

-015

hereby authorized to institute a waterflood project in the Red Lake Pool by the injection of water into the San Andres formation

through its Paton Federal Well No. 2, located in Unit N of Section 6, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, injection to be accomplished through 2 3/8-inch tubing installed in a packer set at approximately 1650 feet, with injection into the perforated interval from approximately 1662 feet to 1699 feet;

PROVIDED HOWEVER, that the tubing shall be cement-lined; that the casing-tubing annulus shall be filled with an inert fluid; and that a pressure gauge shall be attached to the annulus at the surface in order to determine leakage in the casing, tubing, or packer.