

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 IPI-483
February 5, 2015

OWL SWD Operating, LLC
8214 Westchester Drive, Suite 850
Dallas, TX 75225

Attn: Mr. Ben Stone, Agent
SOS Consulting, LLC

RE: Injection Pressure Increase

Injection Authority: Order SWD-1357
Pool: SWD; Delaware (Pool code: 96100)
Tophat AJQ State Well No. 1 API 30-025-27684
Unit H, Sec 35, T23S, R33E, NMPM, Lea County, New Mexico

Dear Mr. Stone:

Reference is made to your request on behalf of OWL SWD Operating, LLC (OGRID 308339) received by the Division on January 13, 2015, to increase the maximum allowed surface tubing pressure on the above named well.

This well was permitted by the Division for disposal of produced water through perforations in the Delaware formation (the Bell Canyon and Cherry Canyon formations of the Delaware Mountain group) by Administrative Order SWD-1357 approved September 28, 2012. The maximum surface tubing pressure approved by the administrative order was 1067 pounds per square inch (psi).

It is our understanding that the operator proposes to increase the volume of disposal fluid for this well and consequently, a higher pressure limit is needed. It is also understood that an increase will not result in the fracturing of the formation and confining strata.

Based on a step-rate test for this well conducted December 8, 2014, through 3 ½-inch tubing, you are hereby authorized to inject at the following maximum surface tubing pressure:

Tophat AJQ State Well No. 1	API 30-025-27684	1482 psi
------------------------------------	-------------------------	-----------------

This approval is based on the provision that the tubing size, packer setting depth and completion interval for this well does not change. Any future requested pressure increase will require resubmission of

additional data and a new step-rate test. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well. This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 19.15.5.9 NMAC.

The Division Director may rescind this permitted injection pressure increase if it becomes apparent that the injected fluid is not being confined to the permitted disposal interval or is endangering any fresh water aquifer.

Sincerely,



DAVID R. CATANACH
Director

DRC/prg

cc: Oil Conservation Division – Hobbs District Office
State Land Office – Oil, Gas and Minerals Division
SWD-1357
Well File 30-025-27684