

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
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David Martin
Cabinet Secretary

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Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



Administrative Order IPI-464
March 12, 2014

Mr. Mike Pippen
Lime Rock Resources II-A, LP
3104 N. Sullivan Avenue
Farmington, NM 87401

RE: Injection Pressure Increase

Injection Permit: Administrative Order SWD-1338

Pool: SWD; Abo, Wolfcamp, Cisco/Canyon formations (Pool code: 97967)

Oxy Peso No. 1 API 30-015-34683

Unit F, Sec 24, T18S, R27E, NMPM, Eddy County, New Mexico

Dear Mr. Pippen:

Reference is made to your request on behalf of Lime Rock Resources II-A, LP (OGRID 277558; "Lime Rock") received by the Division on November 19, 2013, to increase the maximum allowed surface tubing pressure on the above named well.

This well was permitted by the Division for disposal of UIC Class II produced waters in the Abo, Wolfcamp, Cisco/Canyon formations by Administrative Order SWD-1338 approved June 15, 2012. The Division Order permitted the injection of produced water into the Abo and Wolfcamp formations through perforations from approximately 6690 feet to 7300 feet with additional injection through open hole into the Wolfcamp and Cisco/Canyon formations from 7300 feet to 9200 feet. The Division allowed a maximum surface disposal pressure of 1338 pound per square inch (psi).

Upon review of the application, Lime Rock was informed of inconsistencies in the description of the injection interval as submitted in Form C-105 for the above named well. Lime Rock amended the Form C-105 for the well and provided supporting data to show the well's completion for injection was within the permitted interval.

It is our understanding that this well will not take a sufficient volume of fluid at the current pressure limit and a higher pressure limit is needed. It is also understood that an increase will not result in the fracturing of the formation and confining strata.

Based on a step-rate test for this well conducted October 31, 2013, through 4 ½-inch tubing, you are hereby authorized to inject at the following maximum surface tubing pressure:

Oxy Peso No. 1

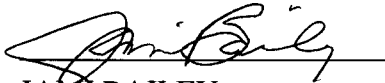
API 30-015-34683

2000 psi

This approval is based on the provision that the tubing size, packer setting depth and completion interval for this well does not change. Any future requested pressure increase will require resubmission of additional data and a new step-rate test. The Division Director retains the right to require at any time wireline verification of completion and packer setting depths in this well. This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 19.15.5.9 NMAC.

The Division Director may rescind this permitted injection pressure increase if it becomes apparent that the injected fluid is not being confined to the permitted disposal interval or is endangering any fresh water aquifer.

Sincerely,



JAMI BAILEY
Director

JB/prg

cc: Oil Conservation Division – Artesia
State Land Office – Oil, Gas and Minerals Division
SWD-1388

Enclosure: Lime Rock Resources II-A, LP correspondence dated February 26, 2014