

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

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

Jami Bailey, Division Director
Oil Conservation Division



January 28, 2014

Mr. Stan Wagner
EOG Resources, Inc. - Midland Division
P. O. Box 2267
Midland, TX 79702

RE: Packer Setting Depth Exception

Injection Authority: Administrative Order SWD-1440

Pool: SWD; Bell Canyon, Cherry Canyon, and Brushy Canyon formations

Diamond 31 Federal Com. Well No. 1

API 30-025-29000

Unit K, Sec 31, T24S, R34E, NMPM, Lea County, New Mexico

Mr. Wagner:

Reference is made to your request on behalf of EOG Resources, Inc. (OGRID 7377; "EOG") received by the Division on January 22, 2014, for the above named well. EOG applied for exception for setting the packer within 100 feet of the top of the approved injection interval.

It is our understanding that following the squeeze cementing of the 7-inch casing required in the order, EOG identified a void in the cement between 5290 feet and 5370 feet. EOG has stated in their application that additional attempts to squeeze cement in the 80-foot void will have a low probability of success while reducing the integrity of the production casing with the necessary perforations for squeezing. Therefore, EOG requests the exception to place the packer set at a depth of 5280 feet in order to avoid placement over the void. This location of the packer is approximately 160 feet above the approved injection interval from 5440 feet to 7200 feet and is below the confining zone at the top of the Delaware Mountain group.

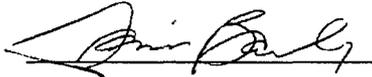
For the reasons stated in the application and because it appears that correlative rights are protected, waste will not occur and this modification will not endanger any fresh water aquifer or the environment, the exception is granted. The packer location within this well shall not be set higher than 160 feet unless the operator receives written approval from the Division Director.

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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,



JAMI BAILEY
Director

JB/prg

cc: Oil Conservation Division – Hobbs Office
SWD-1440
Well File API 30-025-29000
United States Bureau of Land Management – Carlsbad Office