

**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 **NEW MEXICO OIL CONSERVATION**

Oil Conservation Division

**ARTESIA DISTRICT**  AMENDED REPORT

1220 South St. Francis Dr.

OCT 15 2018

Santa Fe, NM 87505

RECEIVED

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

<sup>1</sup> Operator Name and Address OWL SWD Operating, LLC 8201 Preston Rd., Ste. 520 Dallas, TX 75225		<sup>4</sup> OGRID Number 308339
<sup>3</sup> Property Name I'm Your Hackberry SWD		<sup>3</sup> API Number 30-015-45321
<sup>6</sup> Property Code 322720		<sup>5</sup> Well No. 1

<sup>2</sup> Surface Location  
 (To be verified by field survey)

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
A	16	19S	31E		320	FNL	210	FEL	EDDY

<sup>4</sup> Proposed Bottom Hole Location  
 (To be verified by field survey)

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
A	16	19S	31E		320	FNL	210	FEL	EDDY

<sup>5</sup> Pool Information

Pool Name SWD; Devonian-Silurian	Pool Code 97869
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Additional Well Information

<sup>11</sup> Work Type N	<sup>12</sup> Well Type SWD	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type P	<sup>15</sup> Ground Level Elevation 3544.8'
<sup>16</sup> Multiple No	<sup>17</sup> Proposed Depth 14,300'	<sup>18</sup> Formation Devonian	<sup>19</sup> Contractor Silver Oak	<sup>20</sup> Spud Date 11/01/2018
Depth to Ground water 350'	Distance from nearest fresh water well 2776'	Distance to nearest surface water n/a		

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

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

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	24.0"	20.0"	106.5 lb/ft	650'	912	SURFACE
Intermdt	17.5"	13.625"	88.2 lb/ft	5100'	3867	SURFACE
Production	12.25"	8.625"	47.0 lb/ft	9500'	3715	SURFACE
Liner	8.5"	7.0"	32.0 lb/ft	9300' - 13,300'	613	9300'
Tubing	N/A	4.5"	11.6 lb/ft	13,200'	N/A	N/A

Casing/Cement Program: Additional Comments

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<sup>22</sup> Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Hydraulic/Blinds, Pipe	5000	8000	Hydriil, Cameron or Equivalent

<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  and/or 19.15.14.9 (B) NMAC , if applicable.

Signature:

*Ben Stone*

Printed name: Ben Stone

Title: Agent for Owl SWD Operating, LLC

E-mail Address: ben@sosconsulting.us

Date: 10/15/2018

Phone: 903-488-9850

OIL CONSERVATION DIVISION

Approved By:

*Raymond W. Padany*

Title:

*Geologist*

Approved Date: 10-15-18

Expiration Date: 10-15-20

Conditions of Approval Attached

*APPROVED C-108*

DISTRICT I  
1625 N French Dr., Hobbs, NM 88240  
Phone: (575) 992-6161 Fax: (575) 992-0720

DISTRICT II  
881 S. Park St., Artesia, NM 88210  
Phone: (575) 949-1283 Fax: (575) 949-2923

DISTRICT III  
1600 N. Humes Road, Acoma, NM 87410  
Phone: (505) 514-0176 Fax: (505) 514-0170

DISTRICT IV  
1220 S. H. French Dr., Santa Fe, NM 87505  
Phone: (505) 476-4460 Fax: (505) 476-4462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

NM OIL CONSERVATION  
ARTESIA DISTRICT  
Form 6-102  
Revised August 1, 2011  
Keep a copy in appropriate District Office

OCT 15 2018  
CAMERATED REPORT

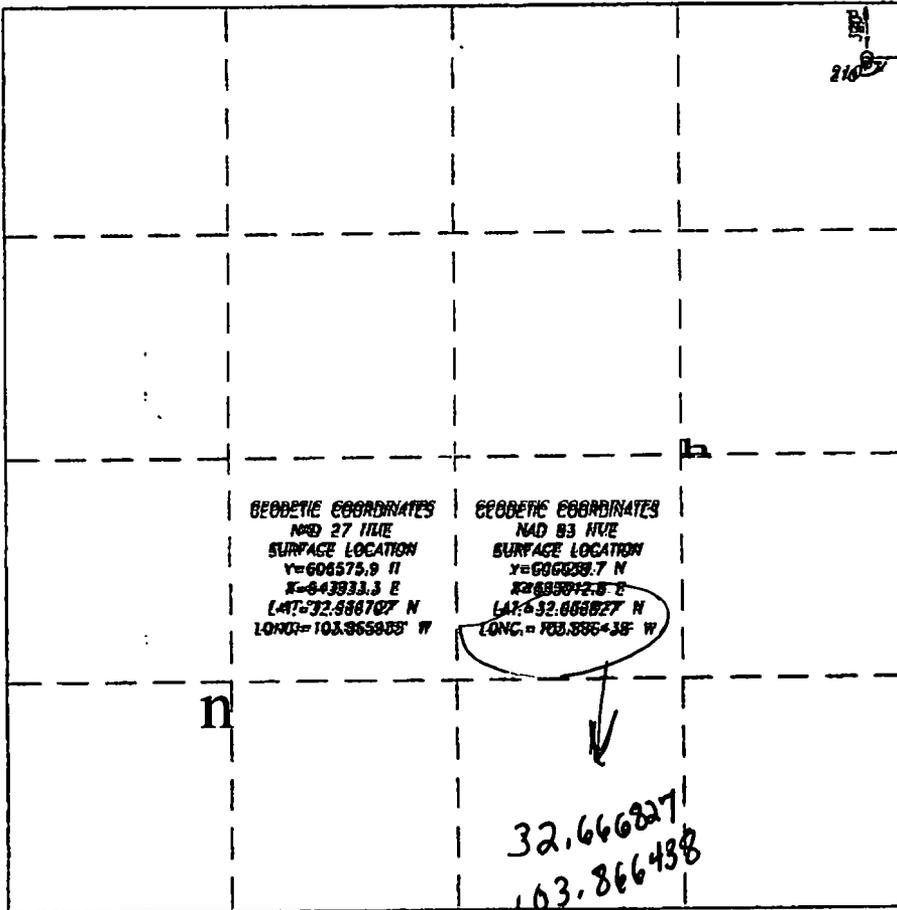
WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-015-45321</b>	Pool Code <b>97869</b>	Well Name <b>SWD; Devonian = Silurian</b>
Property Code <b>322720</b>	Fracture Name <b>IM YOUR HACKBERRY SWD</b>	Well Number <b>1</b>
OCRIID No. <b>308334 308339</b>	Operator Name <b>OILFIELD WATER LOGISTICS</b>	Elevation <b>3545' 3545</b>

