

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



August 8, 2016

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; Second Extension of Deadline to Spud
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 ("operator") to extend the February 25, 2016 deadline stipulated in order SWD-1536 to commence drilling operations for the above referenced well for an additional six months for reasons outlined in the attached correspondence. The first extension was issued January 22, 2016, and extended the deadline to August 25, 2016.

Paragraph nine of the administrative order contains a condition of approval that stipulates a deadline to spud the referenced well. This condition is the result of an agreement between the operator and the potash company with mineral interests at the well's location.

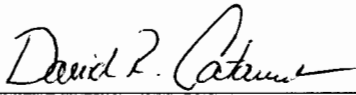
As required in the order, the Division has been provided confirmation by the Mosaic Potash Company that it has no objections to another six-month extension of the order for the referenced well.

Additionally, 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 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.

All requirements of the above referenced administrative order and agreements in the application remain in full force and effect excepting the deadline in which to commence drilling operations shall be extended to February 25, 2017. The deadline to commence injection operations remains May 19, 2017.

Sincerely,



DAVID R. CATANACH

Director

DRC/prg

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



August 5, 2016

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

Attn: Mr. David Catanach, Director

*Re: Request for Second Extension of Deadline to Spud; 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 recently requested and received approval from Mosaic Potash Company to extend the above referenced deadline to spud the subject well for an additional six month period. The request was made to Mr. Dan Morehouse, Mine Superintendent for Mosaic in Carlsbad, New Mexico.

In the request, I explained that in addition to the struggles of dealing with the slowdown in the industry, some of Owl's projects have come in much higher than AFE estimates with one being almost double of expected expenditures and that there have been no changes in the subject area of review.

Mr. Morehouse emailed his response as follows:

Morehouse, Dan J - Carlsbad [Dan.Morehouse@mosaicco.com]

Sent: Wed, August 3, 2016, 3:41 pm

To: ben@sosconsulting.us

Hello Ben,

Nothing has changed here either. We have no objection to you extending another 6 months.

Cheers,

Dan

We therefore request that the proposed expiration date of February 25, 2017 be applied to order SWD-1536.

If you or your staff 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: Project file