

CASE 5040: Application of WALLEN  
PRODUCTION CO. FOR A PRESSURE  
MAINTENANCE PROJECT, LEA COUNTY.

CASE No.

5040

Application,

Transcripts,

Small Exhibits

ETC.



BRUCE KING  
GOVERNOR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

September 8, 1982

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-2434

Walter W. Krug  
Box 1960  
Midland, Texas 79702

Attention: Helen R. Krug

Re: Request for Reclassification  
of Federal Well No. 2, Unit C,  
990' FNL, 1650' FWL, Section 20,  
Township 20 South, Range 34 East,  
NMPM, Lea County, New Mexico

Gentlemen:

Pursuant to your request to have Federal Well No. 2, Unit C, 990 feet from the North line and 1650 feet from the West line, Section 20, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, administratively reclassified under Rule 707 from a waterflood to a salt water disposal well, by the authority vested in me by the Oil Conservation Division the subject well is hereby reclassified as a salt water disposal well (SWD).

The subject well shall receive administrative Order No. SWD-249 and Division Order No. R-4621 is hereby suspended *Case* as to such well; however, said well shall be bound by the *50%* following requirements:

1. That the operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.
2. That the casing-tubing annulus shall be loaded with an inert 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.
3. That 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 640 psi.

4. That 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 fluid from the Yates-Seven Rivers formation.

5. That the operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment so that the same may be inspected.

6. That the operator shall immediately notify the supervisor of the Division's Hobbs district office of the failure of the tubing, casing, or packer, in said well or the leakage of water from or around said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

7. That injection shall be into the open hole interval from 3202 feet to 3847 feet through plastic coated tubing set in a packer located at the depth of 3199 feet.

8. That jurisdiction of this cause is hereby retained by the Division for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after notice and hearing, the Division may terminate the authority hereby granted in the interest of conservation. That applicant shall submit monthly reports of the disposal operations in accordance with Rule 706 and 1120 of the Division Rules and Regulations.

Approved at Santa Fe, New Mexico, on this 15th day of September, 1982.

JOE D. RAMEY  
Director

JDR/fd

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103  
1216 FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87108

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
CONFERENCE ROOM, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
August 9, 1973

EXAMINER HEARING

IN THE MATTER OF:

Case No. 5040

Application of Wallen Production  
Company for a pressure maintenance  
project, Lea County, New Mexico.

BEFORE: ELVIS A. UTZ,  
Examiner.

TRANSCRIPT OF HEARING

1 MR. UTZ: Case 5040.

2 MR. CARR: 5040. Application of Wallen Production  
3 Company for a pressure maintenance project, Lea County,  
4 New Mexico. Applicant, in the above-styled cause, seeks  
5 authority to institute a pressure maintenance project by  
6 the injection of water into the Yates Seven-Rivers  
7 formation in its Federal Well No. 2 located in Unit C  
8 of Section 20, Township 20 South, Range 34 East, North  
9 Lynch Yates-Seven Rivers Pool, Lea County, New Mexico.

10 MR. UTZ: Will you stand and be sworn, please?

11 (Whereupon, the witness was sworn by Mr. Carr.)

12 \* \* \* \*

13 WALTER W. KRUG,

14 was called as a witness, and after having been duly  
15 sworn, testified as follows:

16 MR. UTZ: Are there other appearances in this case?

17 (No response.)

18 MR. UTZ: You may proceed.

19 DIRECT EXAMINATION

20 BY MR. UTZ:

21 A As shown on these small plats, I need to verify that  
22 I'm the only one on the anomaly and that the water that  
23 I'm trying to put away is coming from the same formation  
24 that I'm putting it into. The reason I picked Well No. 2  
25 is because it's as close to the oil-water contact as any

1 well that I have. And it's produced water, being salt  
2 water, with some amount of hydrogen sulfide, minor amounts,  
3 and I'd like to put it back into the formation to keep  
4 the pressure up the best way I can. That would save me  
5 trouble and sweating later on. What water I put in now,  
6 I won't have to put in later and it's water that I need  
7 to dispose of anyhow. So common sense tells me this  
8 is the proper place to put it. Those show the anomaly  
9 through that cross section as that red line.