Surface Location

UL or lot No.	Section	Township	Range	Lot Id#	Feet from the	North/South line	Feet from the	East/West line	County
<b>A</b>	<b>16</b>	<b>19-S</b>	<b>19S</b>	<b>31E</b>	<b>320</b>	<b>NORTH</b>	<b>210</b>	<b>EAST</b>	<b>EDDY</b>
Bottom Hole Location (Different From Surface) <b>320 North 210 EAST Eddy</b>									
UL or lot No.	Section	Township	Range	Lot Id#	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						

SO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THIS DIVISION



**OPERATOR CERTIFICATION**  
I hereby certify that the information herein is correct, complete to the best of my knowledge and belief, and that this organization either owns a working interest or an undivided 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: [Signature] Date: 10/15/18  
Printed Name: Stephen E. Pattee  
E-mail Address: Steve.Pattee@state.nm.gov

**SURVEYOR CERTIFICATION**  
I hereby certify that the well location shown on this plat was plotted from field notes observed and shown to me by him or under my supervision, and that the same is true and correct to the best of my belief.

OCTOBER 6, 2015

Date of Survey: 10/15/18  
Signature: [Signature]  
Title: Surveyor

NEW MEXICO  
REGISTRY OF SURVEYORS  
12641

12641  
F209

ACR NMSCW.O. 15.01.0035

RwP 10-15-18

**Owl SWD Operating, LLC  
I'm Your Hackberry SWD Well No.1  
320' FNL & 210' FEL  
Section 16, Twp 19-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.**

**1. Geologic Information - Devonian Formation**

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

Estimated Formation Tops:

B/Fresh Water	400'
Yates	1283'
Capitan Reef	1363'
Queen	4,803'
Cherry Canyon	5,860'
Brushy Canyon	7,528'
Bone Spring	6,761'
Wolfcamp	10,050'
Strawn	11,012'
Atoka	11,366'
Morrow	12,023'
Mississippian	12,503'
Woodford	13,144'
Devonian	13,287'
TD	14,300'
Fusselman	16,200'

**2. Drilling Procedure**

- a. MIRU drilling rig and associated equipment. Set up H<sub>2</sub>S 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. (Sundance, Lea County)
- e. After surface casing set/drilled; if H<sub>2</sub>S levels >20ppm detected, implement H<sub>2</sub>S Plan accordingly. (e.g., cease operations, shut in well, employ H<sub>2</sub>S 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:**

STRING	HOLE SZ	DEPTH	CSG SZ	COND	WT/GRD	CLLPS/BR	TNSN
Surface	24.0"	0-650'	20.0"	New	106.5 lb. J/K-55 ST&C	1.125/1.1	1.8
Intermediate	17.5"	0-5100'	13.625"	New	88.2 lb. P-110 BT&C	1.125/1.1	1.8
2nd Inter	12.25"	0-9500'	9.625"	New	47.0 lb. HPC-110 BT&C	1.125/1.1	1.8
Prod/ Liner*	8.5"	9300'-13,300'	7.0"	New	32.0 lb. P-110 BT&C	1.125/1.1	1.8
Openhole	6.0" hole	13,300'-14,300'	OH	n/a	n/a	n/a	n/a

**Notes:**

- ✓ On both Intermediate casing strings, the cement will be designed to circulate to surface. Both strings will have cement bond logs run (radial, CET or equivalent) to surface.
- ✓ While running all casing strings, the pipe will be kept a minimum of 1/3 full at all times to avoid approaching the collapse pressure of casing.
- ✓ \* Based on mudlogging and e-logs, 7.0" casing shoe may be set only slightly different than shown.

