

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

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

David R. Catanach, Division Director
Oil Conservation Division



Administrative Order IPI-492
August 10, 2015

Mr. Daniel Hunter
Sundown Energy, LP
16400 Dallas Parkway, Suite 100
Dallas, TX 75248

RE: Injection Pressure Increase
Injection Permit: Order No. R-13785
Reeves Queen Waterflood Project
Reeves; Queen Pool (Code 52070)
30-025-29340 and 30-025-29526

Dear Mr. Hunter:

Reference is made to your request on behalf of Sundown Energy, LP (OGRID 232611) received by the Division on June 24, 2015, to increase the maximum allowed surface tubing pressure on the referenced wells.

These wells were permitted by the Division for injection into the Queen formation within the Reeves Queen Waterflood Project by Division Order No. R-13785 approved January 21, 2014.

Based on step-rate tests for these wells through 2 $\frac{3}{8}$ -inch tubing, you are hereby authorized to inject at the following maximum surface tubing pressure:

| API No. | Well No. | ULSTR | SRT Test Date | Maximum Injection Pressure | Pressure Gradient (in psi/ft) |
|--------------|--|--------------|---------------|----------------------------|-------------------------------|
| 30-025-29340 | Reeves Queen Waterflood Unit Well No. 1 | A-28-18S-35E | 6/17/2015 | 1200 psi | 0.27 |
| 30-025-29526 | Reeves Queen Waterflood Unit Well No. 2 | B-28-18S-35E | 6/18/2015 | 1350 psi | 0.30 |

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

Sincerely,



DAVID R. CATANACH
DIRECTOR

DRC/wvjj

cc: Oil Conservation Division – Hobbs District Office
Case No. 15048
Administrative Application Reference No. pMAM1518154470