

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

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

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order IPI-420
August 1, 2012

Stan Wagner
EOG Resources, Inc.
PO Box 2267
Midland, TX 79702

RE: Injection Pressure Increase

SWD-1267, SWD; Bell Canyon-Cherry Canyon Pool
Elk Wallow 11 State Well No. 5 API 30-015-38388
Unit I, Sec 11, T25S, R29E, NMPM, Eddy County, New Mexico

Dear Mr. Wagner:

Reference is made to your request on behalf of EOG Resources, Inc. (OGRID 7377) received by the Division on July 25, 2012, to increase the maximum allowed surface tubing pressure on the above named well.

This well was permitted by the Division for water disposal from 3200 to 4800 feet in the Bell Canyon and Cherry Canyon members of the Delaware Mountain Group by Division administrative Order SWD-1267 approved March 28, 2011. That permit allowed a maximum disposal tubing pressure of 640 psi. Subsequently, EOG has completed this well through perforations from 3700 feet to 4590 feet.

It is our understanding that this well will not take a sufficient volume of fluid at the current pressure limit and a higher pressure limit is needed. It is also understood that an increase will not result in the fracturing of the formation and confining strata.

Based on a step rate test for this well run July 3, 2012, you are hereby authorized to inject at the following maximum surface tubing pressure:

Elk Wallow 11 State Well No. 5 API 30-015-38388 925 psi

This approval is based on the provision that the tubing size, packer setting depth and completion interval for this well does not change. Any future requested pressure increase will require resubmission of additional data and a new step-rate test. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well. This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 19.15.5.9 NMAC.

The Division Director may rescind this permitted injection pressure increase if it becomes apparent that the injected fluid is not being confined to the permitted disposal 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/wvjj

cc: Oil Conservation Division – Artesia
File: SWD-1267