P.O. Box 968

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Roswell, NM 88202-0968

Phone: (575) 622-1127

Fax: (575) 623-3533

July 28, 2014

Phillip R. Goetze, P.G. Engineering Bureau, Oil Conservation Division 1220 South St. Francis Santa Fe, NM 87505

Re: Sovereign Eagle, LLC

SWD – 369 Powell #1 SWD Sec 23 – T2S-R29E Roosevelt County, NM

Dear Mr. Goetze,

Sovereign Eagle, LLC requests an Emergency Administrative Approval to waive the requirement in the referenced SWD Order to set the packer at "approximately 6800 feet" and allow a new packer to be set at 6697 feet.

While preparing for a mechanical integrity test it was discovered that we had a hole in the tubing and pressure was on the tubing/casing annulus. We attempted to pull the old packer that was set at 6756' in 2003 but we could not unseat the packer. We attempted to jar the packer out and it would not come loose.

Therefore, it was decided to run another packer on top of the old packer. A wellbore diagram is attached for your information. We set the new packer at 6697', loaded the annulus with packer fluid and tested the backside to 500 psig. A new string of 2 7/8" plastic coated tubing was run and the well was returned to injection.

A mechanical integrity test is scheduled for the Thursday, July 31 with the Hobbs OCD office.

We know that our emergency is not your emergency but we appreciate your help in expediting this request. If you need more information, please contact me at 575-622-1127 ext. 18 or by email at pragsdale@stratanm.com.

Sincerely yours,

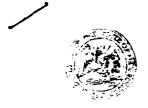
Paul Ragsdale

Operations Manager

Strata Production Company

SOVEREIGN EAGLE, LLC	LEASE TYPE STATE FEE FEDERAL				API NO. #30-041-20840		SPUD DATE 02/01/89			
VELL NAME	SECTION	- SIAIL	1.22							
POWELL #1	23	2-S KELLY BUSHING = 4382'		29-E STATUS SWD		ROOSEVELT / NM TOTAL DEPTH = 7300'		04/14/89 P.B.T.D. 7240'		
OOTAGE	ELEVATION =									
1980' FNL & 1980' FEL	4372'									
TELD/POOL/AREA		Size	Sks. Cmt.	TOC	Weight	Grade	Thread	Depth		
TULE	SURF. CASING	13 3/8"	300	CIRC.	46#			305'		
OCATION DESCRIPTION	INT. CASING	8 5/8""	750	CIRC.	24#			2,175		
	CASING	5 1/2"	250	6300'	17#			7,299		
18 MI SW OF FLOYD,NM						1 00				
Depth ft.			Description			O.D.	Length	Depth		
300	13 3/8" CSG. 46# @3	05' w/300 sacks						305'		
	10 0/0 000. 40% 000	00 11/000 04010								
1000										

2000							,			
	8 5/8" CSG. 24# SET	@ 2175' w/750 sa	icks			Form	1005	2175		
3000										
4000										
4000						4672	Tubbs			
5000						101-	1000			
				1000			A			
6000						5300 6026	About			
						0040	VolTour	1		
					-					
	T.O.C. = 6300' by CB	BL 04/14/89				-	-	TOC=6300'		
						-				
		-	~							
6500										
	7/19/2014 BAKER LOI	KSET @ 6697'				6528	P			
	2 7/8" PLASTIC COAT	ED TUBING		-						
						-				
HH	11/29/03 BAKER LOK	SET PACKER @	6756' RETURN 1	TO INJECTION						
	04/16/89 CANYON OC	DLITE: PERF. 686	60'-66', 6877'-63'							
	ACIDIZE w/1500 gal. 1		ar.							
7000		6/21/89 CIPB w/cement cap @ 7020'-6985' 04/14/89 PENN "C" ss: PERF. 7061'-64' ACIDIZE w/1000 gal. 15% MCA								
•		1000 000 1000					Montoya	2		
	5 1/2" CSG. 17# SET	@ 7299' w/ 250	sacks			7204	De '			
						001/5	DEIONE	7299'		
8000	TD = 7300'	TD = 7300' PBTD = 7240'						P.O. BOX 968		
	10 - 7300	PBIL	1 - 1240	-5-2	sting Packer					
COMMENTS:				Page 1	sung Packer cker drilled out	ROS	WELL, NEW			
OST #1 PENN "A" ss 7015'-24' No GTS. ompleted 04/14/89 Dry Hole converted 06/27	7/80 to SW/D			O =Per	fs-Open		88202			
Displaced on 14/09 Disy Hole converted 06/2/	w packer and tubing			● =Peri	fs-Squeezed					