10  
11  
12 MR. UTZ: Traces on your exhibit, which exhibit  
13 is this?

14 MR. KRUG: That's the anomaly plat.

15 MR. UTZ: You want to mark them as an exhibit,  
16 right? Exhibit Number One be okay?

17 MR. KRUG: Yes, sir, that would be fine. I only  
18 have two.

19 MR. UTZ: We will label the cross section Exhibit  
20 Number Two.

21 A The amount of water involved at the present time is  
22 29 barrels.

23 Q (By Mr. Utz) A day?

24 A Sir?

25 Q Per day?

1 A Yes, sir. Twenty nine barrels per day. There will be  
2 additional wells. I can't give an estimate on the  
3 amount of water involved there; I can only tell you what  
4 I have now.

5 The pressure that I'd be putting it away at is  
6 1100 per square inch. That's untreated reservoir. It  
7 was 1100 pounds to start with; it's 1100 pounds now.

8 Q Would that be a water drive pool?

9 A No, sir. It is true there is water there all right; but  
10 the very best I could call it is a minor water drive. It's  
11 mainly gas solution.

12 Q In your Federal Number Two now producing at all?

13 A No, sir. It is not.

14 Q Was it ever?

15 A No, it has not. It had four feet oil slum and that's  
16 about as low oil water contact as you can get.

17 Q Do you have any information available as to what casing  
18 is in the well and what you plan to do as far as tubing  
19 or casing program?

20 A Only that I have seven inch casing cemented on the surfaces  
21 at 3204. The tubing is by Packer set three and a half  
22 foot off the bottom of the casing. That's my actual  
23 measurement.

24 Q Approximately 3202, then?

25 A Yes, sir.



- 1 Q And tubing?
- 2 A Cement lined tubing and all my lining is plastic coated,  
3 including the nipple and all accessories.
- 4 Q You mean your service line?
- 5 A Yes, sir. I have a gas hole pump to put on it by Marine.
- 6 Q Do you intend to fill the annulus and insert fluid?
- 7 A Yes, sir, with Contol. Two barrels of Contol added, that's  
8 a corrosion inhibitive.
- 9 Q And you'll put a gauge at the surface of the annulus to  
10 detect any leakage?
- 11 A Pressure gauge?
- 12 Q Yes.
- 13 A Yes, sir, both on the tubing and on the casing, so we  
14 know when there's a leak. I'm using lock-set, Baker  
15 lock-set. It'll be set with five points.
- 16 Q Okay. Now, you spoke of the other wells a moment ago.  
17 You mean water wells?
- 18 A No, sir. Oil wells, hopefully.
- 19 Q Well, how many do you have producing now?
- 20 A Four.
- 21 Q Do you know whether or not you're going to water flood  
22 this area?
- 23 A Yes, sir, I will. It's an anomaly now. I ought to add  
24 this again. I can't prove it; the only way I could  
25 present it was that the --call it the weakest way, in that

dearnley, meier &amp; associates

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103  
1210 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 I'm calling two anomalies, two anomalies you see over  
2 there Number 7 is by my number 4 and as drilling a well  
3 anomaly if it turns out upon one anomaly, I estimate five  
4 more wells. All I could do, Mr. Chairman, was to make  
5 it the way it is showing that as it's water well there's  
6 not only two more wells, Number 7 and one south of the  
7 sixth, of the middle anomaly.

8 Q To be certain we understand, are these pretty good wells?  
9 Are they producing at a fair rate?

10 A They're very adequate wells.

11 Q What did they produce?

12 A They're averaging 25 barrels per day. At that depth,  
13 it's not bad, and mainly that's due to the fact that  
14 it's a gas solution drive. They're long life wells.  
15 The Number One there has vintage in 1928, on the lower  
16 anomaly.