**4. Cementing Program:**

**Surface** – LEAD 1758 sx (13.5#; 1.76 ft<sup>3</sup>/sk); TAIL 475 (14.8#; 1.34 ft<sup>3</sup>/sk) w/ 100 % excess; circulated to surface

**1st Intermediate** – LEAD 3318 sx (12.7#; 1.94 ft<sup>3</sup>/sk); TAIL 549 sx (14.8#; 1.33 ft<sup>3</sup>/sk) 100% excess; circulated to surface

**2nd Intermediate** – LEAD 2448 sx (11.9#; 2.45 ft<sup>3</sup>/sk); TAIL 1267 sx (14.2#; 1.27 ft<sup>3</sup>/sk) 50% excess; circulated to surface.

**Prod Liner** – 613 sx (14.2#; 1.27 ft<sup>3</sup>/sk) 50% excess; TOC = 12,800' calc.

**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 and API RP 53, Section 17. Minimum working pressure of the BOP and related equipment required for the drillout shall be 5000 psi. The NMOCD Artesia district office shall be notified a minimum of 4 hours in advance for a representative to witness BOP pressure tests. The test shall be performed by an independent service company utilizing a test plug (no cup or J-packer). The results of the test shall be recorded on a calibrated test chart submitted to the OCD district office. Test shall be conducted at:

- a. Installation;
- b. after equipment or configuration changes;
- c. at 30 days from any previous test, and;
- d. anytime operations warrant, such as well conditions

**Well Program - New Drill (cont.)**

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

DEPTH	MUD TYPE	WEIGHT	FV	PV	YP	FL	Ph
0-650'	FW Spud Mud	8.5-9.2	70-40	20	12	NC	10.0
650'-5100'	Brine Water	9.8-10.2	28-32	NC	NC	NC	10.0
5100'-13,300'	FW/Gel- XCD Brine	8.7-9.0	28-32	NC	NC	NC	9.5-10.5
13,300'-14,300'	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 H<sub>2</sub>S, mud shall be adjusted appropriately by weight and H<sub>2</sub>S scavengers.

**7. Auxiliary Well Control and Monitoring** – Hydraulic remote BOP operation, mudlogging to monitor returns.

**8. H<sub>2</sub>S Safety** - This well and related facilities are not expected to have H<sub>2</sub>S releases. However, there may be H<sub>2</sub>S in the area. There are no private residences or public facilities in the area but a contingency plan has been developed. Owl SWD Operating, LLC will have a company representative available to personnel throughout all operations. If H<sub>2</sub>S levels greater than 10ppm are detected or suspected, the H<sub>2</sub>S Contingency Plan will be implemented at the appropriate level.

H<sub>2</sub>S Safety - There is a low risk of H<sub>2</sub>S in this area. The operator will comply with the provisions of 19.15.11 NMAC.

- a) Monitoring - all personnel will wear monitoring devices.
- b) Warning Sign - a highly visible H<sub>2</sub>S warning sign will be placed for obvious viewing at the vehicular entrance point onto location.
- c) Wind Detection - two (2) wind direction socks will be placed on location.
- d) Communications - will be via cellular phones and/or radios located within reach of the driller, the rig floor and safety trailer when applicable.
- e) Alarms - will be located at the rig floor, circulating pump / reverse unit area and the flareline and will be set for visual (red flashing light) at 15 ppm and visual and audible (115 decibel siren) at 20 ppm.
- f) Mud program - If H<sub>2</sub>S levels require, proper mud weight, safe drilling practices and H<sub>2</sub>S scavengers will minimize potential hazards.
- g) Metallurgy - all tubulars, pressure control equipment, flowlines, valves, manifolds and related equipment will be rated for H<sub>2</sub>S service if required.

***The Owl SWD Operating, LLC H<sub>2</sub>S Contingency Plan will be implemented if levels greater than 10ppm H<sub>2</sub>S are detected.***

## **Well Program - New Drill (cont.)**

### **9. Logging, Coring and Testing – Owl SWD Operating expects to run;**

- a. CBL (Radial, CET or equivalent) on both intermediate casing strings.
- b. Standard porosity log suite from TD to approximately 9,000'.
- c. 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 6300 psi and the maximum anticipated bottom-hole temperature is 170° F.

