

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary-Designate

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

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order IPI-454
October 18, 2013

Frontier Field Services, LLC
4200 E. Skelly Drive, Suite 700
Tulsa, OK 74135

Attn: James Hunter, Geolex, Inc.

RE: Injection Pressure Increase

Disposal Permit: Hearing Orders R-13443 and R-13443-A

Pool: AGI; Wolfcamp formation

Maljamar AGI No. 1 API 30-025-40420

Unit letter O, Sec 21, T17S, R32E, NMPM, Lea County, New Mexico

Dear Mr. Hunter:

Reference is made to your request on behalf of Frontier Field Services, LLC (OGRID 221115, "the operator") received by the Division on September 23, 2013, to increase the maximum allowed surface tubing pressure (or Maximum Allowable Operating Pressure) on the above named well.

This well was permitted by the Division for acid gas disposal in the Wolfcamp formation by Hearing Order R-13443 approved on August 11, 2011, and amended by Order R-13443-A on March 19, 2013. These orders described the acid gas as a combination of hydrogen sulfide and carbon dioxide that was a processing waste product from the Maljamar Gas Plant. These orders allowed disposal through perforations from 9579 feet to 10130 feet at a maximum surface disposal pressure of 2973 psi.

It is our understanding that this well will not take a sufficient volume of gas at the current pressure limit and a higher pressure limit is needed. It is understood that an increase will not result in the fracturing of the formation and confining strata. Additionally, the operator has given due notice of this application to all operators or owners who are "affected persons" as defined in Division Rule 19.15.26.7A. NMAC.

Based on a step-rate test for this well conducted October 9, 2012, through 2 7/8- inch tubing, you are hereby authorized to inject at the following maximum surface tubing pressure:

Maljamar AGI Well No. 1

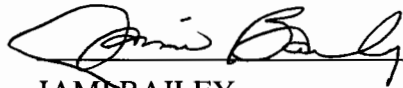
API 30-025-40420

3200 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 – Hobbs Office
United States Bureau of Land Management – Carlsbad Office
Case No. 14664