

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



January 27, 2010

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

Certified Mail No.: 7009 1680 0002 3341 0239

FORMAL NOTICE OF LOSS OF INJECTION AUTHORITY

Re: EOG Resources Inc., OGRID 7377
Corbin Federal Delaware Unit Waterflood, R-11099

- o Corbin Federal Delaware Unit No. 4, 30-025-25448
- o Corbin Federal Delaware Unit No. 6, 30-025-30430
- o Corbin Federal Delaware Unit No. 22, 30-025-30860

Dear Mr. Wagner:

This letter provides formal notice to EOG Resources Inc. (EOG) that its authority to inject into the three wells identified above has terminated.

Hearing Order R-11099, issued December 9, 1998, granted authority to Burlington Resources Oil & Gas Company to institute a waterflood project within its proposed Corbin Federal Delaware Unit. The order identified the three wells listed above as the injection wells for the waterflood project. One of the three wells, the Corbin Federal Delaware Unit No. 4, had previously been permitted as a salt water disposal well by Order No. SWD-205. Before injection could commence in the waterflood project, Order R-11099 required the operator to perform remedial cement operations on certain identified wells within the area of review. Ordering paragraph 16 of Order R-11099 provides:

The injection authority granted herein for the injection wells shown on Exhibit "A" shall terminate one year after the effective date of this order if the operator has not commenced injection operations into these wells;



provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Exhibit "A" lists the three wells identified above.

EOG has acquired the wells covered by waterflood Order R-11099.

Over ten years has passed since the order was issued. The Oil Conservation Division (OCD) did not receive a written request for extension of the order.

The operator did not perform the remedial actions required under Order R-11099 and commence injection pursuant to Order R-11099 within one year of the order's effective date. Of the three injection wells identified in Order R-11099 only one has ever reported injection: the Corbin Federal Delaware Unit No. 4. That injection cannot be pursuant to Order R-11099, however, because the remediation work required by Order R-11099 has not been performed.

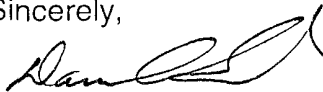
Because injection did not commence pursuant to Order R-11099 within one year of the effective date of that order, the injection authority for the identified wells has terminated.

If EOG wishes to operate a waterflood in this area it will need to apply for a new permit under 19.15.26.8 NMAC. Please note that to be eligible for a permit EOG must be in compliance with 19.15.5.9 NMAC.

By copy of this letter, I am notifying the Hobbs District Office that injection authority for the identified wells has terminated.

If you disagree with the OCD's conclusion that the authority to inject in the identified wells has terminated, please provide documentary proof that you are operating under an administrative extension of injection authority.

Sincerely,



Daniel Sanchez
Underground Injection Control Director for the State of New Mexico

Ec: Gail MacQuesten, OCD Attorney
Larry "Buddy" Hill, OCD Hobbs District Office
Sylvia Dickey, OCD Hobbs District Office
William Jones, OCD Engineering Bureau



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