

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



June 27, 2016

Mr. Alberto Gutierrez, as agent for Frontier Field Services, LLC
Geolex, Inc.
500 Marquette Ave. NW, Suite 1350
Albuquerque, NM 87102

RE: Commission Order No. R-13443 (as amended); Immediate Notification Parameters

Maljamar AGI Well No. 1 (API 30-025-40420)

Surface Location: 130' FSL & 1813' FEL; Unit O, Sec 21, T17S, R32E, NMPM,
Lea County, New Mexico

Permitted disposal depths: 9579 feet to 10130 feet; Wolfcamp formation

Maljamar AGI Well No. 2 (API 30-025-42628)

Surface Location: 415' FSL & 2115' FEL; Unit O, Sec 21, T17S, R32E, NMPM,
Lea County, New Mexico

Permitted disposal depths: 9600 feet to 10220 feet; Wolfcamp formation

Dear Mr. Gutierrez:

Reference is made to your request on behalf of Frontier Field Services, LLC (OGRID 221115; "Operator") to establish the parameters for immediate notification as stipulated in Findings Paragraph (25)(j) of Commission Order No. R-13443-B. The request is detailed in a Geolex, Inc. correspondence dated May 23, 2016.

The Operator proposes the following parameters (for both AGI wells) that would require immediate notification:

1. Exceedance of the maximum surface injection pressure (or MAOP) of 3200 psig for a period greater than one hour.
2. Failure of a mechanical integrity test (MIT) of the well.
3. Confirmation of any condition that indicates a tubing, packer, or casing leak.
4. Any increase of the annular pressure to a valve that is more than 80 percent of the (surface) injection pressure.
5. Any release of hydrogen sulfide (H₂S) at the well which results in an activation of the facility's approved H₂S contingency plan required under Rule 19.15.11 NMAC.
6. Any workover or maintenance activity that requires intrusive work in well.

The Division concurs to the proposed parameters with the following change to parameter number six and the addition of one parameter.

6. Any unscheduled workover or maintenance activity that requires intrusive work in well.
7. Any notification by an adjacent operator(s) of possible impacts to their producing wells that may indicate communication with the fluids (treated acid gas) disposed in the permitted interval.

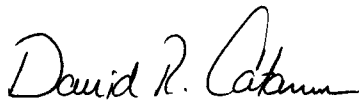
Additionally, the Operator shall contact the Division District I by telephone (within the four hour period following the event) utilizing the Emergency Number posted on the District's webpage (currently: (575) 370-3186). The Operator shall annually review the emergency contact information for the District to ensure a correct telephone number.

Following the verbal and e-mail notifications and within 30 days of the initial notification, the Operator will provide a written summary, on Division Form C-103, of the event that required immediate notification.

The approval of these parameters does not relieve the Operator of any mandatory notification requirements contained in Division Rules 19.15.11 NMAC and 19.15.29 NMAC.

The Division finds that approval of these notification parameters satisfies the requirements of the Order, is in the interest of conservation, will prevent waste, and will protect the environment.

Sincerely,



DAVID R. CATANACH
Director

DRC/prg

cc: Oil Conservation Division – Hobbs District Office
Bureau of Land Management – Carlsbad Field Office
Well File API 30-025-40420
Well File API 30-025-42628
Case File No. 15193