

P Injection is to be through the 13 authorized water injection wells,
each of which shall be equipped with tubing and a packer with dual
injection down the annulus into the Premier zone of the Grayburg
formation and down the tubing into the San Andres formation. It is
our understanding that after a trial period the injection streams
Y into the two zones will be combined through tubing if injection rates
and pressures are compatible. It is our further understanding that
the majority of the wells have surface casing set to the top of the
Premier pay or near thereto, while some of the wells have either no
surface casing or only a limited amount thereof. The period for
injection down the annulus is therefore limited to six months in the
Brainard Well No. 4, the Simon Federal "B" Well No. 1, and the Mann
Federal Well No. 2 (Unit Wells Nos. 24, 17, and 31, respectively).

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