

Section 34: SE/4 and E/2 SW/4
Section 35: SW/4

CHAVES COUNTY, NEW MEXICO
TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM
Section 3: All
Section 10: N/2 NW/4.

(3) Said project shall be designated the El Ran Chaveroo-San Andres Unit Waterflood Project and shall consist of the existing water injection well, which is further described in Ordering Paragraph No. (4) below, and 13 wells as further described in Exhibit "A" attached hereto and made a part hereof.

(4) The operator of the unit is hereby authorized to continue injecting water in the Chaveroo-San Andres Pool into the perforated interval between 4169 feet and 4276 feet in the U.S.A. Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 34, Township 7 South, Range 32 East, NMPM, Roosevelt County, New Mexico, (originally approved by said Order No. R-7044.) Said well shall be equipped with internally plastic coated tubing, set in a packer located at approximately 4100 feet. Further, the casing-tubing annulus shall be kept filled with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak-detection device.

(5) Injection into the five following described wells shall not commence in any manner until the El Ran, Inc. Byron Well No. 1, located 660 feet from the South and East lines (Unit P) of Section 34, Township 7 South, Range 32 East, NMPM, Roosevelt County, New Mexico, has either been re-entered and properly plugged, abandoned and cemented; or can be shown that said well was previously plugged and abandoned and cemented all in such a manner as to ensure that it does not provide an avenue of escape for waters from the proposed injection zone and in accordance with a program that is satisfactory to the supervisor of the Division's district office in Hobbs:

must be repaired or re-plugged prior to injection in any of the authorized injection wells

- (a) Byron Well No. 3 located 1650 feet from the South line and 1980 feet from the East line (Unit J) of Section 34, Township 7 South, Range 32 East, NMPM, Roosevelt County, New Mexico;
- (b) Byron Well No. 1-Y located 660 feet from the South line and 990 feet from the East line (Unit P) of said Section 34;
- (c) Yeager Well No. 4 located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 35, Township 7 South, Range 32 East, NMPM, Roosevelt County, New Mexico;
- ✓ (d) Roberts Well No. 1 located 440 feet from the North line and 1980 feet from the East line (Unit B) of Section 3, Township 8 South, Range 32 East, NMPM, Chaves County, New Mexico; and
- (e) Roberts Well No. 3 located 1650 feet from the North line and 990 feet from the East line (Unit H) of said Section 3.

(6) Prior to commencing injection operations, the casing in each of the proposed injection wells in the project shall be pressure-tested to ensure the integrity of such casing in a manner that is satisfactory to the supervisor of the Division's district office in Hobbs.

(7) Injection into any and all of said wells shall be through internally plastic-coated tubing, set in a packer which shall be located as near as practicable to the uppermost perforation; the casing-tubing annulus of each injection well shall be loaded with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak-detection device.

(8) The injection wells herein authorized and/or the injection pressurization system shall be so equipped as to limit injection pressure at the wellhead to no more than 0.2 psi per foot of depth from the surface to the uppermost perforation, as shown in column "C" of Exhibit "A", provided however, the Division Director may authorize a higher surface pressure upon satisfactory showing that such higher pressure will not result in fracturing of the injection formation or confining strata.

(9) The operator shall notify the supervisor of the Hobbs district office of the Division in advance of the date and time of the installation of injection equipment and of the mechanical integrity