



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

October 17, 2008

Manny Sirgo
CBS Operating Corporation
PO Box 2236
Midland, TX 79702

Re: PMX-223 Time limit Extension
Eddy County, New Mexico

Dear Mr. Sirgo:

For the reasons outlined in your email sent August 25, 2008, the Division is hereby extending the deadline(s) to begin injection into those wells approved by administrative order PMX-223.

The wells approved for injection by PMX-223 are as follows:

North Square Lake Unit Well No. 41, API No. 30-015-04907
1980 FNL & 1980 FWL, (Unit F) Section 29, Township 16 South, Range 31 East, NMPM
Open Hole Interval: 3056 - 3445, Packer at 2960, Maximum Injection Pressure 611 psi.

North Square Lake Unit Well No. 42, API No. 30-015-04908
1980 FNL & 1980 FEL, (Unit C) Section 29, Township 16 South, Range 31 East, NMPM
Open Hole Interval: 3195 - 3482, Packer at 3095, Maximum Injection Pressure 639 psi.

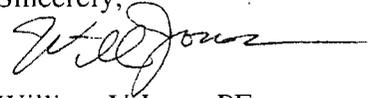
North Square Lake Unit Well No. 43, API No. 30-015-04909
1980 FNL & 660 FEL, (Unit H) Section 29, Township 16 South, Range 31 East, NMPM
Open Hole Interval: 3252 - 3562, Packer at 3150, Maximum Injection Pressure 650 psi.

North Square Lake Unit Well No. 60, API No. 30-015-04914
1980 FSL & 1880 FEL, (Unit J) Section 29, Township 16 South, Range 31 East, NMPM
Perforated Interval: 3300 - 3502, Packer at 3200, Maximum Injection Pressure 660 psi.

North Square Lake Unit Well No. 61, API No. 30-015-04903
1980 FSL & 660 FEL, (Unit I) Section 29, Township 16 South, Range 31 East, NMPM
Open Hole Interval: 3265 - 3433, Packer at 3165, Maximum Injection Pressure 652 psi.

The deadline for each well to begin injection is **hereby extended to October 17, 2010**. If such well has not begun injection by that time, its permit to inject shall automatically expire. All other requirements in PMX-223 and all requirements pertaining to each individual well shall remain in full force and effect.

Sincerely,



William V Jones PE
William.v.jones@state.nm.us
505-476-3448

cc: Oil Conservation Division – Artesia
File: PMX-223

505476-3448

From: mastres@aol.com [mailto:mastres@aol.com]
Sent: Monday, August 25, 2008 1:14 PM
To: Jones, William V., EMNRD
Subject: CBS Operating Corp.- Request for extension for PMX-223

Will,

CBS Operating continues to devote it's efforts and resources to restoring to compliance wells associated with the 64 wells originally identified in CBS Agreed Order NMOCD-136. To date CBS has completed restoring to compliance all 16 non compliant injection wells. These wells were required to be in compliance by Dec 1,2007. CBS subsequently has brought into compliance 13 of the remaining 44 non compliant wells listed in Agreed order NMOCD-136.

These wells are as follows:

Featherstone #2-30-015-05037
Fed JJ # 3 30-015-20737
Federal L-4 30-015-04411
Fed R-7 30-015-20695
HG Watson 6 30-015-20312
JL Langford 6 30-015-03362
Loco Hills A-6 30-015-10611
Loco Hills A-7 30-015-20615
North Square Lake Unit 70 30-015-20316
North Square Lake Unit 71 30-015-03924
Travis D Fed 12 30-015-03513
Wilson 2- 30-015-05041
Artesia St. 3-1 30-015-00895

In April 2008, the BLM approved a sundry notice they required CBS to enter into that complimented the NMOCD's non compliant order with CBS. In addition to the 13 wells identified above CBS has 4 remaining wells to restore to compliance prior to Dec 31, 2008. As a result of these requirements CBS respectfully request an extension to PMX-223 due to expire on October 17,2008,as the above stated requirements will consume all of CBS's time and resources.

I would like to make you aware that CBS has maintained it's efforts with regard to pursuing increased benefits at the North Square Lake Unit from waterflood activities. CBS has been able to substantially increase water injection volumes in the Unit versus volumes being injected at the time CBS acquired this project and made application to the NMOCD for further C-108's. Injection volumes have been increased from the 10,000 to 18,000 bw/per month range to our best 2 months this year of 60,000 bw/per month. Production response to these activities began in the 4th quarter of last year. 2008 production volumes are projected to be 10% higher than last year. We look forward to returning all of our efforts to further developing the North Square Lake Unit waterflood efforts.

Sincerely,
Manny Sirgo

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10/14/2008