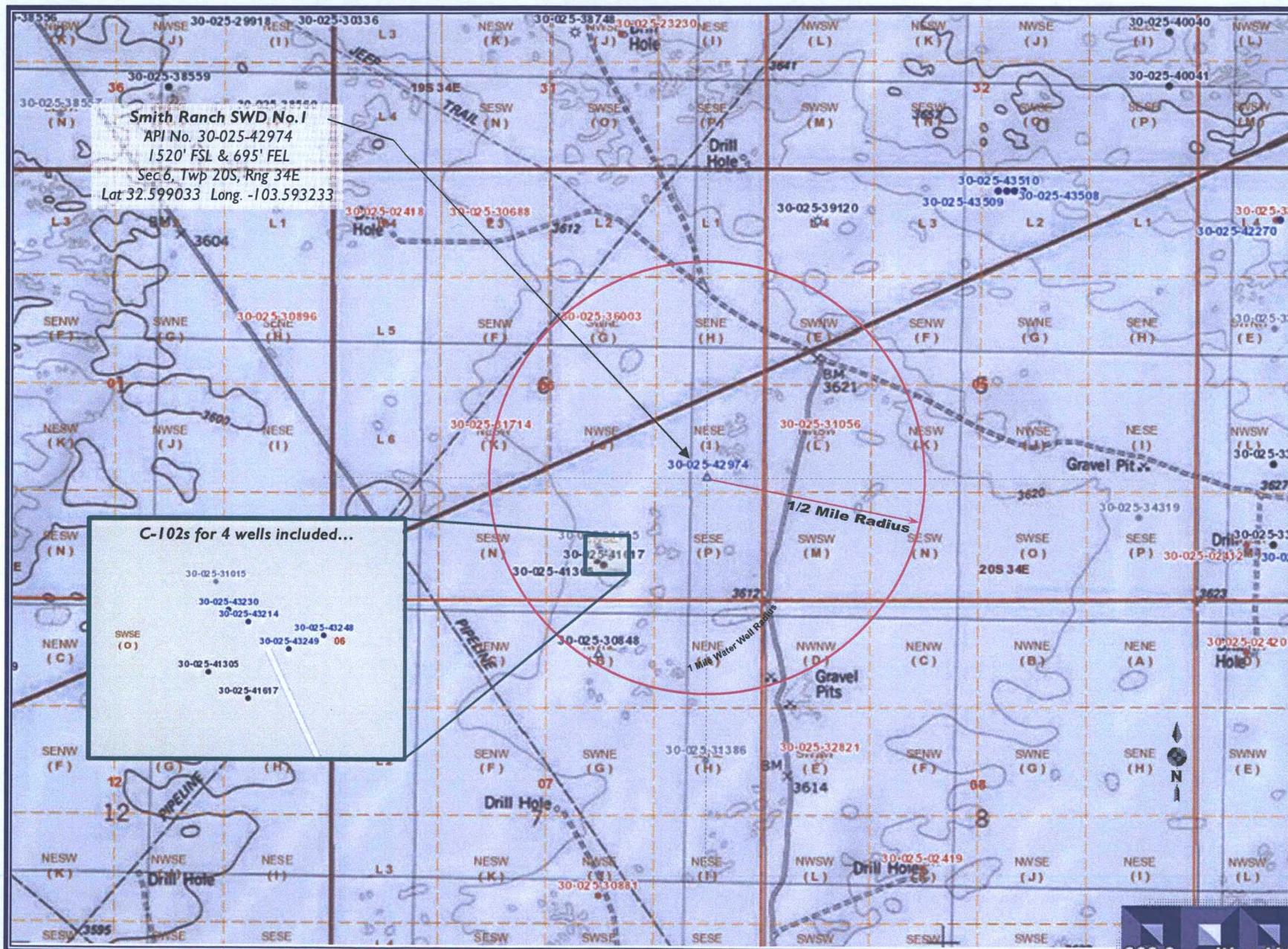
A handwritten signature in black ink, appearing to read 'Ben Stone', is written over a light blue rectangular background.

