

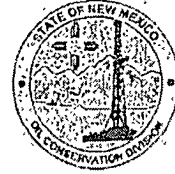
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

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

JamI Bailey
Division Director
Oil Conservation Division



Administrative Order SWD-1345

July 25, 2012

30-015-40553

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of 19.15.26.8B NMAC, LRE Operating, LLC seeks an administrative order to utilize its proposed Eddy-Humble "4" State SWD Well No. 1 (API 30-015-NA) to be located 2310 feet from the South line and 1650 feet from the East line, Unit letter J of Section 4, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico, for produced water disposal purposes.

THE DIVISION DIRECTOR FINDS THAT:

The application has been duly filed under the provisions of 19.15.26.8B NMAC and satisfactory information has been provided that affected parties as defined in said rule have been notified and no objections have been received within the prescribed waiting period. The applicant has presented satisfactory evidence that all requirements prescribed in 19.15.26.8 NMAC have been met and the operator is in compliance with 19.15.5.9 NMAC.

IT IS THEREFORE ORDERED THAT:

The applicant, LRE Operating, LLC, is hereby authorized to utilize its proposed Eddy-Humble "4" State SWD Well No. 1 (API 30-015-NA) to be located 2310 feet from the South line and 1650 feet from the East line, Unit letter J of Section 4, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico, for disposal of oil field produced water (UIC Class II only) into the Abo, Wolfcamp, and Cisco formations through perforations from approximately 6705 feet to 9000 feet through internally coated tubing and a polished bore receptacle set in a 4-1/2 inch liner top at approximately 6580 feet.

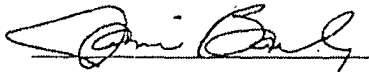
Within one year after commencing disposal into this well, the operator shall run an injection survey with temperature/tracer log or equivalent. Copies of the mudlog (as per the application) and this injection survey shall be supplied to Yates Petroleum Corporation and to the Division's Hobbs district office.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the disposed water enters only the proposed disposal interval and is not permitted to escape to other formations or onto the surface.

Compliance with this order does not relieve the operator of the obligation to comply with other applicable federal, state or local laws or rules, or to exercise due care for the protection of fresh water, public health and safety and the environment.

Jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh or protectable waters or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the disposal authority granted herein.


JAMI BAILEY
Director

JB/wvjj

cc: Oil Conservation Division – Artesia
State Land Office – Oil, Gas, and Minerals Division