

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

Jami Bailey, Division Director
Oil Conservation Division



October 9, 2014

Mr. Paul Ragsdale
Sovereign Eagle, LLC
P. O. Box 968
Roswell, NM 88202

RE: Packer Setting Depth Exception

Injection Authority: Administrative Order SWD-369

Pool: SWD; Penn

Powell Well No. 1

API 30-041-20840

Unit G, Sec 23, T2S, R29E, NMPM, Roosevelt County, New Mexico

Mr. Ragsdale:

Reference is made to your request on behalf of Sovereign Eagle, LLC (OGRID 263940; "Sovereign") received by the Division on August 4, 2014, for the above named well. Sovereign applied for exception for setting the packer within 100 feet of the top of the approved injection interval.

It is our understanding that while preparing for a mechanical integrity test it discovered a hole in the tubing along with pressure on the tubing/casing annulus. Sovereign has also stated in their application that it was could not unseat the packer at 6756 feet. Sovereign requests a new packer be placed at 6697 feet. This location of the packer is approximately 155 feet above the approved injection interval from 6852 feet to 6876 feet, and is below the confining zone at the top of the Pennsylvanian section.

For the reasons stated in the application and because it appears that correlative rights are protected, waste will not occur and this modification will not endanger any fresh water aquifer or the environment, the exception is granted. The packer location within this well shall not be set higher than 155 feet above the approved injection interval unless the operator receives written approval from the Division Director.

The Division Director may rescind this exception if it becomes apparent that the injected fluid is not being confined to the permitted interval or is endangering any fresh water aquifer.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey", written over a horizontal line.

JAMI BAILEY
Director

JB/prg

cc: Oil Conservation Division – Hobbs District Office
SWD-369
Well File API 30-041-20840