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

Attachments: AOR Map; 4 C-102s; SWD-1555-A; C-101  
Cc: Project file

# OWL Smith Ranch SWD No.1 - Area of Review

(Attachment to SWD-1555-A; Request for Extension)



DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II  
1901 W. Grand Avenue, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1820 S. St. Francis Dr., Santa Fe, NM 87506

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
1220 South St. Frances Dr.  
Santa Fe, NM 87505

Form C-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

MAY 05 2016

AMENDED REPORT

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-029-43214	Pool Code 96637	Pool Name TEAS; Bone Spring, EAST
Property Code 302795	Property Name HAMON FED COM A	Well Number 6H
OGRID No. 240974	Operator Name LEGACY RESERVES OPERATING LP	Elevation 3610'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	6	20 S	34 E		579	SOUTH	1956	EAST	LEA

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
0	7	20 S	34 E		330	SOUTH	1520	EAST	LEA

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
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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

**NOTE:**

1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.

**OPERATOR CERTIFICATION**

I hereby certify the information contained herein to be true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interests in the land including the proposed bottom hole location or has a right to drill this well on this location pursuant to a contract with an owner of such a mineral or working interest, or in a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Barry W. Hunt* 8/15/15  
Signature Date  
Barry W. Hunt  
Printed Name

**SURVEYOR CERTIFICATION**

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.

June 29, 2015  
Date of Survey

Signature & Seal of Professional Surveyor  
*[Signature]*  
W.O. Num. 2015-0491  
Certificate No. MACON McDONALD 12185

Plane Coordinate  
X = 726,818.7  
Y = 581,454.7

#6H (SL)  
579' 1956'

S 44°54' E - 5544.5'

Plane Coordinate  
X = 727,277.8  
Y = 575,930.4

(BHL)  
1520'

Scale  
1" = 2000'

MAY 10 2016

DISTRICT I  
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87610

DISTRICT IV  
1820 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Frances Dr.  
Santa Fe, NM 87505

Form C-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

**HOBBS OGD**  
MAY 09 2016  
**RECEIVED**

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-43280	Pool Code 96637	Pool Name TEAS; Bone Springs, EAST
Property Code 302795	Property Name HAMON FED COM A	Well Number 5H
OGED No. 240974	Operator Name LEGACY RESERVES OPERATING LP	Elevation 3610'

Surface Location

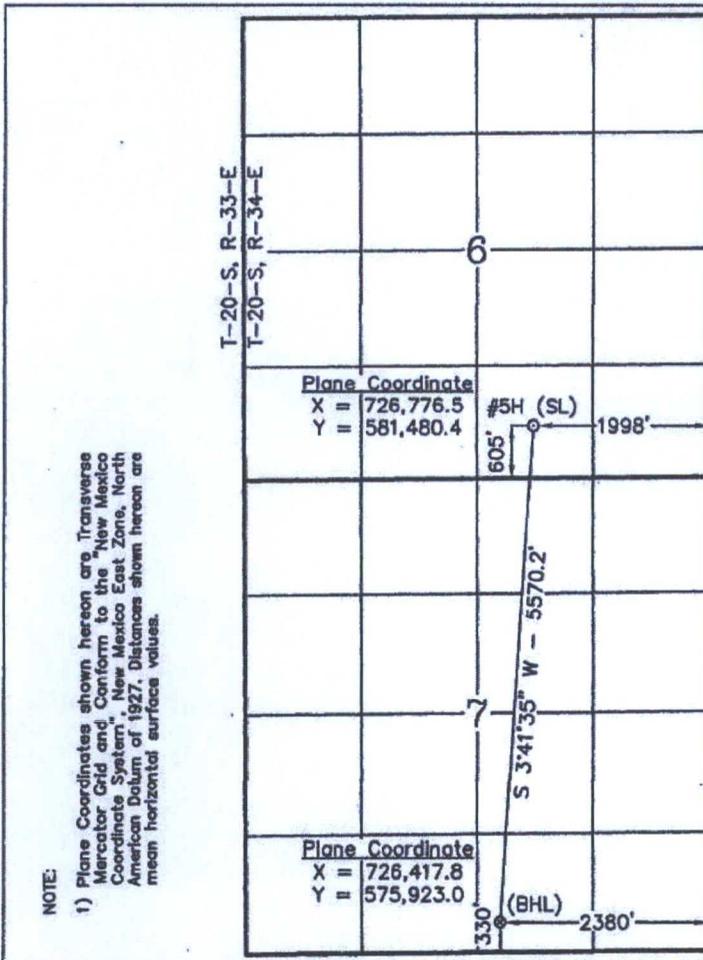
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	6	20 S	34 E		605	SOUTH	1998	EAST	LEA

