

(5) The proposed project may result in the recovery of otherwise unrecoverable oil thereby preventing waste.

(6) This area was originally approved for water injection by Division Order No. R-4875 entered October 22, 1974 and such order should be superseded.

(7) Approval of this application would result in expansion of said waterflood project and initiation of the pilot steam project.

(8) The operator of the proposed project area should take all steps necessary to ensure that the injected fluid enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(9) The following wells are located within one-half mile of proposed injection wells within the project area:

<u>Well Name and No.</u>	<u>Location</u>	<u>Section</u>
Capital Oil & Gas Corporation Santa Fe Miguel Well No. 1	660' FS - EL (Unit P)	20
Northern Minerals, Inc. SFPRR Well No. 16	2930' FNL - 2310' FEL (Unit J)	29

both in Township 16 North, Range 6 West, NMPM, McKinley County, New Mexico.

(10) Prior to commencement of injection into said project the operator should demonstrate that the above described wells have either been re-plugged or shown to have been previously plugged and abandoned in such a manner or are otherwise maintained in a condition so as to ensure that they do not provide an avenue of escape for waters from the proposed injection zone and in accordance with a program that is satisfactory to the supervisor of the Division's district office at Aztec.

(11) The applicant proposes to operate the eight injection/producing wells, as described in Exhibit "A", in a "huff and puff" manner so as to periodically inject steam down the annulus for four days or more and thereafter to produce oil up the tubing.

(12) Prior to commencing steam injection operations, the casing to the subject wells should be pressure tested in a