

(6) 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.

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

(8) Prior to commencing injection operations into any proposed injection well located within one-half mile of the Hobbs Gb/SA Unit Wells No. 412 and 112, or the H. D. McKinley Well No. 9, as described in Finding No. (15), the applicant shall consult with the Hobbs District Office of the Division, Occidental and Texaco Exploration and Production Inc., to devise and execute a plan whereby remedial work will be conducted on these wellbores in order to effectively isolate the Hobbs-Upper Blinbry Pool from the Hobbs-Drinkard Pool.

(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, (ii) the mechanical integrity pressure tests will be conducted on the proposed injection wells, and (iii) remedial work will be conducted on the Hobbs Gb/SA Unit Wells No. 112 and 412 and the H. D. McKinley Well No. 9, 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 any of the injection wells, 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 Hobbs Upper Blinbry Cooperative 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 Hobbs Upper Blinbry Cooperative Waterflood Project is hereby certified as an "Enhanced Oil Recovery Project." The project area shall initially comprise the entire Hobbs Upper Blinbry Cooperative Waterflood Area; provided, however, the "project area" and/or the producing wells eligible for the enhanced oil recovery (EOR) tax rate may be contracted and reduced based upon the evidence presented by the applicant in its demonstration of a positive production response.