RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 08-0230079	**IN THE MIDLAND, SW (DEVONIAN) FIELD, MIDLAND COUNTY, TEXAS**

FINAL ORDER APPROVING THE APPLICATION OF ENDEAVOR ENERGY RESOURCES L.P. TO DISPOSE OF OIL AND GAS WASTE BY INJECTION INTO A POROUS FORMATION NOT PRODUCTIVE OF OIL OR GAS IN THE HILL SWD LEASE, WELL NO. 1 IN THE MIDLAND, SW (DEVONIAN) FIELD MIDLAND COUNTY, TEXAS

The Commission finds that after statutory notice in the above-numbered docket heard on February 5, 2002, the presiding examiners have made and filed a report and proposal for decision containing findings of fact and conclusions of law, which was served on all parties of record; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the examiners' report and proposal for decision, the findings of fact and conclusions of law contained therein, and any exceptions and replies thereto, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that Endeavor Energy Resources L.P. be and is hereby authorized to conduct salt water disposal operations in the Hill SWD Lease Well No. 1, Midland, SW. (Devonian) Field, Midland County, Texas subject to the following terms and conditions:

SPECIAL CONDITIONS:

1. Oil and gas waste shall only be injected into strata in the subsurface depth interval from 4460 feet to 5630 feet.

2. The injection volume shall not exceed 4000 barrels per day.

3. The maximum operating surface injection pressure shall not exceed 2200 psig.

4. This permit does not allow the disposal of fluid produced on any lease other than the Endeavor Energy Resources L.P. Hill "30-A" Lease.

STANDARD CONDITIONS:

1. Injection must be through tubing set on a packer. The packer must be set no higher than 100 feet above the top of the permitted interval.

2. The District Office must be notified 48 hours prior to:

a. running tubing and setting packer;
b. beginning any workover or remedial operation;
c. conducting any required pressure tests or surveys.

3. The wellhead must be equipped with a pressure observation valve on the tubing and for each annulus.

4. Prior to beginning injection and subsequently after any workover, an annulus pressure test must be performed. The test pressure must equal the maximum authorized injection pressure or 500 psig, whichever is less, but must be at least 200 psig. The test must be performed and the results submitted in accordance with the instructions of Form H-5.

5. The injection pressure and injection volume must be monitored at least monthly and reported annually on Form H-10 to the Commission's Austin office.

6. Within 30 days after completion, conversion to disposal, or any workover which results in a change in well completion, a new Form W-2 or G-1 must be filed in duplicate with the District Office to show the current completion status of the well. The date of the disposal well permit and the permit number must be included on the new Form W-2 or G-1.

7. Written notice of intent to transfer the permit to another operator must be submitted to the Commission at least 15 days prior to the date the transfer will occur by filing Form P-4.

8. This permit will expire when the Form W-3, Plugging Record, is filed with the Commission.

9. Form P-18, Skim Oil Report, must be filed in duplicate with the District Office by the 15th day of the month following the month covered by the report.)

10. That the well be identified and operated according to Permit Number_____.

Provided further that, should it be determined that such injection fluid is not confined to the approved strata, then the permission given herein is suspended and the disposal operation must be stopped until the fluid migration from such strata is eliminated.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 20 days after it is actually mailed to the parties by the Commission; provided that if a motion for rehearing of the application is filed by any party at interest within such 20-day period, this order shall not become final until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the order is served on the parties.

Each exception to the examiners' proposal for decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not granted herein are denied.

Done this _____ day of _____, 2002.

RAILROAD COMMISSION OF TEXAS

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Chairman Michael L. Williams

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Commissioner Charles R. Matthews

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Commissioner Tony Garza

ATTEST:

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Secretary