



Ray Powell, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

December 12, 2014

Ben Stone
SOS Consulting, LLC
Agent for Owl SWD Operating, LLC
P.O. Box 300
Como, Texas 75431

Proposed SWD Well – Owl SWD Operating, LLC, McCloy SWD Well No. 1 Delaware
Disposal 4800 to 7300 feet, Owl SWD Operating, LLC administrative application dated October
8, 2014

Dear Mr. Stone,

We are in receipt of your revised proposal to complete the proposed salt water disposal well into the Delaware formation through perforations from a maximum top of 5400 feet and a maximum depth of 5700 feet.

Limiting the disposal to this interval alleviates the State Land Office's ("SLO") concern that waste of oil and gas and therefore loss of royalties to the SLO beneficiaries would occur at the initial proposed interval of 4850 feet to 7300 feet into the Delaware formation.

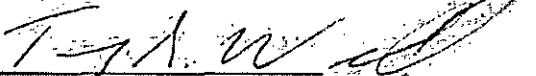
Given the new proposed interval, the SLO hereby withdraws its objection filed with the Oil Conservation Division to the proposed salt water disposal well.

If you have any questions, or if we may be of further help, please contact oil and gas counsel Kelly Smith at (505) 827-5872 or ksmith@slo.state.nm.us.

Sincerely,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:


TERRY G. WARNELL, Director
Oil, Gas & Minerals Division
(505) 827-5745

Cc: Phillip Goetze (via email: Phillip.Goetz@state.nm.us)
Kelly Brooks Smith, NMSLO Associate Counsel

Goetze, Phillip, EMNRD

From: Ben Stone <ben@sosconsulting.us>
Sent: Monday, December 01, 2014 11:02 AM
To: Goetze, Phillip, EMNRD; Jones, William V, EMNRD
Subject: Owl C-108 for McCloy SWD...

Gentlemen:

Last week, I advised you that Owl would like to withdraw the application due to our inability to negotiate a satisfactory interval w/ State Land Office. However, Owl has since reconsidered and we are having a conference call this afternoon to discuss the possibilities.

This was unexpected on my part. I have advised them that to conform with all the conditions, that the resulting interval would only be from 5400' to 5700' and would have to be cased and perforated. I think the net interval of good "disposable" porosity may be less than 100 feet.

I did not think this was a commercial zone and advised them of that and will do so again on the call this afternoon. However, as they are my client and it's their call, I may later today or tomorrow be advising concerned parties that they'd like to move forward.

If this turns out to be the case, I will contact COG, Red Mountain Resources and the SLO to advise them of the resurrection of the application and compliance with all of their interval stipulations.

I will let you know as soon as practicable.

Thanks,

Ben



CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error, please reply to the sender that you received the message in error; then please delete this e-mail. Thank you.

Goetze, Phillip, EMNRD

From: Goetze, Phillip, EMNRD
Sent: Monday, November 03, 2014 8:38 AM
To: Ben Stone (ben@sosconsulting.us)
Cc: Dawson, Scott, EMNRD; McMillan, Michael, EMNRD; Davidson, Florene, EMNRD; Carol Leach (cleach@concho.com); Holm, Anchor E. (aholm@slo.state.nm.us); jamesbruc@aol.com; 'Smith, Kelly'
Subject: Third Protest of Application for Injection - McCloy SWD No. 1
Attachments: 2014-10-31 Ltr fr CPL to OCD re SWD Well Owl etc.pdf

RE: McCloy SWD No. 1 (API 30-025-Pending; pMAM1428741704) Sec. 15, T. 24 S., R. 32 E., NMPM, Lea County.

Mr. Stone:

OCD was notified through counsel that the New Mexico State Land Office is protesting this application due to the potential for impact on hydrocarbon resources in the proposed injection interval. Therefore, you are being notified that if Owl SWD Operating, LLC wishes for this application to be considered, it must either go to hearing or may be reviewed administratively if the protest is withdrawn as a result of a negotiated resolution with this party. The application will be retained by OCD, but suspended from further administrative review. Please contact OCD once your client has made a decision regarding the application. Please contact me with any questions regarding this matter. PRG

Contact Information:

Ms. Kelly Smith, Associate Counsel
New Mexico State Land Office
P. O. Box 1148
Santa Fe, NM 87504
505-827-5872 (phone)
e-mail: ksmith@slo.state.nm.us

Phillip R. Goetze, P.G.

Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Drive, Santa Fe, NM 87505
O: 505.476.3466 F: 505.476.3462
phillip.goetze@state.nm.us



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October 31, 2014

Ms. Jami Bailey - Director
Oil Conservation Division
1220 South Saint Francis Dr.
Santa Fe, NM 87505

Re: **Proposed SWD Well – Owl SWD Operating, LLC, McCloy SWD Well No. 1** Delaware Disposal 4800
to 7300 feet, Owl SWD Operating, LLC administrative application dated October 8, 2014

Dear Ms. Bailey,

Per OCD rules, the State Land Office was notified of this proposed SWD to be drilled, completed, and equipped for disposal on State surface.

The State Land Office would like to protest the permitting of this proposed disposal well; and, if it is to be further considered, request it be scheduled for an examiner hearing.

It is our opinion that waste of oil and gas (and loss of royalties to the State Land Office) will occur as a result of this proposed SWD. This well is located in Section 15, Township 24 South, Range 32 East, in Lea County, New Mexico. The State Land Office owns the mineral estate in Section 16. The proposed well is located only 430 feet from the East line of Section 16.

If you have any questions, or if we may be of further help, please contact oil and gas counsel, Kelly Smith, at (505) 827-5872 or ksmith@slo.state.nm.us.

Sincerely,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY:

TERRY G. WARNELL, Director
Oil, Gas & Minerals Division
(505) 827-5745
RP/TGW/wvjj

Cc: Kelly Brooks
Associate Counsel

2014 OCT 31 4 19 PM

RECEIVED OCD