

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

David R. Catanach, Division Director
Oil Conservation Division



October 27, 2015

Beatrice Skaggs
06 SWD, LLC
1902 Tatum Highway
Lovington, NM 88260

RE: Packer Setting Depth Exception
Administrative Order SWD-558-A
Canyon/Strawn Perforations (Reported): 9500 feet to 10151 feet
State AK SWD Well No. 1 (API 30-025-21800)
Unit N, Sec 10, T11S, R33E, NMPM, Lea County, New Mexico

Dear Sir or Madame:

Reference is made to your request on behalf of 06 SWD, LLC (OGRID 308397; "Applicant") received by the Division on October 26, 2015, for the above named well. Applicant applied for an exception to the requirement in SWD-558-A to set the packer within 100 feet of the top of the permitted disposal interval.

It is our understanding that the packer was set at 9136 and now is set at 9129 with ten (10) joints of tail pipe. Attempts to set the packer lower failed and this well has been disposing since 1995 into this same interval. In addition, the offsetting operators and owners were noticed when the disposal permit was renewed at date October 27, 2014.

The latest packer setting depth is approximately 371 feet above the top of the disposal interval. The packer is set within the top of the Upper Penn formation, which has a top in this well reported to be at 9082 feet.

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.

Any future packer setting depths in this well shall not be higher than 9082 feet unless the operator of this well obtains written permission from the Division after the operator supplies proof of notice of the proposed packer setting depth to all surrounding operators with dedicated acreage (spacing unit) located within ½ mile of this well and the noticed parties are given 15 days in which to lodge a protest.

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

Sincerely,

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

DAVID R. CATANACH
Director
DRC/wvjj

cc: Oil Conservation Division – Hobbs
SWD-558-A
API No.:30-025-21800