

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

**OIL AND GAS DOCKET
NO. 7B-0252230**

**IN THE DESDEMONA FIELD, EASTLAND
AND ERATH COUNTIES, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF SQUARE ONE ENERGY, INC.
TO INJECT FLUID INTO A RESERVOIR
PRODUCTIVE OF OIL OR GAS IN THE
HOGTOWN-MOOORE UNIT
WELLS NO. 1102, 1202, 1602, 3109 AND 3112
IN THE DESDEMONA FIELD
EASTLAND AND ERATH COUNTIES, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on July 31, 2007, the presiding examiner has made and filed a report and recommendation containing findings of fact and conclusions of law, for which service was not required; 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 examiner's report and recommendation, the findings of fact and conclusions of law contained therein, 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 fully set out and separately stated herein.

Therefore it is **ORDERED** by the Railroad Commission of Texas that Square One Energy, Inc. be and is hereby authorized to conduct water injection operations in the Hogtown-Moore Unit Wells No. 1202, 1602, 1102, 3109 and 3112, Desdemona Field, Eastland and Erath Counties, Texas, subject to the following terms and conditions:

SPECIAL CONDITIONS:

1. For each well authorized by this order, the permitted injection intervals are:

WELL NO.	INJECTION INTERVAL		MAX VOL BPD
	Top (feet)	Bottom (feet)	
1202	2932	2946	400
1602	2854	2884	1200
1102	2904	2930	2000
3109	2854	2984	2000
3112	2930	2970	2000

2. The maximum operating surface injection pressure shall not exceed 1350 psig.

3. The authority to inject fluid is limited to the injection of salt water only from Square One Energy operated leases only.
4. Any injection well that obtains a 500 psig wellhead injection pressure will be subject to an annual pressure fall-off test. Annual testing results shall be filed with the Commission. Any injection well that exceeds a bottomhole static pressure of 1100 psig according to the pressure fall-off test shall suspend further injection into that specific well and shall notify the Commission immediately of all test results and suspension of injection.

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 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. The mechanical integrity test shall be performed once every five (5) years.
4. Within 30 days after completion or any workover which results in a change in well completion, a new W-2 must be filed in duplicate with the District Office to show the current completion status of the well. The date that injection commenced or will commence must be included on the new Form W-2.
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. This permit will expire when the Form W-3, Plugging Record, is filed with the Commission.
8. Unless otherwise required by conditions of the permit, completion and operation of the wells shall be in accordance with the information represented on the application (Forms H-1 and H-1A).

9. The project number shall be F-06368. 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.

Done this 11th day of September, 2007.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
OGC Unprotected Master Order dated
September 11, 2007)**