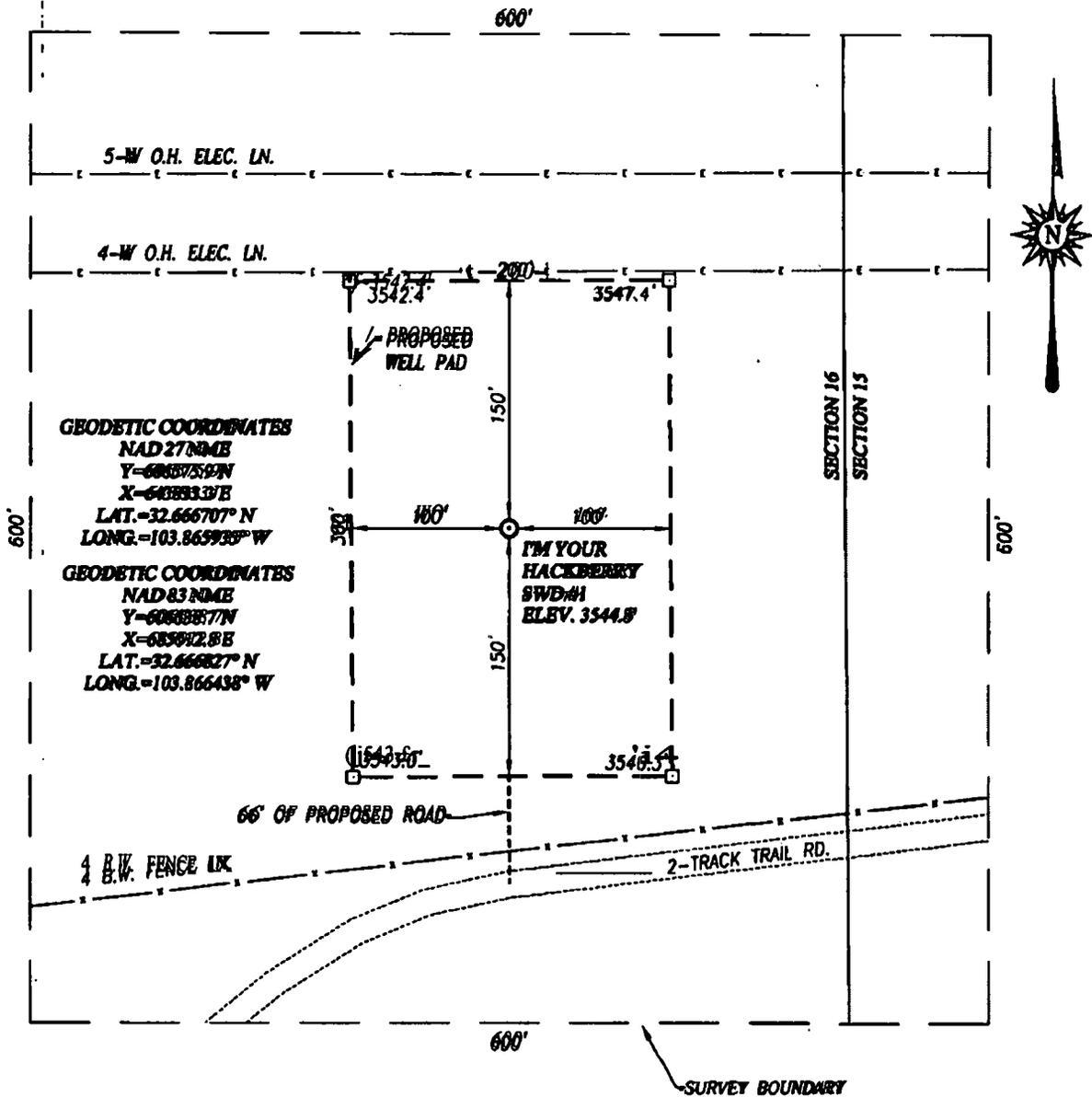
**11. Waste Management** - All drill cuttings and other wastes associated with and drilling operations will be transported to the R360 (Eddy County) or Sundance facility (Lea County) or alternate, permitted by the Environmental Bureau of the New Mexico Oil Conservation Division.

**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:

**November 1, 2018.**

**13. Configure for Salt Water Disposal** – Subsequent to SWD permit approval from OCD and 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 BLM and OCD test procedures. (Notify BLM and NMOCDD 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 25,000 bpd and average of 17,500 bpd at a maximum surface injection pressure of 2660 psi (0.2 psi/ft to uppermost injection interval, i.e., casing shoe). If satisfactory disposals rates cannot be achieved at default pressure of .2 psi/ft, Owl SWD Operating, LLC will conduct a step-rate test and apply for an injection pressure increase 50 psi below parting pressure.

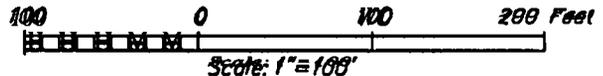
# WELL SITE PLAN



NOTE:  
 SEE TOPOGRAPHICAL AND ACCESS ROAD  
 MAP FOR PROPOSED ROAD LOCATION.

DIRECTIONS TO I'M YOUR HACKBERRY SWD #1:

FROM THE INTERSECTION OF ST. HWY. 82 AND CO. RD. 222 (SHUGART), GO SOUTH ON CO. RD. 222 APPROX. 10.6 MILES. TURN RIGHT AND GO WEST ON OLD 2-TRACK ROAD APPROX. 0.4 MILES TO PROPOSED ROAD SURVEY. FOLLOW STAKED ROAD NORTH 216 FEET TO THE LOCATION.



