

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 3: Lot 4, SW/4 NW/4, and W/2 SW/4
Section 4: Lots 1, 2 and 3, S/2 N/2, and S/2
Section 8: E/2 NE/4
Section 9: N/2, N/2 SW/4, SE/4 SW/4, and SE/4
Section 10: W/2 NW/4 and NW/4 SW/4

PROVIDED HOWEVER THAT:

Re plugged
10-25-91

(3) Injection into the Federal "AE" Well No. 12, located in Unit E of said Section 3, shall not commence until the Henderson, Dexter, Black-Wyatt Well No. 1, located in Unit M of Section 34, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico, and the Carper Drilling Company - Corbin Well No. 3B, located in Unit C of Section 3, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico, have either been properly replugged or are shown to have been adequately plugged and abandoned in a manner that is satisfactory to the supervisor of the Division's district office at Hobbs.

(4) Injection into each well described in Exhibit "A" shall be accomplished through plastic-lined tubing installed in a packer set at approximately 100 feet above the uppermost perforation.

(5) The casing-tubing annulus in each injection well shall be filled with an inert fluid; and a pressure gauge shall be attached to the annulus or the annulus shall be equipped with an approved leak-detection device in order to determine leakage in the casing, tubing or packer.

(6) Prior to commencing injection operations, the casing in each of the subject wells shall be pressure-tested to assure the integrity of such casing in a manner that is satisfactory to the supervisor of the Division's Hobbs District Office.

(7) Each injection well or pressurization system for each well shall be equipped with a pressure-limiting switch or other acceptable device which will limit the wellhead pressure on the injection well to no more than 840 psi.

(8) The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Queen formation.