

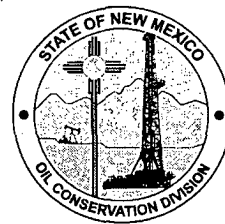
State of New Mexico
Energy, Minerals and Natural Resources Department

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Jami Bailey
Division Director
Oil Conservation Division



Administrative Order PMX-262
March 28, 2012

APPLICATION OF LINN ENERGY, LLC. TO EXPAND ITS PRESSURE MAINTENANCE PROJECT IN THE EAST HOBBS SAN ANDRES UNIT IN LEA COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order R-11980-A, Linn Energy, LLC. (OGRID No. 269324) has made application to the Division on February 14, 2012 for permission to expand its East Hobbs San Andres Unit Pressure Maintenance Project in the Hobbs; San Andres, East Pool(32300) in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

The application was filed in due form. No objections have been filed within the waiting period prescribed by Division Rule 19.15.26.8(C) NMAC. The proposed well is eligible for conversion to injection under the terms of Rule 19.15.26.8 NMAC. The current operator is in compliance with Rule 19.15.5.9 NMAC.

The proposed expansion of the above-referenced enhanced oil tertiary recovery project will not cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED THAT:

The operator of the East Hobbs San Andres Unit is hereby authorized to inject into the Grayburg-San Andres formation, Hobbs Grayburg-San Andres Pool, though the perforated interval from approximately 4,450 feet to 4,600 feet using 2-7/8-inch fiberglass lined tubing set in a packer located within 100 feet of the top of the unitized interval in the following-described well for the purpose of tertiary recovery to wit:



East Hobbs San Andres Unit Well No. 999 (API 30-025-39209)
990' FNL & 990' FEL (Unit A) Section 31, Township 18S, Range 39E
Injection Interval: Perforated 4,453 feet to 4,592 feet

IT IS FURTHER ORDERED THAT:

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

Prior to commencing injection operations into the well, injection casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The casing-tubing annulus shall openly extend to within 100 feet of the top of the injection interval and 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.

The injection well or injection system shall be equipped with pressure limiting devices which will limit the wellhead pressure to the maximum surface injection pressures of 890 PSI.

The well shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT testing procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC.

The operator shall notify the supervisor of the Division's district office of the date and time of the installation of injection equipment and of all mechanical integrity tests so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Division's district office of any failure of tubing, casing, or packer and shall take such steps as may be timely and necessary to correct such failure or leakage.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator that such higher pressure will not result in waste of oil and gas or migration of the injected fluid from the permitted injection interval. Such proper showing shall be accompanied by valid step-rate test(s) run in accordance with and acceptable to this office.

The subject well shall be governed by all provisions of Division Order No. R-11980-A, as amended, and Rules 26.9-26.13 of the Division Rules and Regulations not inconsistent herewith.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

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 mailed prior to the one year deadline, may grant an extension thereof for good cause shown.


Jami Bailey
Division Director

JB/tw

cc: Oil Conservation Division – Hobbs
File (API No. 30-025-39209)
Case 13041