

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

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

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order IPI-427
December 13, 2012

Ms. Fatima Vasquez
Apache Corp
303 Veterans Airpark Lane,
Suite 3000
Midland, TX 79705-9909

RE: Injection Pressure Increase

Disposal Permit: SWD-1271-A Pool: SWD; Devonian
Apache State SWD Well No. 1 API 30-015-38977
Unit B, Sec 36, T17S, R30E, NMPM, Eddy County, New Mexico

Dear Ms. Vasquez:

Reference is made to your request on behalf of Apache Corp (OGRID 873) to increase the maximum allowed surface tubing pressure on the above named well.

This well was permitted by the Division for water disposal into the Devonian formation by Division administrative permit SWD-1271-A approved May 29, 2012. That permit allowed disposal from 12355 feet to 13500 feet with a maximum disposal tubing pressure of 2471 psi.

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.

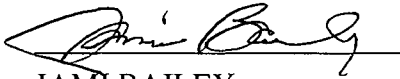
Based on a step rate test for this well run October 12, 2012, you are hereby authorized to inject at the following maximum surface tubing pressure:

Apache State SWD Well No. 1 API 30-015-38977 3900 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,

A handwritten signature in black ink, appearing to read "Jami Bailey", written over a horizontal line.

JAMI BAILEY
Director

JB/wvjj

cc: Oil Conservation Division – Artesia
Files: SWD-1271-A and 30-015-38977