New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jim Noel
Cabinet Secretary

Karen W. Garcia
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division

Administrative Order IPI-382
November 15, 2010

Beach Exploration, Inc.
800 North Marienfeld, Suite 200
Midland, Texas 79701

Attention: Mr. James Bruce (Attorney)

RE: Injection Pressure Increase Request

Eastland Queen Unit Waterflood Project (Case No 13973, Order No R-12833)

EQU Well No. 7	API No. 30-015-25888, Unit H, Sec 1
EQU Well No. 11	API No. 30-015-03542, Unit H, Sec 1
EQU Well No. 12	API No. 30-015-25856, Unit L, Sec 1
EQU Well No. 15	API No. 30-015-26190, Unit J, Sec 2
EQU Well No. 17	API No. 30-015-10235, Unit K, Sec 1
EQU Well No. 22	API No. 30-015-25887, Unit M, Sec 1

All in Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico
Turkey Track-Seven Rivers- Queen-Grayburg-San Andres Pool (61020)
East Turkey Track-Queen Pool (60920)

Reference is made to your request on behalf of Beach Exploration, Inc. (OGRID 1903) received by the Division October 12, 2010, to increase the surface injection pressure limit on the six above named wells in the in the Eastland Queen Unit Waterflood Project.

Hearing Order No. R-12833 approved on October 25, 2007, permitted Beach Exploration, Inc. to inject water into the Queen formation within portions of the Turkey Track-Seven Rivers-Queen-Grayburg-San Andres Pool and the East Turkey Track-Queen Pool. Injection pressures were originally set a 1000 psi for all wells in this Unit.

It is our understanding that these wells will not take sufficient volumes of water at these pressure limits and higher pressure limits are needed to optimize the waterflood operation within this unit.

The basis for granting your requested pressure increases is based on the injection step rate tests run on these wells in July 2010. You measured both surface and bottomhole pressures during this test. The results of the step rate tests data show that an increase in the surface injection pressure for these wells is justified and will not result in the fracturing of the injection

formation and confining strata.

You are hereby authorized to utilize up to the following maximum surface injection pressures on these wells provided the tubing, size, type, and setting depth does not change. However, you are prohibited from injecting at pressures that would induce fracturing in individual wells.

Well		Top Perf	Max Pressure
EQU Well No. 7	API No. 30-015-25888	2400 ft	1250
EQU Well No. 11	API No. 30-015-03542	2414 ft	1360
EQU Well No. 12	API No. 30-015-25856	2272 ft	1260
EQU Well No. 15	API No. 30-015-26190	2270 ft	1230
EQU Well No. 17	API No. 30-015-10235	2360 ft	1350
EQU Well No. 22	API No. 30-015-25887	2326 ft	1270

This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 5.9.

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.

Sincerely,

Mark E. Fesmire, P.E.
Acting Director

MEF/tw

cc: Oil Conservation Division – Artesia
Case-13973