

Exhibit "A", attached hereto and made a part hereof, as part time steam injection and oil producing wells and to utilize the five wells as described in Exhibit "B", also attached, as water injection wells.

(2) That portion of this application seeking a variance in the Division's guideline of limiting the maximum injection pressure to 0.2 psi per foot of depth to the uppermost perforation is hereby denied.

(3) Water injection into the subject five water injection wells shall be through internally coated tubing installed in a packer set approximately 100 feet above the uppermost perforation; the casing-tubing annulus of each injection well shall be loaded with an inert fluid and equipped with an approved pressure gauge or attention-attracting detection device.

(4) Steam injection into each of the eight wells, as described in Exhibit "A", shall be through the casing-tubing annulus.

(5) Prior to commencing injection operations, the casing in each water and steam injection well shall be pressure-tested to assure the integrity of such casing in a manner that is satisfactory to the supervisor of the Division's district office in Aztec.

(6) The injection wells herein authorized and/or the injection pressurization system shall be so equipped as to limit injection pressure at the wellhead to no more than 0.2 psi per foot of depth to the uppermost perforation, may authorize a higher surface injection pressure upon satisfactory showing that such pressure will not result in fracturing of the confining strata.

(7) Injection into any of the proposed steam or water injection wells shall not commence until the following described wells have either been re-plugged or shown to have been previously plugged and abandoned in such a manner or have been shown to be maintained in such a condition as to ensure that they do not provide an avenue of escape of injected fluids from the proposed injection zone and in accordance with a program that is satisfactory to the supervisor of the Division's district office in Aztec:

<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