

**RAILROAD COMMISSION OF TEXAS
OFFICE OF GENERAL COUNSEL
HEARINGS SECTION**

**OIL AND GAS DOCKET
NO. 8A-0249456**

**IN THE BAY (SAN ANDRES) FIELD,
YOAKUM COUNTY, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF INVOIL, INC.
TO DISPOSE OF OIL AND GAS WASTE BY INJECTION INTO A POROUS
FORMATION PRODUCTIVE OF OIL OR GAS INTO THE
VAN LEASE WELL NO. 1, BAY (SAN ANDRES) FIELD
YOAKUM COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on January 12, 2007, 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 the Invoil, Inc., be and is hereby authorized to conduct water injection operations in the Van Lease Well No. 1, Bay (San Andres) Field, Yoakum County, Texas, subject to the following terms and conditions:

SPECIAL CONDITIONS:

- 1) That the injection program be conducted in an interval from 4,623 feet to 6,000 feet.
- 2) That injection volume does not exceed 400 barrels of saltwater per day.
- 3) Fluid injection must be through tubing set on a packer and the maximum surface injection pressure shall not exceed 1,500 psig.
- 4) Upon re-entry and re-completion of the subject well, the operator shall confirm the existence of a cement plug with the top of the plug set at least 6,000 feet subsurface depth. If the plug is found to be deeper, then re-completion operations shall be performed to set a cement plug of sufficient

volume to provide for a cement top at 6,000 feet subsurface depth and the plug shall be tagged. The Commission District Office shall be notified at least 24 hours prior to the tagging of the initial process to determine the location of the plug and any subsequent remedial operations.

STANDARD CONDITIONS:

- 1) The District Office must be notified 48 hours prior to:
 - a) running tubing and setting packer
 - b) beginning any workover or remedial operation, and
 - c) conducting any required pressure tests or surveys.
- 2) The wellhead must be equipped with a pressure observation valve on the tubing and for each annulus.
- 3) 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.
- 4) A new Form W-2 showing any remedial work and copies of any surveys must be filed with the District Office within 30 days after completion.
- 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) Written notice of the intent to transfer the permit must be submitted to the Director of Underground Injection Control at least 15 days prior to the date the transfer will occur (File Form P-4).
- 7) The Project number shall be F _____. 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 fluid injection must be stopped until the fluid migration from such strata is eliminated.

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 previously granted or granted herein are denied.

This order will not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for

rehearing is filed by any party at interest, this order shall not become final and effective 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.

Done this _____ day of _____, 2007.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN ELIZABETH A. JONES

COMMISSIONER MICHAEL L. WILLIAMS

COMMISSIONER VICTOR G. CARRILLO

ATTEST:

Secretary