

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



May 18, 2017

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

RE: Administrative Order SWD-1536; First Extension of Deadline to Commence Injection

Mills Ranch SWD Well No. 1 (API 30-015-43316)
Lot 6 (Unit L), Sec 6, T23S, R31E, NMPM, Eddy County, New Mexico
Order Date: May 19, 2015

Injection into Devonian, Silurian, and Montoya formations; permitted interval:
approximately 15400 feet to 17000 feet

Dear Mr. Stone:

Reference is made to your request on behalf of OWL SWD Operating, LLC (the "operator") to extend the May 19, 2017 deadline stipulated in order SWD-1536 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. These changes include the completion of new wells within the Area of Review that penetrated the approved injection interval and any changes in ownership.

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

The deadline to commence injection for the existing order is hereby extended until May 19, 2018. All requirements of the above referenced administrative order and agreements in the application remain in full force and effect. This includes maintaining the agreement with Mosaic Potash Company as required in the administrative order regarding the deadline to commence drilling

SWD-1536: First Extension of Deadline to Commence Injection
OWL SWD Operating, LLC
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operations for this well. This deadline is currently extended to February 25, 2018.

Sincerely,

A handwritten signature in cursive script, reading "David R. Catanach", is written over a horizontal line.

DAVID R. CATANACH
Director

DRC/prg

cc: Oil Conservation Division – Artesia District Office
Well File API 30-015-43316
SWD-1536



May 4, 2017

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

Attn: Mr. David Catanach, Director

*Re: Request for Extension of Deadline to Commence Injection; Administrative Order SWD-1536
pertaining to Owl SWD Operating, LLC's Mills Ranch SWD No.1; API No.30-015-43316 located in
Section 6, T23S-R31E, Eddy County, New Mexico.*

Dear Mr. Catanach,

Owl SWD Operating, LLC has sought and received approval to extend the above referenced deadline to spud the subject well for an additional one year period. The request was also made to and approved by Mr. Dan Morehouse, Mine Superintendent for Mosaic in Carlsbad, New Mexico.

While the SWD permit and APD spud dates have technically been extended to February 25, 2018, the permit still contains a deadline for commencement of injection operations on May 19, 2017.

To get all required deadlines back in line with requirements, we therefore respectfully request that OCD now extend the deadline for injection operations to begin one year, making the new date May 19, 2018.

We respectfully request exception be granted and if you or your staff have any questions, please don't hesitate to call me.

Best regards,

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

Cc: Project file

Goetze, Phillip, EMNRD

From: ben@sosconsulting.us
Sent: Monday, May 15, 2017 2:19 PM
To: Catanach, David, EMNRD; Goetze, Phillip, EMNRD
Subject: RE: Mills Ranch SWD No. 1 - Extension to Commence Injection

Mr. Catanach,

Per Phillip Goetze's instructions, I have reviewed the leases intersected by the 1/2 mile area of review and have searched for any new wells in the same area.

All lease ownership remains the same and no wells have been drilled in or around the subject AOR. Excepting the sale of Bass (Bopco) to ExxonMobil, the situation appears to remain exactly the same as during the C-108 application and issuance of SWD-1536.

We therefore respectfully request that the authorized date for commencement of injection operations be extended by one year to May 19, 2018.

I appreciate the consideration and your time.

Ben



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----- Original Message -----

Subject: RE: Mills Ranch SWD No. 1 - Extension to Commence Injection
From: "Goetze, Phillip, EMNRD" <Phillip.Goetze@state.nm.us>
Date: 5/9/17 11:19 am
To: "ben@sosconsulting.us" <ben@sosconsulting.us>
Cc: "Inge, Richard, EMNRD" <richard.inge@state.nm.us>, "Jones, William V, EMNRD" <WilliamV.Jones@state.nm.us>, "McMillan, Michael, EMNRD" <Michael.McMillan@state.nm.us>, "Lowe, Leonard, EMNRD" <Leonard.Lowe@state.nm.us>

Ben:

As with all requests for extension, I am forwarding the standard renewal guidance that I have been offering for the last four years:

"Please submit a letter to the Director in Santa Fe that includes the following information:

1. Pertinent well info: Well name, API number, location, SWD order no., approved interval, order date, etc.
2. A statement describing the need for the extension and the length of the extension (one-year/six months)
3. *A statement that there have been no changes (or there have been changes) in "affected persons" notified during the original application. [If a new "affected person" is discovered, then a new notice with application will be sent to them].*
4. *A statement regarding AOR wells – if they have not changed or if there are new wells, the information on the new AOR wells."*

Since OWL's extension request is on file prior to the expiration date, the extension will be honored. But, I'll need an e-mail or correspondence with statements to address items 3 and 4 of the proceeding list. Since this is a Devonian well, there is a strong probability these two items will have not changed. When you can. PRG

Phillip Goetze, PG

Engineering Bureau, Oil Conservation Division

New Mexico Energy, Minerals and Natural Resources Department

1220 South St. Francis Drive, Santa Fe, NM 87505

Direct: 505.476.3466

E-mail: phillip.goetze@state.nm.us



From: ben@sosconsulting.us [mailto:ben@sosconsulting.us]

Sent: Thursday, May 4, 2017 9:51 AM

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

Cc: Inge, Richard, EMNRD <richard.inge@state.nm.us>; Jones, William V, EMNRD

<WilliamV.Jones@state.nm.us>; McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>; Lowe, Leonard,

EMNRD <Leonard.Lowe@state.nm.us>

Subject: RE: Mills Ranch SWD No. 1 - Extension to Commence Injection

Phillip,

Attached is a letter requesting an extension to the deadline for commencing injection operations into the subject well as authorized. The SWD permit and spud dates were recently extended as well.

I'm currently out of town so mailing a hard copy would be problematic for me but I could do that when I return to the office on May 15th.

Please let me know if additional information is required.

Thank you,

Ben



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----- Original Message -----

Subject: Mills Ranch SWD No. 1 - Extension to Commence Spudding of Well

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

Date: 3/8/17 12:32 pm

To: "Ben Stone (ben@sosconsulting.us)" <ben@sosconsulting.us>

Cc: "Inge, Richard, EMNRD" <richard.inge@state.nm.us>, "Jones, William V, EMNRD"

<WilliamV.Jones@state.nm.us>, "McMillan, Michael, EMNRD"

<Michael.McMillan@state.nm.us>, "Lowe, Leonard, EMNRD" <Leonard.Lowe@state.nm.us>

RE: Mills Ranch SWD No. 1 (30-015-43316) UL L, Sec 6 T23S, R31E, NMPM

Mr. Stone:

Attached is the approval letter for the one-year extension (3rd extension) to commence drilling of the referenced well. Please remember that the SWD order still contains the requirement for injection to commence by May 19, 2017. If Owl is not able to meet this deadline, then a separate written request should be submitted to the Division prior to the May 19th date in order to have the injection authority maintained past the anniversary date. Also review the approved APD for this well and ensure that this permit is still valid should OWL initiate drilling prior to the new spud 2018 extension date. Please contact me with any questions regarding this matter.
PRG

Phillip Goetze, PG

Engineering Bureau, Oil Conservation Division

New Mexico Energy, Minerals and Natural Resources Department

1220 South St. Francis Drive, Santa Fe, NM 87505

Direct: 505.476.3466

E-mail: phillip.goetze@state.nm.us

