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IT IS THEREFORE OF TRUE.

5-9-78

That the applicant, J. J. Travis & Company, be and the same is hereby authorized to inject water into the Queen formation through plastic-lined tubing set in a packer at approximately recovery to wit:

North Shugart Queen Unit Well No. 7, located in Unit L of Section 21, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico.

IT IS FURTHER ORDERED:

That the operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

That the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

That the injection well or system shall be equipped with a pop-off valve or device which will limit the wellhead pressure to a maximum of 640 pounds per square inch; provided however that the Division Director of the Division may administratively authorize a pressure limitation in excess of the above upon the operator's establishing that such higher pressure will not result in fracturing of confining strata.

That the operator shall notify the supervisor of the Division's Artesia District Office before injection is commenced through said well;

That the operator shall immediately notify the Supervisor of the Division's Artesia District Office of the failure of the tubing, casing, or packer in said well or the leakage of the from or around said the shall take such steps as be timely or necessary to the failure or leakage.

