

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

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

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order IPI-417
July 6, 2012

Vickie Smith
Texland Petroleum-Hobbs, LLC
777 Main Street, Suite 3200
Fort Worth, TX 76102

RE: Injection Pressure Increase

Hobbs Upper Blinebry Cooperative Waterflood Project (R-11638)
Hobbs; Upper Blinebry Pool (31680)
State I-29 Well No. 7, API 30-025-35672, Unit letter P, Sec 29, T18S, R38E, NMPM
State I-29 Well No. 9, API 30-025-35673, Unit letter P, Sec 29, T18S, R38E, NMPM
State A-29 Well No. 10, API 30-025-35674, Unit letter N, Sec 29, T18S, R38E, NMPM
Lea County, New Mexico

Dear Ms. Smith:

Reference is made to your request on behalf of Texland Petroleum-Hobbs, LLC (OGRID 113315) received by the Division on June 7, 2012 to increase the maximum allowed surface tubing pressure on the above named wells.

These wells were permitted by the Division for water injection by Division Order No. R-11638 approved 20 August 2001. Injection is into the Blinebry formation, Hobbs; Upper Blinebry Pool from a gross interval of 5700 feet to 6100 feet. All three of these wells are currently limited to a maximum tubing surface injection pressure of 1140 psi.

It is our understanding that these wells 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 step rate tests for these wells run in February of 2012, you are hereby authorized to inject at the following maximum surface tubing pressures:

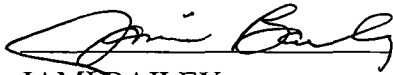
State I-29 Well No. 7,	API 30-025-35672,	1650 psi
State I-29 Well No. 9,	API 30-025-35673,	1730 psi
State A-29 Well No. 10,	API 30-025-35674,	1575 psi

This approval is based on the provision that the tubing size, packer setting depth and completion interval for these wells do 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 these wells. 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 these injection pressure increases if it becomes apparent that the injected fluid is not being confined to the permitted disposal interval or is endangering any fresh water aquifers.

Sincerely,

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

JAMI BAILEY
Director

JB/wvjj

cc: Oil Conservation Division – Hobbs
File: Case No. 12666