## OILFIELD WATER LOGISTICS

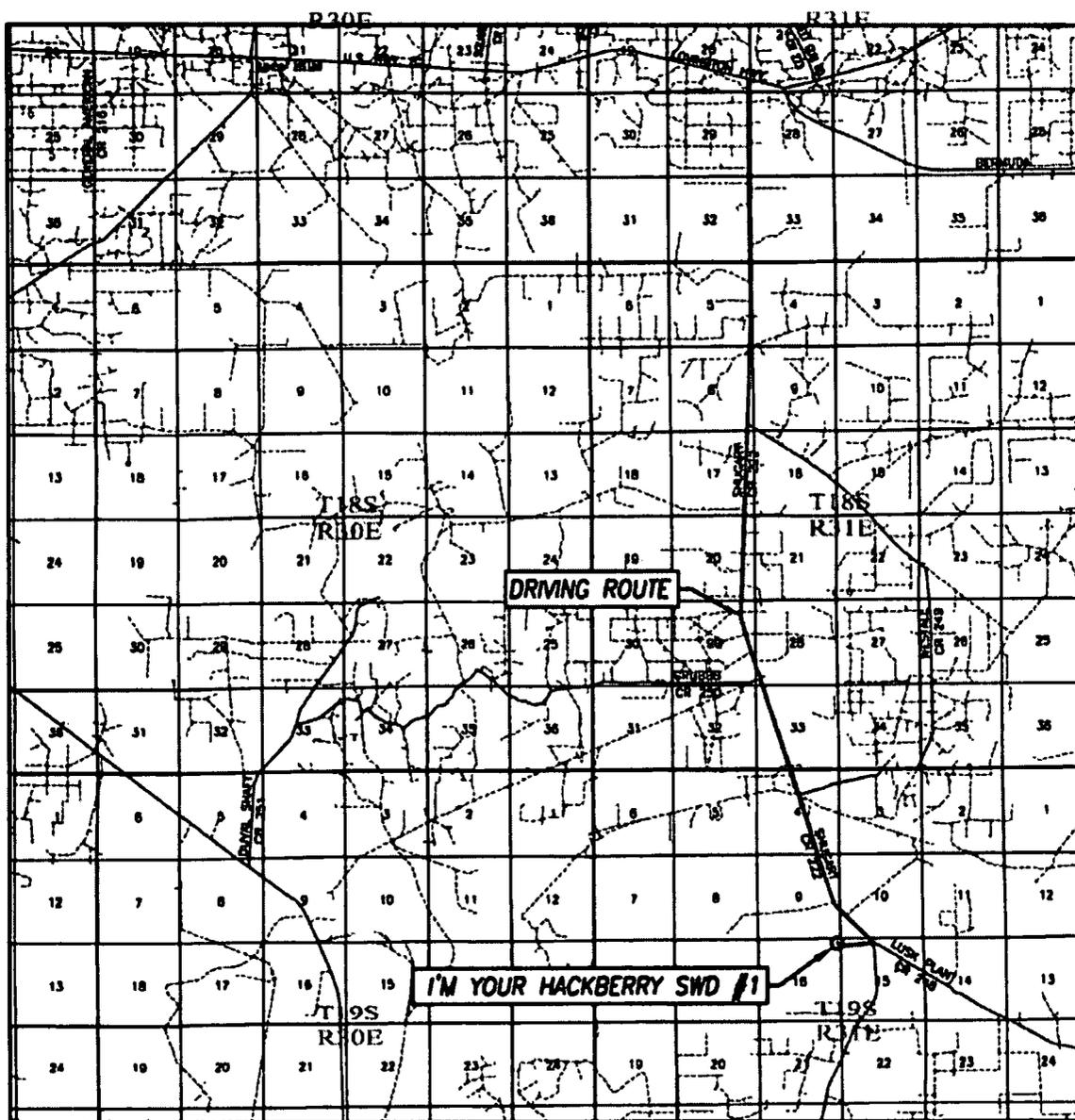
**I'M YOUR HACKBERRY SWD #1 WELL**  
 LOCATED 320 FEET FROM THE NORTH LINE  
 AND 210 FEET FROM THE EAST LINE OF SECTION 16,  
 TOWNSHIP 19 SOUTH, RANGE 31 EAST, N.M.P.M.,  
 EDDY COUNTY, NEW MEXICO

Survey Date: 10/6/15 CAD Date: 10/9/15 Drawn By: AGR

W.O. No.: 15110955 Rev.: Rel. W.O.: Sheet 1 of 1

PROVIDING SURVEYING SERVICES  
 SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
 412 N. DAL PASO HOBBS, N.M. 88240  
 (575) 893-3117 www.jwsc.biz  
 TSPSP 10021000

# VICINITY MAP



SCALE: 1" = 2 MILES

DRIVING ROUTE: SEE TOPOGRAPHICAL AND ACCESS ROAD MAP

SEC. 16 TWP. 19-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 320' FNL & 210' FEL

ELEVATION 3545'