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
0	7	20 S	34 E		330	SOUTH	2380	EAST	LEA

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
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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



NOTE:  
1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.

**OPERATOR CERTIFICATION**  
I hereby certify 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 undivided mineral interests 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.

Signature: *Barry W. Hunt* Date: 8/5/15  
Printed Name: Barry W. Hunt

**SURVEYOR CERTIFICATION**  
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.

Date of Survey: June 29, 2015  
Signature & Seal of Professional Surveyor: *[Signature]*  
W.O. Num. 201506049  
Certificate No. MACON McDONALD 12185

Scale  
1" = 2000'

MAY 12 2016

DISTRICT I  
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II  
1501 W. Grand Avenue, Artesia, NM 88201

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87411

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

**HOBBS OCD**

MAY 16 2016

**RECEIVED**

State of New Mexico  
Energy, Minerals & Natural Resources Department

**OIL CONSERVATION DIVISION**  
1220 South St. Frances Dr.  
Santa Fe, NM 87505

Form C-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
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AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <b>30-025 43248</b>	Pool Code <b>96637</b>	Pool Name <b>TEAS; Bone Spring, EAST</b>
Property Code <b>302795</b>	Property Name <b>HAMON, FED COM A</b>	Well Number <b>7H</b>
GRID No. <b>240974</b>	Operator Name <b>LEGACY RESERVES OPERATING LP</b>	Elevation <b>3610'</b>

**Surface Location**

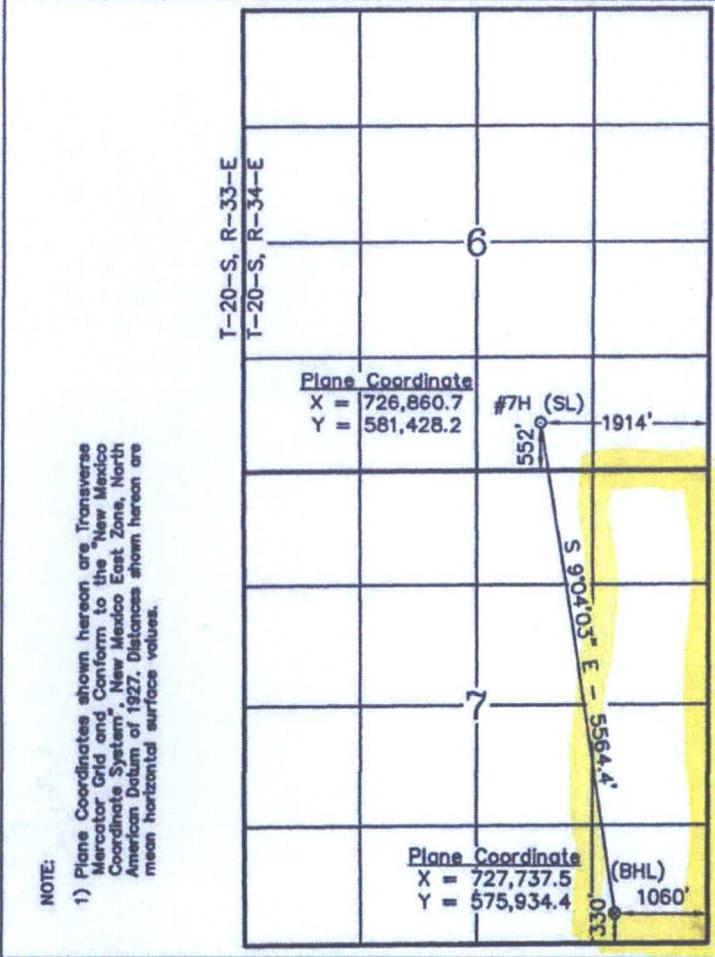
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	6	20 S	34 E		552	SOUTH	1914	EAST	LEA

