

(8) The injection wells 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 1823 psi.

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

(10) The operator shall give advance notification to the supervisor of the Hobbs District Office of the Division of the date and time of the performance of remedial cement operations, installation of injection equipment, and performance of the mechanical integrity pressure tests in order that the same may be witnessed.

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

(12) The operator shall conduct injection operations in accordance with Division Rule Nos. 701 through 708 and shall submit monthly progress reports in accordance with Division Rule Nos. 706 and 1115.

(13) The project allowable shall be equal to the top unit allowable for the Teague (Simpson) Pool (275 barrels of oil per day) times the number of developed (production or injection) proration units within the project area. Unless additional producing or injection wells are drilled within the project area, the allowable shall be established at 2,475 barrels of oil per day.

(14) The transfer of allowable between wells within the project area shall be permitted.

(15) The pressure maintenance project expansion area is hereby approved as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(16) The approved "project area" shall initially comprise the S/2 NE/4 of Section 34 and the S/2 NW/4 of Section 35, Township 23 South, Range 37 East.

(17) To be eligible for the EOR credit, the operator must request from the Division a Certificate of Qualification prior to commencing injection operations, which certificate will specify the expansion area as described above.

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(18) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the operator must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced recovery operations and the specific wells the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to the Department of Taxation and Revenue those lands and wells that are eligible for the credit.

(19) The injection authority granted herein for the injection wells described in Finding No. (4) shall terminate one year after the effective date of this order if the operator has not commenced injection operations into these wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

(20) Jurisdiction of this cause is 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director



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