

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**David Martin**  
Cabinet Secretary

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

**David R. Catanach, Division Director**  
Oil Conservation Division



June 5, 2015

Mr. James C. Hunter  
Geolex, Inc.  
500 Marquette Ave. NW, Suite 1350  
Albuquerque, NM 87102

**RE: Division Order No. R-12921; Temporary Variance of the Maximum Surface Injection Pressure**

Jal 3 AGI Well No. 1 (API 30-025-38822)

1550' FNL, 1000' FWL; Unit P, Sec 33, T24S, R37E, NMPM, Lea County, New Mexico

Order Date: March 21, 2008

Injection into the San Andres formation; approved interval: 4375 feet to 5200 feet

Mr. Hunter:

Reference is made to your request on behalf of Regency Field Services, LLC (the "operator") for a temporary variance to allow an increase in maximum surface injection pressure (MSIP) for the above named well for reasons outlined in the attached correspondence.

Division has reviewed Geolex's information for the temporary increase and finds that the proposed MSIP of 1330 pounds per square inch (psi) conforms to the 0.2 psi/foot gradient utilized in administrative orders which eliminates the requirement for a step-rate test as stipulated in Ordering Paragraph (16) of the referenced Order. It is the Division's understanding that the increase in pressure will be limited to the injection of treated acid gas only.

The Division finds that granting this request to temporarily increase the MSIP is in the interest of conservation, will prevent waste, and will protect the environment. The Division also finds that granting the temporary increase will not adversely affect correlative rights.


Therefore, the Division hereby approves **a MSIP of 1330 psi for the injection of treated acid gas only** into the subject well. This authority for the increase of the MSIP shall expire either on December 1, 2015, or **with the reintroduction of waste water into the injected fluid** as approved under Order No. R-12921.

The operator shall notify the Hobbs District office, through sundry notice, (1) of commencement of

injection at the higher MSIP of this variance, and (2) resumption of injection operations with mixed treated acid gas and waste water.

All requirements of the referenced Division order and agreements in the application remain in full force and effect.

Sincerely,



DAVID R. CATANACH  
Director

DRC/prg

cc: Oil Conservation Division – Hobbs District Office  
Well File API 30-025-38822  
File Case No. 14080