

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



February 3, 2016

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

RE: Administrative Order SWD-1464; First Extension of Deadline

Black 7 SWD State Well No. 1 (API 30-015-35558)

660 FNL, 1980 FWL; Unit C, Sec 7, T25S, R28E, NMPM, Eddy County, New Mexico

Order Date: March 5, 2014

Injection into the Bell Canyon, Cherry Canyon and Brushy Canyon formations of the Delaware Mountain group; approved interval: 2430 feet to 4350 feet

Mr. Stone:

Reference is made to your request on behalf of OWL SWD Operating, LLC ("OWL") for an additional one year extension of the March 5, 2016 deadline to commence injection into the above named well 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.

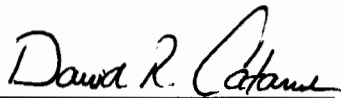
The Division finds that granting this request to extend this administrative order is in the interest of conservation, will prevent waste, and will protect the environment.

All requirements of the above referenced administrative order and agreements in the application remain in full force and effect.

The deadline to commence injection for the existing order is hereby extended until March 5, 2017.

SWD-1464: First Extension of Deadline
OWL SWD Operating, LLC
February 3, 2016
Page 2 of 2

Sincerely,

A handwritten signature in black ink, appearing to read "David R. Catanach". The signature is fluid and cursive, with the first name "David" and last name "Catanach" clearly distinguishable.

DAVID R. CATANACH
Director

DRC/mam

cc: Oil Conservation Division – Artesia Office
SWD-1464
New Mexico State Land Office – Oil, Gas, and Minerals
Well File API 30-015-35558



Oil & Gas Accounting Regulatory Processing Compliance Oil & Gas Financial Statements

RECEIVED
ZSL PD-1 P 2:44

January 27, 2016

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 SWD-1464 pertaining to the Black Lake 7 No.1 located in
Section 7, Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico.*

Dear Mr. Catanach,

The subject administrative SWD order was recently acquired by Owl SWD Operating, LLC from Mewbourne Oil Company. The order applies to API well number 30-015-35558, the C-145 Change of Operator was approved June 3, 2015.

SWD-1464 expires on March 5, 2016.

Due to the current climate in the industry, as many operators, Owl SWD Operating, LLC is making adjustments and prioritizing projects as necessary. For the Black Lake 7 No.1 SWD project, commencement of disposal operations may not be possible by the March 5th expiration date.

Therefore, on behalf of Owl SWD Operating, LLC, I respectfully request that the expiration date of order SWD-1464 be extended for one year, to expire on March 5, 2017.

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