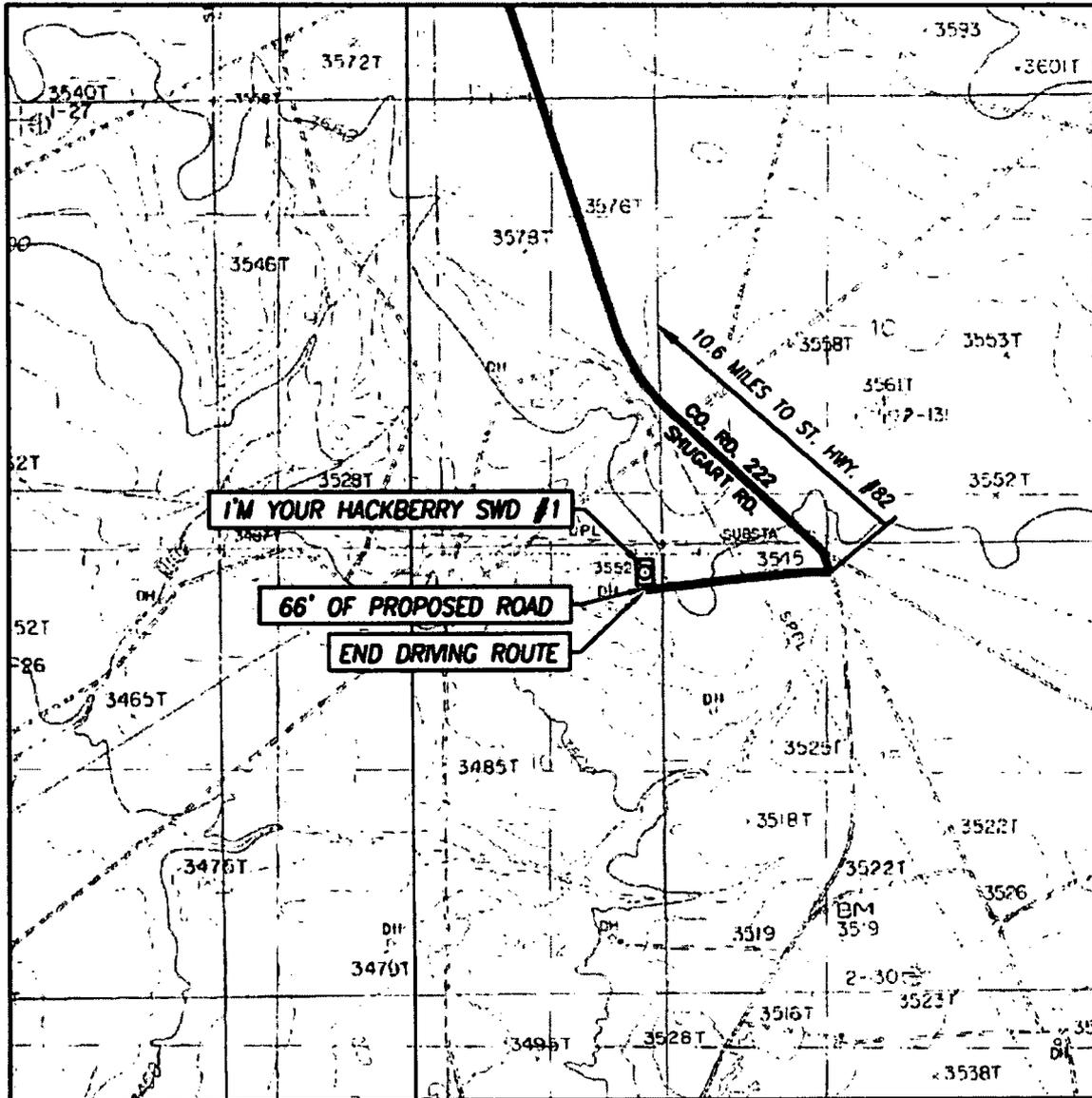
OPERATOR OILFIELD WATER LOGISTICS

LEASE I'M YOUR HACKBERRY SWD



PROVIDING SURVEYING SERVICES  
 SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
 412 N. DAL PASO HOBBS, N.M. 88240  
 (575) 393-5117 [www.jwsc.biz](http://www.jwsc.biz)  
 TBPLS# 10021000

# TOPOGRAPHICAL AND ACCESS ROAD MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
 HACKBERRY LAKE, N.M. - 10'  
 GREENWOOD LAKE, N.M. - 10'

SEC. 16 TWP. 19-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY EDDY STATE NEW MEXICO

DESCRIPTION 320' FNL & 210' FEL

ELEVATION 3545'