17 MR. UTZ: Are there other questions of the  
18 witness? If there are no further questions, the  
19 witness may be excused. Statements in the case?  
20 There are no statements. We will take the case under  
21 advisement.  
22  
23  
24  
25

dearnley, meier & associates

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-8691, ALBUQUERQUE, NEW MEXICO 87103  
1216 FIRST NATIONAL BANK BLDG., EAST, ALBUQUERQUE, NEW MEXICO 87108

REPORTER'S CERTIFICATE

I, CLAUDIA FAHRENTHOLD, a Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.

Claudia J. Fahrenthold  
COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5840 heard by me on Aug 7, 1979.  
[Signature], Examiner  
New Mexico Oil Conservation Commission

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I N D E X

WITNESS,

WALTER W. KRUG

Direct Examination by Mr. Carr

Page  
3



# OIL CONSERVATION COMMISSION

**STATE OF NEW MEXICO**  
**P. O. BOX 2088 - SANTA FE**  
**87501**

**I. R. TRUJILLO**  
CHAIRMAN  
**LAND COMMISSIONER**  
**ALEX J. ARMJO**  
MEMBER  
**STATE GEOLOGIST**  
**A. L. PORTER, JR.**  
SECRETARY - DIRECTOR

**August 27, 1973**

Mr. Walter W. Krug  
Wallen Production Company  
308 N. Colorado  
Suite 4  
Midland, Texas 79701

Re: CASE NO. 5040  
ORDER NO. R-4621  
Applicant:  
Wallen Production

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.  
A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x  
Artesia OCC \_\_\_\_\_  
Aztec OCC \_\_\_\_\_

Other \_\_\_\_\_ State Engineer Office

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 5040  
Order No. R-4621

APPLICATION OF WALLEN PRODUCTION  
COMPANY FOR A PRESSURE MAINTENANCE  
PROJECT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 9, 1973,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 24th day of August, 1973, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required by  
law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Wallen Production Company, seeks  
authority to institute a waterflood project in the North Lynch  
Yates-Seven Rivers Pool, by the injection of water into the  
Yates-Seven Rivers formation through its Federal Well No. 2,  
located in Unit C, 1650 feet from the West line and 990 feet from  
the North line of Section 20, Township 20 South, Range 34 East,  
NMPM, Lea County, New Mexico.

(3) That the wells in the area of the project are classified  
as "marginal" wells.

(4) That the subject waterflood project is in the interest  
of conservation and may result in the recovery of otherwise  
unrecoverable oil, thereby preventing waste.

(5) That the operator should take all steps necessary to  
ensure that the injected water enters only the proposed injection  
interval and is not permitted to escape to other formations or  
onto the surface from injection, production, or plugged and  
abandoned wells.

-2-

Case No. 5040  
Order No. R-4621

(6) That the subject application should be approved and the project should be governed by the provisions of Rules 701, 702 and 703 of the Commission Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Wallen Production Company, is hereby authorized to institute a waterflood project in the North Lynch Yates-Seven Rivers Pool, by the injection of water into the Yates-Seven Rivers formation through the Federal Well No. 2, located in Unit C, 1650 feet from the West line and 990 feet from the North line of Section 20, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, that injection shall be through internally cement-coated tubing set in a packer at approximately 3202 feet; that the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface to facilitate detection of leaks in the casing, tubing or packer.

(2) That the subject project is hereby designated the Wallen North Lynch Waterflood Project and shall be governed by the provisions of Rules 701, 702 and 703 of the Commission Rules and Regulations.

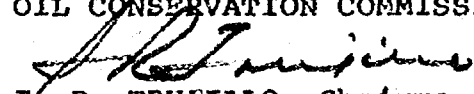
(3) That the operator shall immediately notify the supervisor of the Commission's Hobbs district office of the failure of the tubing or packer in any of said injection wells, the leakage of water or oil from around any producing well, or the leakage of water or oil from any plugged and abandoned well within the project area and shall take such timely steps as may be necessary or required to correct such failure or leakage.

