

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order IPI-414

April 17, 2012

Application Reference No. pTWG1212150740

Seely Oil Company
815 West Tenth Street
Fort Worth, TX 76102

Attention: Melissa Appleby

RE: Injection Pressure Increase

EK Penrose Sand Unit Well's No. 122, 401, 802 and 901
Township 18 South, Range 34 East, NMPM
Lea County, New Mexico

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Reference is made to your request on behalf of Seely Oil Company (OGRID 20497) received by the Division on April 30, 2012 to increase the surface injection pressures on the EK Penrose Sand Unit Well's No. 122, 401, 802 and 901.

These wells were approved by the Division for injection into the Penrose Sand Member of the Queen formation, EK Yates-Seven Rivers-Queen Pool from approximately 4,650 feet to 4,825 feet with Division Order Number R-11929 and given a maximum surface injection pressure of 926 psi.

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

Based on the individual step rate injection tests conducted on each of these wells by Seely in October of 2011 we feel the data supports your requested surface pressure increases.

You are hereby authorized to increase the surface injection pressure on the following well located in Eddy County, New Mexico:



WELL_NAME	API	N-S	E-W	Unit	Sec	Tsp	Rge	Top Perf	Surf Pres
E-K Penrose Sand Unit Well No. 122	30-025-02345	1980 FSL	1887 FWL	K	19	18S	34E	4678	2300
E-K Penrose Sand Unit Well No. 401	30-025-27759	1980 FSL	1830 FWL	K	30	18S	34E	4650	2400
E-K Penrose Sand Unit Well No. 802	30-025-24939	330 FSL	1650 FWL	N	20	18S	34E	4746	2200
E-K Penrose Sand Unit Well No. 901	30-025-34880	1650 FSL	330 FWL	L	20	18S	34E	4814	2100

Providing that all conditions contained in the order remain the same and there have been no additional wells drilled or plugged in the area of review.

IT IS FURTHER ORDERED THAT:

This approval is based on a provision that the tubing size, packer setting depth and perforation depths do not change. You are prohibited from injecting at pressures that would induce fracturing.

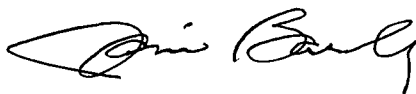
The operator is responsible for ensuring injected waters do not migrate upward inside or outside of this casing and enter formations above the permitted injection interval.

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 injection pressure increase if it becomes apparent that the injected fluid is not being confined to the injection zone or is endangering any fresh water aquifers.

The injection authority granted herein shall terminate two years after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Sincerely,



Jami Bailey
Director

JB/tw

cc: Oil Conservation Division – Hobbs
Bureau of Land Management-Carlsbad