OPERATOR OILFIELD WATER LOGISTICS

LEASE I'M YOUR HACKBERRY SWD

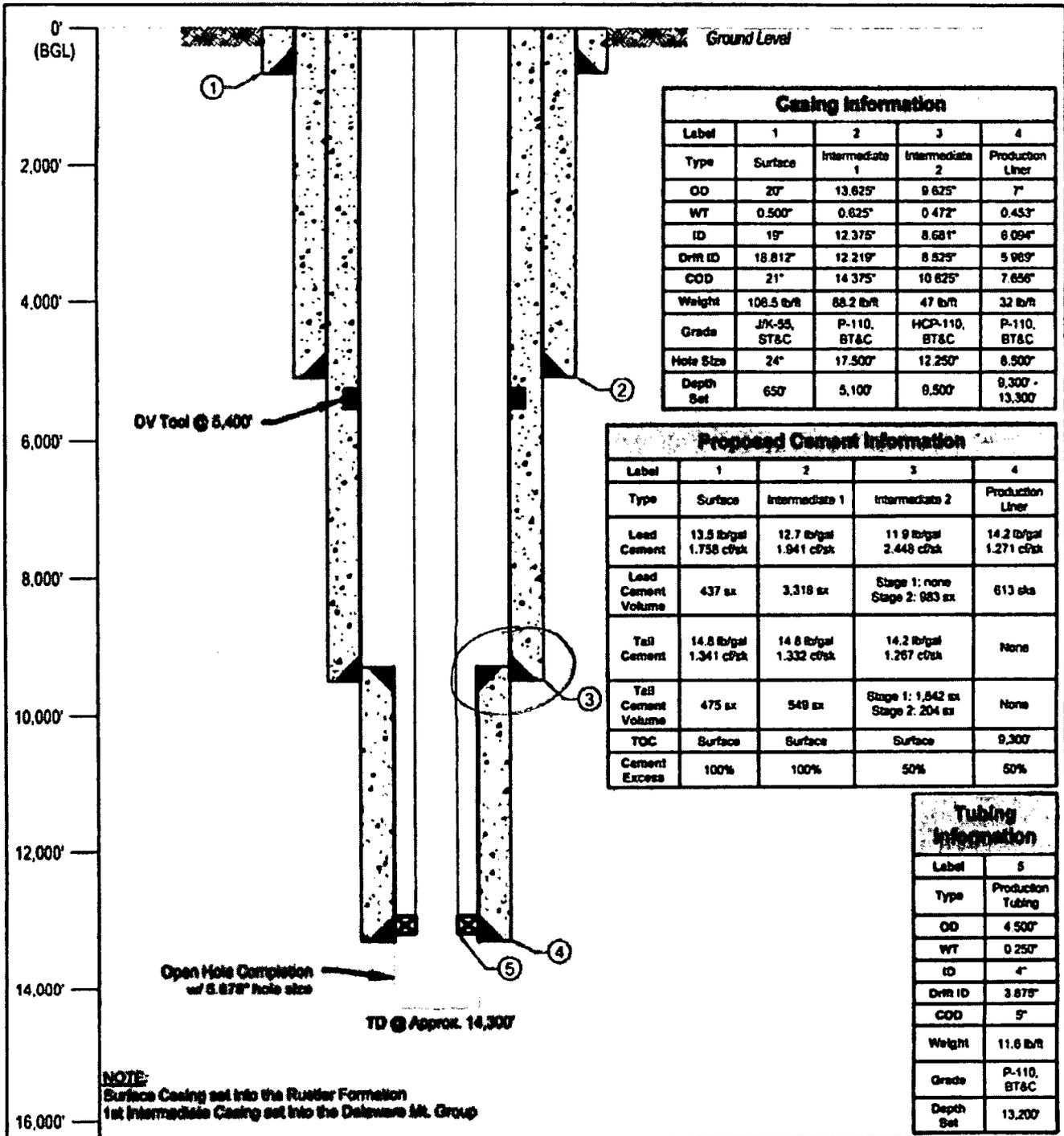
U.S.G.S. TOPOGRAPHIC MAP  
 HACKBERRY LAKE, N.M.

DIRECTIONS TO I'M YOUR HACKBERRY SWD #1:

FROM THE INTERSECTION OF ST. HWY. 82 AND CO. RD. 222 (SHUGART), GO SOUTH ON CO. RD. 222 APPROX. 10.6 MILES. TURN RIGHT AND GO WEST ON OLD 2-TRACK ROAD APPROX. 0.4 MILES TO PROPOSED ROAD SURVEY. FOLLOW STAKED ROAD NORTH 216 FEET TO THE LOCATION.



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 SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
 412 N. DAL PASO HOBBES, N.M. 88240  
 (575) 393-3117 [www.jwsc.biz](http://www.jwsc.biz)  
 TBPLSP 10021000



Label	1	2	3	4
Type	Surface	Intermediate 1	Intermediate 2	Production Liner
OD	20"	13.625"	9.625"	7"
WT	0.500"	0.625"	0.472"	0.453"
ID	19"	12.375"	8.681"	6.094"
Drift ID	18.812"	12.219"	8.529"	5.969"
COD	21"	14.375"	10.625"	7.656"
Weight	106.5 lb/r	68.2 lb/r	47 lb/r	32 lb/r
Grade	J/K-95, ST&C	P-110, BT&C	HCP-110, BT&C	P-110, BT&C
Note Size	24"	17.500"	12.250"	8.500"
Depth Set	650'	5,100'	8,500'	9,300' - 13,300'

Label	1	2	3	4
Type	Surface	Intermediate 1	Intermediate 2	Production Liner
Lead Cement	13.5 lb/gal 1.758 cfsk	12.7 lb/gal 1.941 cfsk	11.9 lb/gal 2.448 cfsk	14.2 lb/gal 1.271 cfsk
Lead Cement Volume	437 sk	3,318 sk	Stage 1: none Stage 2: 983 sk	613 sks
Tail Cement	14.8 lb/gal 1.341 cfsk	14.8 lb/gal 1.332 cfsk	14.2 lb/gal 1.267 cfsk	None
Tail Cement Volume	475 sk	549 sk	Stage 1: 1,842 sk Stage 2: 204 sk	None
TDC	Surface	Surface	Surface	9,300'
Cement Excess	100%	100%	50%	50%

Label	5
Type	Production Tubing
OD	4.500"
WT	0.250"
ID	4"
Drift ID	3.875"
COD	5"
Weight	11.6 lb/r
Grade	P-110, BT&C
Depth Set	13,200'