**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
P	7	20 S	34 E		330	SOUTH	1060	EAST	LEA

Dedicated Acres <b>160</b>	Joint or Infill	Consolidation Code	Order No.
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**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**



**OPERATOR CERTIFICATION**

I hereby certify the information contained herein to be true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or 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.

*Barry W. Hunt*  
Signature Date  
*Barry W. Hunt*  
Printed Name

**SURVEYOR CERTIFICATION**

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.

June 29, 2015  
Date of Survey  
Signature & Seal of Professional Surveyor  
*[Signature]*  
W.O. Number: 2015-049  
Certificate No. MACON McDONALD 12185

Scale  
1" = 2000'

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II  
1301 W. Grand Avenue, Alamogordo, NM 88002

DISTRICT III  
1000 Rio Blanco Rd., Aztec, NM 87410

DISTRICT IV  
1880 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 8 Copies

**HOBBS OCD**

**OIL CONSERVATION DIVISION**  
1220 South St. Frances Dr.  
Santa Fe, NM 87505

MAY 16 2016

**RECEIVED**

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <b>30-02543249</b>	Pool Code <b>96637</b>	Pool Name <b>TEAS; Bone Spring, EAST</b>
Property Code <b>302795</b>	Property Name <b>HAMON FED COM A</b>	Well Number <b>8H</b>
OGRID No. <b>240974</b>	Operator Name <b>LEGACY RESERVES OPERATING LP</b>	Elevation <b>3611'</b>

**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	6	20 S	34 E		524	SOUTH	1872	EAST	LEA

**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
P	7	20 S	34 E		330	SOUTH	430	EAST	LEA

Dedicated Acres <b>160</b>	Joint or Infill	Consolidation Code	Order No.
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**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**

**NOTE:**

1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.

**OPERATOR CERTIFICATION**

I hereby certify the information contained herein to be true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interests in the land including the proposed bottom hole location or has a right to drill the 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.

*Barry W. Hunt* 8/5/15  
Signature Date  
**Barry W. Hunt**  
Printed Name

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**SURVEYOR CERTIFICATION**

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.

June 28, 2015  
Date of Survey  
Signature & Seal of Professional Surveyor  
*[Signature]*  
W.O. Num. 2015-0491  
Certificate No. MACON McDONALD 12185

Plane Coordinate (SL)  
X = 726,902.7  
Y = 581,400.6

Plane Coordinate (BHL)  
X = 728,367.4  
Y = 575,939.9

Scale  
1" = 2000'

State of New Mexico  
Energy, Minerals and Natural Resources Department

Susana Martinez  
Governor

David Martin  
Cabinet Secretary

Brett F. Woods, Ph.D.  
Deputy Cabinet Secretary

David R. Catanach, Division Director  
Oil Conservation Division



Administrative Order SWD-1555-A  
November 13, 2015

**ADMINISTRATIVE ORDER  
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of 19.15.26.8B, NMAC, OWL SWD Operating, LLC (the "operator") seeks an administrative order to utilize its Smith Ranch Federal SWD Well No. 1 with a surface location of 1502 feet from the South line and 695 feet from the East line, Unit I of Section 6, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, for produced commercial disposal of produced water. This Order supersedes Administrative Order SWD-1555, issued on June 6, 2015.

The operator petitioned the Division to amend Administrative Order SWD-1555 for approval to change the surface location and open-hole interval as submitted in the application dated October 7, 2015. Operator changed the original surface location as a result of surface obstructions including a fiber optic line and power line. However, this change in location did not affect the wells in the new Area of Review.

The total depth and the open-hole interval of the proposed well has changed after meeting with the BLM. The new total depth is 15625 feet, and the open-hole injection interval is from 14625 feet to 15625 feet. The amended permit also lowers the maximum disposal pressure to 2925 psi.

