

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martínez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



January 22, 2016

Ben Stone, as agent for OWL SWD Operating, LLC
SOS Consulting, LLC
PO Box 300
Como, TX 75431

RE: Administrative Order SWD-1536; 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, Devonian, Silurian, Montoya formations
Permitted disposal depths from approximately: 15400 feet to 17000 feet

Dear Mr. Stone:

Reference is made to your request on behalf of OWL SWD Operating, LLC to extend the February 25, 2016 deadline stated in order SWD-1536 to commence drilling of the above referenced well for an additional six months to August 25, 2016 for reasons outlined in the attached correspondence.

The Division has received notice from the Mosaic Company that it has formally agreed to another six months in which to spud this disposal well.

The Division finds that granting this request is in the interest of conservation and will not cause harm to 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 of this well shall be extended to August 25, 2016.

Sincerely,

A handwritten signature in black ink, appearing to read "David R. Catanach", is written over a horizontal line.

DAVID R. CATANACH
Director

DRC/wvjj

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

Goetze, Phillip, EMNRD

From: Morehouse, Dan J - Carlsbad <Dan.Morehouse@mosaicco.com>
Sent: Friday, January 15, 2016 1:28 PM
To: Goetze, Phillip, EMNRD
Cc: Rutley, James; Ben Stone (ben@sosconsulting.us)
Subject: FW: Re: Owl SWD Operating, LLC's Mills Ranch SWD No.1...

Hello Mr. Goetze,

We at Mosaic have no problem with extending the deadline an additional 6 months for beginning work on the above referenced SWD.

Sincerely,
Dan Morehouse



Dan Morehouse | Mine Engineering Manager, Carlsbad Mine
The Mosaic Company | P.O. Box 71 | Carlsbad, NM 88220
P: 575.628.6312 | C: 575.302.9028

From: Ben Stone [mailto:ben@sosconsulting.us]
Sent: Friday, January 15, 2016 10:44 AM
To: Morehouse, Dan J - Carlsbad <Dan.Morehouse@mosaicco.com>
Cc: Goetze, Phillip, EMNRD <Phillip.Goetze@state.nm.us>
Subject: Fwd: Re: Owl SWD Operating, LLC's Mills Ranch SWD No.1...

Dan,

We appreciate that. This expiration was written in as a condition of the permit. To finalize this, I would ask that you to email Phillip Goetze at NMOCD so the permit extension can be formalized. His email is phillip.goetze@state.nm.us

Hopefully, the industry will begin to recover somewhat over the next year or so and the O&G projects will start to unjam a little.

Best,
Ben

Morehouse, Dan J - Carlsbad Dan.Morehouse@mosaicco.com
[via bounce.secureserver.net](mailto:Dan.Morehouse@mosaicco.com)

9:23 AM (2 hours ago)

to Ben

Hi Ben, we have no problem with extending the deadline an additional 6 months. I just now read your email in its entirety and apologize for my slow response. End of the year is hectic here. Cheers, Dan

From: Ben Stone <ben@sosconsulting.us>

Date: Thursday, January 14, 2016 2:15 PM

To: "Morehouse, Dan J. - Carlsbad"

<Dan.Morehouse@mosaicco.com>

Subject: Owl SWD Operating, LLC's Mills Ranch SWD No.1...

Hi Dan, just wanted to make sure you got this. Please call or email at your earliest convenience.

Thanks,

Ben

From: Ben Stone <ben@sosconsulting.us>

Date: Tuesday, January 12, 2016 11:16 AM

To: "Morehouse, Dan J. - Carlsbad"

<Dan.Morehouse@mosaicco.com>

Subject: Owl SWD Operating, LLC's Mills Ranch SWD No.1...

Hello Dan,

Hope your new year is off to a good start.

I just left you a voice mail but thought it best to follow up with this email for complete clarity.

Owl's drilling contractor is currently finishing up on the Madera SWD located about 20 miles from the Mills Ranch site. In speaking with the drilling supervisor moments ago, he thought it would be prudent to contact you now about the Mills Ranch site. If you recall, you had approved this single well site for a

period of one year beginning with a letter dated February 25, 2015. (Copy attached.)

The Mills Ranch SWD is currently on deck as the next project and he anticipates being rigged up on site in the next 4 to 6 weeks. However, considering factors like the recent weather and the current slow down in the industry generally, 4 to 6 week plans seem to change frequently and sometimes unexpectedly.

In light of these considerations and to avoid running hard up against the one year deadline, we thought it best to contact you now and see if you could approve the well location for another 6 months or longer if possible.

Any extension is appreciated and again, the intent right now is to be rigged up by mid-February, possibly sooner if all goes well.

We appreciate your attention to this matter.

Best regards,
Ben

Goetze, Phillip, EMNRD

From: Rutley, James <jrutley@blm.gov>
Sent: Friday, January 15, 2016 2:46 PM
To: Morehouse, Dan J - Carlsbad
Cc: Goetze, Phillip, EMNRD; Ben Stone (ben@sosconsulting.us)
Subject: Re: FW: Re: Owl SWD Operating, LLC's Mills Ranch SWD No.1...

Thank you Dan.

Jim

James S. Rutley
Geologist
Carlsbad Field Office
Bureau of Land Management
(575) 234-5904

Warning: This message is intended only for use of the individual or entity to which it is addressed, and may contain information that is privileged or confidential, and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient or the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by return letter/fax/email.

On Fri, Jan 15, 2016 at 1:27 PM, Morehouse, Dan J - Carlsbad <Dan.Morehouse@mosaicco.com> wrote:

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Best regards,
Ben



Ph. 903.488.9850 Fax 866.400.7628

P.O. Box 300 - Como, TX 75431

Visit us on the web at sosconsulting.us

CONFIDENTIALITY NOTICE: This message is confidential and may be privileged. If you believe that this email has been sent to you in error,



Mosaic Potash Carlsbad Inc.
P.O. Box 71
1381 Potash Mines Road
Carlsbad, NM 88221-0071

Tel 575-628-6200
Fax 575-887-0589

February 25, 2015

Mr. Ben Stone
SOS Consulting, LLC
P.O. Box 300
Como, TX 75431

Dear Mr. Stone

Locating the Mills Ranch No. 1 SWD at 2520' FSL and 1148' FWL of Section 6, T23S, R31E meets with Mosaic's desired policy of limiting additional impact of oil and gas operations on potash reserves. We appreciate everyone's work on this issue and are glad to see it arrive at an agreeable location.

Mosaic does not object to this well at this location at this time. Due to the possibility of conditions changing in the area or our knowledge the potash ore body improves, our lack of objection is valid only for one year and we reserve the right to revisit the issue if drilling does not occur by that time.

Thanks again for your understanding and assistance.

Dan Morehouse
Mine Engineering Manager

MOSAIC
EXTENDED THIS
FOR 6 MORE
MONTHS
1/22/16



Dan Morehouse | Mine Engineering Manager, Carlsbad Mine
The Mosaic Company | P.O. Box 71 | Carlsbad, NM 88220
P: 575.628.6312 | C: 575.302.9028