**NOTE:**  
Surface Casing set into the Rustler Formation  
1st Intermediate Casing set into the Delaware ML Group

<b>LONQUIST &amp; CO. LLC</b>  ENERGY ADVISORS 3345 Bee Cave Road, Suite 201 Austin, Texas 78746 Tel: 512.732.9812 Fax: 512.732.9816	<b>OWL SWD Operating, Inc</b>	<b>I'm Your Hackberry SWD No. 1</b>	
	<b>Country:</b> USA	<b>State/Province:</b> New Mexico	<b>County/Parish:</b> Eddy
<b>Survey/STR:</b> J-16-19S-31E	<b>API No.:</b> 30-015-TBD	<b>Site:</b>	<b>Status:</b> To Be Drilled
<b>Texas License F-8952</b>	<b>State ID No.:</b>	<b>Field:</b>	<b>Ground Elevation:</b>
<b>Drawn:</b> MMC	<b>Project No.:</b>	<b>Reviewed:</b> SLP	<b>Date:</b> 1/14/2016
<b>Rev No.:</b> 1	<b>Notes:</b> Devonian completion with 4-1/2" Injection Tubing.		

State of New Mexico  
Energy, Minerals and Natural Resources Department

Susana Martínez  
Governor

David Martín  
Cabinet Secretary

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

David R. Catanach, Division Director  
Oil Conservation Division



Administrative Order SWD-1611  
January 19, 2016

**ADMINISTRATIVE ORDER  
OF THE OIL CONSERVATION DIVISION**

Pursuant to the provisions of Division Rule 19.15.26.8B. NMAC, OWL SWD Operating, LLC (the "operator") seeks an administrative order for its proposed I'm Your Hackberry SWD Well No. 1 with a proposed location 320 feet from the North Line and 210 feet from the East line, Unit A of Section 16, Township 19 South, Range 31 East, NMPM, Eddy County, New Mexico, for commercial disposal of produced water.

**THE DIVISION DIRECTOR FINDS THAT:**

The application has been duly filed under the provisions of Division Rule 19.15.26.8B. NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in Division Rule 19.15.26.8 NMAC have been met and the operator is in compliance with Division Rule 19.15.5.9 NMAC.

**IT IS THEREFORE ORDERED THAT:**

Owl SWD Operating, LLC (OGRID 308399), is hereby authorized to utilize its I'm Your Hackberry SWD Well No. 1 (API 30-015-pending) with a location of 244 feet from the North Line and 626 feet from the East line, Unit A of Section 16, Township 19 South, Range 31 East, NMPM, Eddy County, for disposal of oil field produced water (UIC Class II only) through an open-hole interval within the Devonian and Silurian aged rocks from 13300 feet to 14300 feet. Injection will occur through internally-coated, 4½-inch or smaller tubing and a packer set within 100 feet of the uppermost perforation.

*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 II office and the operator shall be required to receive written permission prior to commencing disposal.*

*Every casing string shall be cemented to surface.*

*Operator shall set the first intermediate casing in the Bell Canyon formation of the Delaware Mountain Group. This will ensure that the Capitan Reef is fully isolated. A water based mud shall be used through the Capitan Reef to ensure that it is properly protected while drilling.*

*The operator shall run a CBL (or equivalent) across the 7-inch liner through the 9-5/8 casing to surface to demonstrate a good cement bond between the liner and casing, and good cement across the entire 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 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 2660 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 II 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 II 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 – Artesia District Office  
Bureau of Land Management - Carlsbad  
Application Number – pMAM1529638790

State of New Mexico  
Energy, Minerals and Natural Resources Department

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Susana Martinez  
Governor

Ken McQuen  
Cabinet Secretary

Matthias Sayer  
Deputy Cabinet Secretary

Heather Riley, Division Director  
Oil Conservation Division



March 13, 2018

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

**RE: Administrative Order SWD-1611; First Extension of Deadline to Commence Injection**

I'm Your Hackberry SWD Well No. 1 (API 30-015-Pending)

Unit A, Sec 16, T19S, R31E, NMPM, Eddy County, New Mexico

Order Date: January 19, 2016

Injection into the Devonian and Silurian formations; permitted interval: approximately 13300 feet to 14300 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-1611 based upon the approval date of January 19, 2016, to commence injection for the above referenced well for an additional one year for reasons outlined in the attached correspondence. The Division was verbally notified of the intent of the operator to extend this deadline prior to January 19, 2018, but due to extenuating circumstances, the submittal of the written extension was not received by the Division until January 26, 2018.

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.

SWD-1611: First Extension of Deadline to Commence Injection  
OWL SWD Operating, LLC  
March 13, 2018  
Page 2 of 2

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The deadline to commence injection for the existing order is hereby extended until January 19, 2019. All requirements of the above referenced administrative order and agreements in the application remain in full force and effect.

Sincerely,



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HEATHER RILEY  
Director

HR/prg

cc: Oil Conservation Division – Artesia District Office  
SWD-1611

# I'm Your Hackberry No.1 SWD - Area of Review - 1/2 mile

(SWD-1611 Permit Renewal/ Extension Request)

