

7, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico, in such a manner as to permit the injection of acid gas for disposal purposes into the Devonian formation from a depth of 11200 feet to 11500 feet through 2 7/8 inch plastic-lined tubing set in a packer located at approximately 11100 feet.

IT IS FURTHER ORDERED THAT:

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

Prior to commencing injection operations into the well and at least once per year thereafter, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

During drilling operations, the operator shall monitor the well for hydrocarbon shows. Any hydrocarbon shows within the Devonian shall be reported to the Division prior to commencing injection operations into the well.

The operator shall obtain native formation water samples from the Devonian formation subsequent to completion of drilling operations. These water samples shall be analyzed and the results sent to the Santa Fe Office of the Division.

The casing-tubing annulus shall be loaded with an inert corrosion inhibited fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

The operator shall ensure that injected acid gas is properly dehydrated prior to entering the Devonian injection zone.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 2000 psi. The operator shall attempt to maintain the injected fluid in the non-corrosive phase with minimum pressure regulating devices as necessary.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected gases from the Devonian formation. Such proper showing shall at least consist of a valid step-rate test run in accordance with and acceptable to this office.