



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Jim Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Administrative Order IPI-368
May 18, 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 (R-12833)
East Turkey Track-Queen Pool (60920)
Turkey Track-Seven Rivers-Queen Grayburg-San Andres Pool (61020)
Eddy County, New Mexico

Reference is made to your request on behalf of Beach Exploration, Inc. (OGRID 1903) received by the Division April 15, 2010, to increase the surface injection pressure limit on the Seven (7) injection wells (Exhibit "A").

The original permitted maximum pressure on these wells was governed by Division Order No. R-12833 issued in Case No. 13973 on October 25, 2007. Thirteen (13) injection wells were permitted, and the maximum surface injection pressure was set at 1000 psi.

It is our understanding the wells in Exhibit "A" need additional surface injection pressure to balance injection and withdrawal rates in order to optimize waterflood operations. The basis for granting these pressure increases are the seven step rate tests run by Beach between April 23 and September 9, 2009.

Beach Exploration, Inc. is hereby authorized to increase the maximum surface injection pressure on the six of the seven wells shown below in Exhibit "A", provided the tubing, size, type, setting depths and perforation depths do not change, but is prohibited from injecting at pressures that would induce fracturing in individual wells.

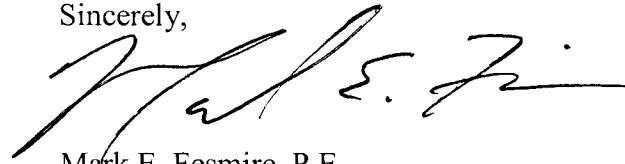


This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 5.9.

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, or is causing waste of oil and gas.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', written in a cursive style.

Mark E. Fesmire, P.E.
Acting Director

MEF/tw

cc: Oil Conservation Division - Artesia
File: R-12833

Exhibit "A"
BEACH EXPLORATION, INC.
EASTLAND QUEEN UNIT
Township 19S, Range 29E, NMPM, EDDY County, NM
Injection Pressure Increases

Well	API	Location	Unit	Current Surface Injection Pressure (psig)	Perforations		Maximum Surface Injection Pressure (psig)
					Top (ft)	Bottom (ft)	
1	30-015-25655	S-1, T-19S, R-29E	D	1,000	2,306	2,341	1,050
2	30-015-24911	S-1, T-19S, R-29E	C	1,000	2,328	2,370	1,100
4	30-015-25794	S-1, T-19S, R-29E	A	1,000	2,398	2,418	1,190
8	30-015-26444	S-2, T-19S, R-29E	H	1,000	2,244	2,294	1,330
23	30-015-26235	S-11, T-19S, R-29E	D	1,000	2,216	2,237	1,000
24	30-015-26095	S-11, T-19S, R-29E	C	1,000	2,229	2,247	1,300
26	30-015-26120	S-11, T-19S, R-29E	A	1,000	2,268	2,301	1,250