

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



Administrative Order IPI-438
September 4, 2013

Geronimo SWD, LLC
611 W. Mahone, Suite D
Artesia, NM 88211-0568
Attn: James Campanella

RE: Injection Pressure Increase

Disposal Permit: SWD-843

Pool: SWD; Strawn Pool

Green "A" Federal Well No. 10 API 30-015-21748

Unit K, Sec 29, T17S, R29E, NMPM, Eddy County, New Mexico

Dear Mr. Campanella:

Reference is made to your request on behalf of Geronimo SWD LLC (OGRID 263684) received by the Division on July 16, 2013, to increase the maximum allowed surface tubing pressure on the above named well.

This well was permitted by the Division for water disposal from 9220 to 9600 feet in the Strawn formation by Division administrative Order SWD-843 approved August 20, 2002. That permit allowed a maximum disposal tubing pressure of 1844 psi. A step-rate test was conducted on August 14, 2012, and submitted to the Division with a request for an increase of the maximum injection pressure. The Division issued administrative Order IPI-423 (approved August 22, 2012) with a maximum surface tubing pressure of 2500 psi.

It is our understanding that this well will not take a sufficient volume of fluid at the current pressure limit and a higher pressure limit is needed. It is also understood that an increase will not result in the fracturing of the formation and confining strata.

Based on a step-rate test for this well run June 19, 2013, through 3.5-inch tubing, you are hereby authorized to inject at the following maximum surface tubing pressure:

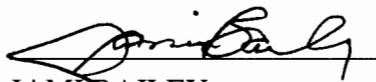
Green "A" Federal Well No. 10 API 30-015-21748 2800 psi

This approval is based on the provision that the tubing size, packer setting depth and completion interval for this well does not change. Any future requested pressure increase will require resubmission of additional data and a new step-rate test. The Division Director retains the right

to require at any time wireline verification of completion and packer setting depths in this well. This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 19.15.5.9 NMAC. Additionally, administrative Order IPI-423 is cancelled with the approval of this Order.

The Division Director may rescind this permitted injection pressure increase if it becomes apparent that the injected fluid is not being confined to the permitted disposal interval or is endangering any fresh water aquifer.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey", written over a horizontal line.

JAMI BAILEY
Director

JB/prg

cc: Oil Conservation Division – Artesia
File: SWD-843