(4) That monthly progress reports of the project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

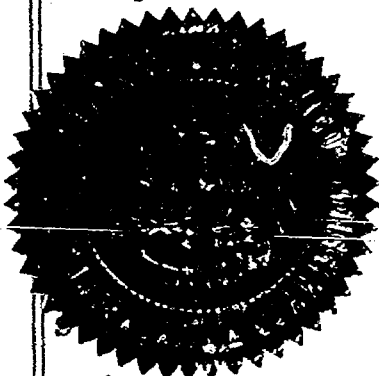
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
L. R. TRUJILLO, Chairman

  
ALEX J. ARMILLO, Member

  
A. L. PORTER, Jr., Member & Secretary



dr/

Case 5040  
Held 8-9-73  
Re. 8-10-73

Grant. Weller Prod Co.  
Permission to connect their  
Well #2 C-20-2034. To a Co.  
to a pressure Maintenance  
injection well. Produced  
H<sub>2</sub>O from the W. Lynch Yates-  
S. P. Pool will be injected.  
Content Control tubing will  
be used packer to be set  
approx 13202. Injection  
#202 to 3450.

The O.R.

Approved by [Signature]  
W. [Signature] at [Signature]  
#2



DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 9, 1973

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

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The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for September, 1973, from seventeen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for September, 1973.

CASE 4933: (Readvertised)

Application of Texaco Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation through the perforated interval from 4280 feet to 4288 feet in its R. T. Wilson Federal Well No. 5 located in Unit J of Section 24, Township 26 South, Range 31 East, North Mason-Delaware Pool, Eddy County, New Mexico.

CASE 5040: Application of Wallen Production Company for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project by the injection of water into the Yates Seven-Rivers formation in its Federal Well No. 2 located in Unit C of Section 20, Township 20 South, Range 34 East, North Lynch Yates-Seven Rivers Pool, Lea County, New Mexico.

CASE 5041: Application of W. T. Wynn for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Kaiser Lake Unit Area comprising 960 acres, more or less, of federal and fee lands in Township 18 South, Ranges 26 and 27 East, Eddy County, New Mexico.

CASE 4789: (Reopened)

In the matter of Case No. 4789 being reopened pursuant to the provisions of Order No. R-4375, which order established special rules and regulations for the Many Gates-Abo Pool, Chaves County, New Mexico, including a provision for 80-acre proration units. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing.

CASE 4548: (Reopened)

In the matter of Case No. 4548 being reopened pursuant to the provisions of Order No. R-4157, which order established special rules and regulations for the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, including a provision for 640-acre proration units. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

CASE 4745: (Reopened)

In the matter of Case No. 4745 being reopened pursuant to the provisions of Order No. R-4365, which order established special rules and regulations for the Penasco Draw San Andres-Yeso Pool, Eddy County, New Mexico, including a provision for classification of oil wells and gas wells, the spacing thereof, and a limiting gas-oil ratio of 3000 to 1. All interested parties may appear and show cause why said pool rules should remain in effect.

CASE 5042: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Everett D. Burgett and Fireman's Fund American Insurance Companies and all other interested parties to appear and show cause why the Pure State Wells Nos. 1, 2, 3, and 7 located in Units J, J, O, and O, respectively, of Section 15, Township 21 South, Range 27 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5043: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Kent Shannon and American Employers' Insurance Company and all other interested parties to appear and show cause why the Chaparral Tejano Well No. 1 located in Unit D of Section 10, Township 7 South, Range 26 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5044: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Sycor Newton, Peru Milling Company, R. E. Deming and Aetna Life and Casualty Company and all other interested parties to appear and show cause why the State L 6350 Well No. 1 located in Unit M of Section 10, Township 23 South, Range 11 West, Luna County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5045: Application of Southern Union Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the Wilson Federal Well No. 1 at an unorthodox location 2310 feet from the North line and 990 feet from the East line of Section 13, Township 22 South, Range 24 East, Eddy County, New Mexico, and to deepen said well to the Morrow formation, the N/2 of said Section 13 to be dedicated to the well.