This Order approves both these modifications.

**THE DIVISION DIRECTOR FINDS THAT:**

The application has been duly filed under the provisions of Division Rule 19.15.26.8B, NMAC; however, notification of affected parties as defined in said rule was not required since the amendment is not a major modification. The applicant has presented satisfactory evidence that all requirements prescribed in Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Rule 19.15.5.9 NMAC.

**IT IS THEREFORE ORDERED THAT:**

OWL SWD Operating, LLC (OGRID 308339), is hereby authorized to utilize its Smith Ranch Federal SWD Well No. 1 (API 30-025-pending) with a surface location of 1502 feet from the South line and 695 feet from the East line, Unit I of Section 6, Township 20 South, Range 34 East, NMPM, Lea County, for disposal of oil field produced water (UIC Class II only) into the Devonian formation through an open-hole interval from 14625 feet to 15625 feet. Injection will

occur through internally-coated, 5½-inch or smaller tubing and a packer set within 100 feet of the top of the open-hole interval.

*Prior to commencing disposal, the operator shall submit mudlog and geophysical logs information, to the Division's District geologist and Santa Fe Bureau Engineering office, showing evidence agreeable that only the permitted formations are open for disposal including a summary of depths (picks) for contacts of the formations which the Division shall use to amend this order for a final description of the depth for the injection interval.*

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

*The operator shall supply the Division with a copy of a mudlog over the permitted disposal interval and an estimated insitu water salinity based on open-hole logs. If significant hydrocarbon shows occur while drilling, the operator shall notify the Division's District I office and the operator shall be required to receive written permission prior to commencing disposal.*

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

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

**IT IS FURTHER ORDERED THAT:**

The operator shall take all steps necessary to ensure that the disposed water enters only the approved disposal interval and is not permitted to escape to other formations or onto the surface. This includes the well construction proposed and described in the application.

After installing tubing, the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT testing procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well.

The wellhead injection pressure on the well shall be limited to **no more than 2925 psi**. In addition, the disposal well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface tubing pressure to the maximum allowable pressure for this well.

The Director of the Division may authorize an increase in tubing pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the disposed fluid from the target formation. Such proper showing shall be demonstrated by sufficient evidence including but not limited to an acceptable Step-Rate Test.

The operator shall notify the supervisor of the Division's District I office of the date and time of the installation of disposal equipment and of any MIT so that the same may be inspected and witnessed. The operator shall provide written notice of the date of commencement of disposal to the Division's District office. The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Division Rules 19.15.26.13 and 19.15.7.24 NMAC.

Without limitation on the duties of the operator as provided in Division Rules 19.15.29 and 19.15.30 NMAC, or otherwise, the operator shall immediately notify the Division's District I office of any failure of the tubing, casing or packer in the well, or of any leakage or release of water, oil or gas from around any produced or plugged and abandoned well in the area, and shall take such measures as may be timely and necessary to correct such failure or leakage.

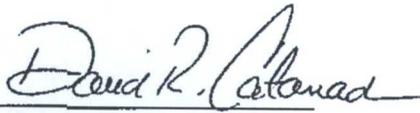
The injection authority granted under this order is not transferable except upon division approval. The Division may require the operator to demonstrate mechanical integrity of any injection well that will be transferred prior to approving transfer of authority to inject.

The Division may revoke this injection permit after notice and hearing if the operator is in violation of 19.15.5.9 NMAC.

The disposal authority granted herein shall terminate two (2) years after the effective date of this order if the operator has not commenced injection operations into the subject well. One year after the last date of reported disposal into this well, the Division shall consider the well abandoned, and the authority to dispose will terminate *ipso facto*. The Division, upon written request mailed by the operator prior to the termination date, may grant an extension thereof for good cause.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

Jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein.



