

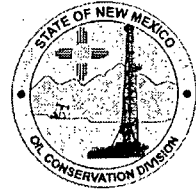
State of New Mexico
Energy, Minerals and Natural Resources Department

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-434
March 24, 2013

Ms. Fatima Vasquez
Apache Corp
303 Veterans Airpark Lane
Suite 300
Midland, TX 79705-9909

RE: Injection Pressure Increase
Disposal Permit: SWD-1365 Pool: SWD; Wolfcamp
Red Lake 3 State Well No. 1 API 30-015-32421
Unit E, Sec 3, T18S, R28E, NMPM, Eddy County, New Mexico

Dear Ms. Vasquez:

Reference is made to your request on behalf of Apache Corp (OGRID 873) received by the Division on March 11, 2013, to increase the maximum allowed surface tubing pressure on the above named well.

This well was permitted by the Division for water disposal in the Wolfcamp formation by Division administrative order SWD-1365 approved November 5, 2012. That permit allowed disposal through perforations from 7428 feet to 7890 feet at a maximum surface disposal pressure of 1486 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 February 28, 2013 through 3-1/2 inch tubing, you are hereby authorized to inject at the following maximum surface tubing pressure:


Red Lake 3 State Well No. 1 API 30-015-32421 1514 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/wvj

cc: Oil Conservation Division – Artesia
File: SWD-1365