CASE 5036: (Continued from the July 25, 1973, Examiner Hearing)

Application of The Wil-Mc Oil Corporation for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the San Andres formation in the perforated interval from 4208 feet to 4282 feet in its Champlin State Well No. 1 located in Unit M of Section 3, Township 8 South, Range 33 East, Chaveroo-San Andres Pool, Chaves County, New Mexico.



OFFICE PHONE  
A/C 915 693-2600

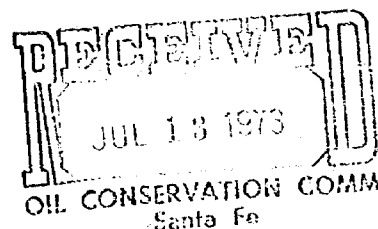
HOME PHONE  
A/C 915 563-0048

WALTER W. KRUG

308 N. COLORADO  
SUITE 4  
MIDLAND, TEXAS 79701

*Case 5040*

July 11, 1973



New Mexico Oil Conservation Commission  
The State Land Office Building  
Santa Fe, New Mexico 87501

Attn: Mr. A. L. Porter

*North Lynn Water - SK*

Re: Approval for water flood  
(pressure maintenance)  
well, located 1650 ft. FWL  
and 990 ft. FNL of section  
20, T 20 S-R 34 E, Lea  
County, New Mexico.

Dear Sir:

Would you please consider this letter as a request for approval to make the above subject Federal No. 2 well into a water flood well (at the present time it would be just a salt water disposal well, but gradually we would make it into a water flood well)? This well is at the edge of our anomaly and being at the oil water contact, having only a 4 foot oil column--ideal for disposal or water flood purposes. I have other producing wells within a half mile of this well but I am the only producer on the anomaly affected. I hope that I can get the administrative approval; however, if I cannot, would you please let me know when the hearing would come up.

Your favorable consideration and prompt reply will be appreciated.

Very truly yours,

*Walter W. Krug*

Walter W. Krug  
Wallen Production Company

WWK/rkc

DOCKET MAILED

Date 7-27-73

DRAFT

TWD/dr

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 5040

Order No. R-4621

APPLICATION OF WALLEN PRODUCTION  
COMPANY FOR A PRESSURE MAINTENANCE  
PROJECT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 9, 1973,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this \_\_\_\_\_ day of August, 1973, the Commission,  
a quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required by  
law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Wallen Production Company, seeks  
authority to institute a waterflood project in the North Lynch  
Yates-Seven Rivers Pool, by the injection of water into the  
Yates-Seven Rivers formation through its Federal Well No. 2,  
located in Unit C, 1650 feet from the West line and 990 feet from  
the North line of Section 20, Township 20 South, Range 34 East,  
NMPM, Lea County, New Mexico.

(3) That the wells in the area of the project are classified as "marginal" wells.

(5) That the operator should take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

Lynch

(1) That the applicant, Wallen Production Company, is hereby authorized to institute a waterflood project in the North Yates-Seven Rivers Pool, by the injection of water into the Yates-Seven Rivers formation through the Federal Well No. 2, located in Unit C, 1650 feet from the West line and 990 feet from the North line of Section 20, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico.

(2) That the subject project is hereby designated the *North Lynch* Wallen Production Company Waterflood Project and shall be governed by the provisions of Rules 701, 702 and 703 of the Commission Rules and Regulations.

(3) That the operator shall immediately notify the supervisor of the Commission's *Alameda* district office of the failure of the tubing or packer in any of said injection wells, the leakage of water or oil from around any producing well, or the leakage of water or oil from any plugged and abandoned well within the project area and shall take such timely steps as may be necessary or required to correct such failure or leakage.

entry of such failure

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

*PROVIDED HOWEVER, that injection shall be through internally cement-coated tubing set in a packer at approximately 3202 feet; that the casing tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface to facilitate detection of leaks in the casing, tubing or packer.*