

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

**OIL AND GAS DOCKETS  
NO. 03-0272531 & 03-0272533**

**IN THE OYSTER BAYOU FIELD,  
CHAMBERS COUNTY, TEXAS**

**FINAL ORDER  
APPROVING THE AMENDED APPLICATION  
OF DENBURY ONSHORE, LLC  
TO INJECT FLUID INTO A RESERVOIR PRODUCTIVE OF OIL OR GAS  
ON THE OYSTER BAYOU UNIT,  
OYSTER BAYOU FIELD  
CHAMBERS COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on November 15, 2011, 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 Denbury Onshore, LLC is hereby authorized to conduct fluid injection operations on its Oyster Bayou Unit in the Oyster Bayou Field, Chambers County, Texas, subject to the following terms and conditions:

**SPECIAL CONDITIONS:**

1. Fluid shall only be injected into the subsurface depth interval from 8,300 feet to 8,450 feet in Well Nos. 103 and 105.
2. For Well Nos. 103 and 105 the injection volume does not exceed 20,000 barrels of saltwater per day per well. The injection volume of CO<sub>2</sub> for each of these wells shall not exceed 30,000 MCF per day.
3. The maximum operating surface injection pressure shall not exceed 4,150 psig for liquid and 6,225 psig for gas.
4. Prior to commencing injection, Denbury Onshore, LLC shall demonstrate to

the Commission that the following wells have been properly plugged and abandoned in accordance with Commission rules:

- a. JJ Herbert No. 1 Well, API 42-071-02063;
- b. Broussard & Hebert No. 1 Well, API 42-071-02064; and
- c. JW Garth No. 1 Well, API 42-071-02065.

**STANDARD CONDITIONS FOR EACH WELL:**

1. Injection must be through tubing set on a packer
2. 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.
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 work over, 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 work over 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 injection well permit and project number must be included on the new Form W-2 or G-1.
7. Written notice of the intent to transfer the permit to another operator by filing Form P-4 must be submitted to the Commission at least 15 days prior to the date of the transfer.
8. A well herein authorized cannot be converted to a producing well and have an allowable assigned without filing an amended Form W-1 and receiving Commission approval.
9. Unless otherwise required by conditions of the permit, completion and operation of the well shall be in accordance with the information represented on the application (Forms H-1 and H-1A).

10. This permit will expire when the Form W-3, Plugging Record, is filed with the Commission. Furthermore, permits issued for wells to be drilled will expire three (3) years from the date of the permit unless drilling operations have commenced.

The project number shall be F 00195, AMENDED.

Provided further that, should it be determined that such injection fluid is not confined to the approved interval, then the permission given herein is suspended and the fluid injection must be stopped until the fluid migration from such interval 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 parties are notified of the order in accordance with TEX. GOV'T CODE §2001.144.


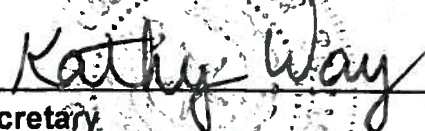
Done this 20<sup>th</sup> day of March, 2012.

RAILROAD COMMISSION OF TEXAS

  
CHAIRMAN BARRY T. SMITHERMAN

  
COMMISSIONER DAVID PORTER

ATTEST:

  
  
Secretary