OIL CONSER. ON DISTANCE NEW MEXICO RECTIVED ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT '92 MAR 20 AM 9 52 ON DISTANCE NEW MEXICO ENERGY FOR SERVATION DIVISION

E B GM

GARREY CARRUTHERS
GDVERNOR

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87504 (505) 827-5800

ORDER NO. SWD-369

APPLICATION OF MARSHALL PIPE AND SUPPLY COMPANY

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Marshall Pipe and Supply Company made application to the New Mexico Oil Conservation Division on May 22, 1989, for permission to complete for salt water its Powell Well No. 1, located in Unit G, of Section 23, Township 2 South, Range 29 East, NMPM, Taxable County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations.
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified; and
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met.
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

(1) The applicant herein, Marshall Pipe & Supply Company is hereby authorized to complete its Powell Well No. 1 located in Unit G of Section 23, Township 2 South, Range 29 East, NMPM, Roosevelt County, New Mexico, in such a manner as to permit the injection of salt water for disposal purposes into the Pennsylvanian formation at approximately 6852 feet to approximately 6876 feet through 2-inch plastic lined tubing set in a packer located at approximately 6800 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface. Administrative Order SWD-369 June 21, 1989 Page 2

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1370 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Pennsylvanian formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for the entry of such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations in accordance with Rule 706 and 1120 of the Division Rules and Regulations.

Administrative Order SWD-369 June 21, 1989 Page 3

Approved at Santa Fe, New Mexico, on this 21th day of June, 1988.

STATE OF NEW MEXICO OIL CONSERVATION DIDISION

WILLIAM J. LEMAY

Director

SEAL

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or displaned well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, hems 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico Northwestern New Mexico T. Anhy . _ T. Oio Alamo .. . T. Penn. "B"_ T. Canyon -T. Salt _ T. Kirtland-Fruitland ______ T. Penn. "C"_ T. Strawn _ B. Salt ... T. Pictured Cliffs ____ . T. Penn. "D".... T. Atoka ... T. Yares T. Miss _ T. Cliff House ___ T. Leadville T. Menefee..... T. 7 Rivers T. Ouccn _ T. Silurian T. Point Lookout _____ T. Elbert ___ T. McCracken_ T. Grayburg T. Mancos T. Montoya _ 2145 T. San Andres T. Gallup ___ __ T. Ignacio Otzte_ T. Simpson 3240 T. Glorieta Base Greenhorn __ T. Granite ____ T. McKee_ T. Paddock T. Dakota T. Ellenburger T. Blinebry_ T. Morrison __ T. Gr. Wash _ T. _ T. Todilto T. Tubb T. Delaware Sand_ T. Drinkard T. Bone Springs_ T. Entrada T. 5300 T.Pre-Cam: T. Abo T. Wingate T. 6026 T. Wolfcamp T. Chinle_ _ T. T. Penn 6528 T. Permain T. T. Cisco (Bough C) T. Penn "A" T. OIL OR GAS SANDS OR ZONES No. 3. from.....to...... **IMPORTANT WATER SANDS** Include data on rate of water inflow and elevation to which water rose in hole. No. 1, from to feet No. 2, from to feet LITHOLOGY RECORD (Attach additional sheet if necessary)

From	То	Thickness in Feet	Lithology	From	То	Thickness in Feet	Lithology
0 1971 3929 5236 6192 6526 7091 7214	1971 3929 5236 6192 6526 7091 7214 7300	1958 1307 956 334 565	Redbed, Shale & Lime Dolomite and Lime Dolomite, Anhydrite Lime and Shale Lime and Shale Penn. Lime:6528' Montoya: 7204' Pre-Cambrian 7271'				DRILL STEM TEST #1: 7015 to 7024' Initial Hy: 3748 Initial Flow: 44-65 60 minutes Initial Shut_In: 959 30 minutes Final Flow 44-44 30 minutes Final Shut-In: 1893 60 minutes Final Hy: 3770 Recovery: 15' of Drilling Mud.