

Crossroads Siluro Devonian Unit
Township 9 South, Range 36 East, NMPM

Section 27: N/2, SE/4
Section 34 : E/2

(2) The applicant's request to utilize its Crossroads Siluro Devonian Unit Wells No. 104, 306 and 311, all described in Finding No. (3), as injection wells within the Crossroads Siluro Devonian Unit Waterflood Project is hereby dismissed.

(3) Authorization to utilize any additional wells for injection within the Crossroads Siluro Devonian Unit Waterflood Project may be granted by the Division only after formal application by Saga pursuant to the procedure set forth by Division Rule No. 701.

(4) 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 from injection, production, or plugged and abandoned wells.

(5) Injection shall be accomplished through 2 3/8 inch internally plastic-lined tubing installed in a packer at approximately 11,985 feet. The casing-tubing annulus shall be filled with an inert fluid and a gauge or approved leak-detection device shall be attached to the annulus in order to determine leakage in the casing, tubing, or packer.

(6) The Crossroads Siluro Devonian Unit Well No. 304 or pressurization system shall be equipped with a pressure control device or acceptable substitute that will limit the surface injection pressure to no more than 2417 psi.

(7) The Division Director may administratively authorize a pressure limitation in excess of the above upon a showing by the operator that such higher pressure will not result in the fracturing of the injection formation or confining strata.

(8) Prior to commencing injection operations, the casing shall be pressure tested throughout the interval from the surface down to the proposed packer setting depth to assure the integrity of such casing.

(9) The operator shall give advance notice to the supervisor of the Division's Hobbs District Office of the date and time (i) injection equipment will be installed and (ii) the mechanical integrity pressure test will be conducted on the proposed injection well, so these operations may be witnessed.

(10) The operator shall immediately notify the supervisor of the Division's Hobbs District Office of the failure of the tubing, casing or packer in the injection well or the leakage of water, oil or gas from or around any producing or plugged and abandoned well within the project area, and shall take all steps as may be timely and necessary to correct such failure or leakage.

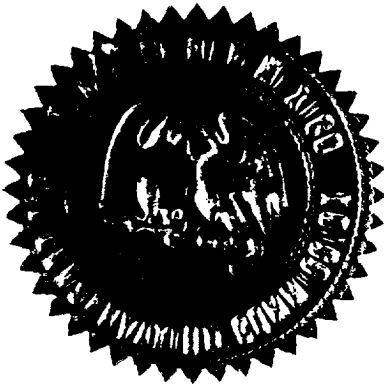
(11) The waterflood project is hereby designated the Crossroads Siluro Devonian Unit Waterflood Project, and the applicant shall conduct injection operations in accordance with Division Rules No. 701 through 708, and shall submit monthly progress reports in accordance with Division Rules No. 706 and 1115.

(12) The injection authority granted herein for the Crossroads Siluro Devonian Unit Well No. 304 shall terminate one year after the date of this order if the operator has not commenced injection operations into the well; provided, however, the Division, upon written request by the operator, may grant an extension for good cause.

(13) The portion of the application seeking to qualify the Crossroads Siluro Devonian Unit Waterflood Project as an Enhanced Oil Recovery Project pursuant to the Enhanced Oil Recovery Act (NMSA 1978 Sections 7-29A-1 through 7-29A-5) is hereby dismissed.

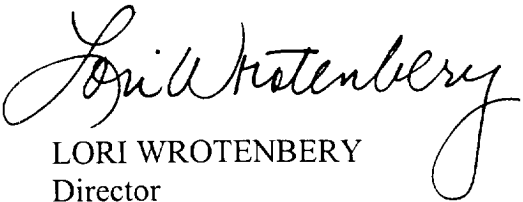
(14) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

9/2/13