

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

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Cabinet Secretary

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

Jami Bailey
Division Director
Oil Conservation Division



March 14, 2012

Administrative Order IPI-410
Application No. pTGW1204556229

Read & Stevens, Inc.
P.O. Box 1518
400 N Pennsylvania Avenue, Suite 1000
Roswell, NM 88201

Attention: William palmer

RE: Injection Pressure Increase

Bandit State SWD Well No. 1 (API 30-015-21071)
Unit F of Sec 10, T23 South, R26 East
Eddy County, New Mexico

Reference is made to your request on behalf of Read & Stevens, Inc. [OGRID 18917] received by the Division on March 14, 2012 to increase the surface injection pressure on the Bandit State SWD Well No. 1.

This well was approved by the Division for injection into the Delaware formation from approximately 3,140 feet to 3,590 feet with SWD-930 and given a maximum surface injection pressure of 628 psi.

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

Based on the step rate injection test for this well run on February 7, 2012 we feel it does support an increase to 950 psi. Any future requested increase beyond 950 psi will require resubmission of additional data and a new step-rate test.

You are hereby authorized to increase the surface injection pressure on the following well located in Eddy County, New Mexico:

Well Number	Wolfcamp Formation Perforations	Surface Injection Pressure
Bandit state SWD Well No. 1 API No. 30-015-21071, Unit F, Sec 10, T23 South, R26 East	Approximately 3,140'-3,590'	950 PSI

This approval is based on a provision that the tubing size, packer setting depth and perforation depths do not change. You are prohibited from injecting at pressures that would induce fracturing.

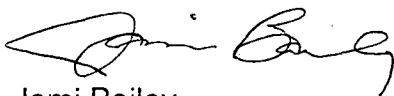
The operator is responsible for ensuring injected waters do not migrate upward inside or outside of this casing and enter formations above the permitted injection interval.

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.

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

The injection authority granted herein shall terminate two years after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Sincerely,



Jami Bailey
Director

JB/tw

cc: Oil Conservation Division – Artesia
SWD-930