**DAVID R. CATANACH**  
Director

DRC/mam

cc: Oil Conservation Division – Hobbs  
Bureau of Land Management – Carlsbad  
Application File pMAM1528330138

**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

Form C-101  
Revised July 18, 2013

Energy Minerals and Natural Resources

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

HOBBS OCD  AMENDED REPORT

OCT 05 2015

RECEIVED

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

<sup>1</sup> Operator Name and Address <b>OWL SWD Operating, Inc.</b> <b>8214 Westchester Drive</b> <b>Suite 850</b> <b>Dallas, TX 75225</b>		<sup>2</sup> OGRID Number <b>308339</b>
		<sup>3</sup> API Number <b>30-025-42974</b>
<sup>4</sup> Property Code <b>315694</b>	<sup>5</sup> Property Name <b>Smith Ranch SWD</b>	<sup>6</sup> Well No. <b>001</b>

<sup>7</sup> Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
I	6	20S	34E		1502	S	695	E	Lea

<sup>8</sup> Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County

<sup>9</sup> Pool Information

Pool Name <b>SWD: Devonian</b>	Pool Code <b>96101</b>
-----------------------------------	---------------------------

Additional Well Information

<sup>11</sup> Work Type <b>N</b>	<sup>12</sup> Well Type <b>S</b>	<sup>13</sup> Cable/Rotary <b>R</b>	<sup>14</sup> Lease Type <b>P</b>	<sup>15</sup> Ground Level Elevation <b>3616</b>
<sup>16</sup> Multiple <b>N</b>	<sup>17</sup> Proposed Depth <b>15625</b>	<sup>18</sup> Formation <b>Devonian</b>	<sup>19</sup> Contractor <b>Unknown</b>	<sup>20</sup> Spud Date <b>ASAP</b>
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

We will be using a closed-loop system in lieu of lined pits

SWD-1555-A

<sup>21</sup> Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	24"	20"	133lb/ft	1500'	1788	SURFACE
Int	17 1/2"	13-5/8"	88.2 lb/ft	5500'	4275	SURFACE
Prod	12-1/4"	9 7/8"	62.8 lb/ft	10,825'	2087	SURFACE
Prod. Liner	8 1/2"	7"	32 lb/ft	10,625'-14,625'	610	10,625'

Casing/Cement Program: Additional Comments

5 7/8" Open Hole from 14625'-15625'
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<sup>22</sup> Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Hydraulic	5000	5000	Cameron.Schaffer

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that I have complied with 19.15.14.9 (A) NMAC <input type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input type="checkbox"/> , if applicable. Signature: <i>Billy E. Prichard</i>	OIL CONSERVATION DIVISION Approved By: <i>[Signature]</i> Title: <b>Petroleum Engineer</b>
Printed name: <b>Billy E. Prichard</b> Title: <b>Agent for OWL SWD Operating, L.L.C.</b> E-mail Address: <b>billy@pwllc.net</b>	Approved Date: <b>12/04/15</b> Expiration Date: <b>12/04/17</b>
Date: <b>9/29/15</b> Phone: <b>432-934-7680</b>	Conditions of Approval Attached <i>[Signature]</i>

DEC 04 2015

CONDITIONS OF APPROVAL

API #	Operator	Well name & Number
30-025-42974	OWL SWD Operating Inc	SMITH RANCH SWD # 001

Applicable conditions of approval marked with XXXXXX

Administrative Orders Required

XXXXXXX	Will require administrative order for SWD prior to placing the well on injection

Other wells

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Drilling

XXXXXXX	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

Casing

XXXXXXX	SURFACE & INTERMEDIATE(1) CASING - Cement must circulate to surface --
XXXXXXX	PRODUCTION CASING - Cement must circulate to surface --
XXXXXXX	LINER - Top of Cement must come to top of liner
XXXXXXX	If cement does not circulate to surface, must run temperature survey or other log to determine top of cement
	South Area
XXXXXXX	Surface casing must be set 25' below top of Rustler Anhydrite in order to seal off protectable water

Pits

XXXXXXX	If using a pit for drilling and completions, must have an approved pit form prior to spudding the well

Completion & Production

XXXXXXX	Must notify Hobbs OCD office prior to conducting MIT (575) 393-6161 ext. 114
XXXXXXX	Must conduct MIT prior to any injection