RAILROAD COMMISSION OF TEXAS OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 10-0262937 IN THE MOBEETIE (BR DOLO H₂S DISPOSAL) FIELD, WHEELER COUNTY, TEXAS

FINAL ORDER APPROVING THE APPLICATION OF MOBEETIE RES DEV LLC FOR INJECTION OF FLUIDS CONTAINING HYDROGEN SULFIDE IN ITS BUD HOGAN SWD 44 WELL NO. 2 MOBEETIE (BR DOLO H₂S DISPOSAL) FIELD WHEELER COUNTY, TEXAS

The Commission finds that after statutory notice in the above-numbered docket heard on October 19, 2009, 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 if fully set out and separately stated herein.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that a new field designation known as the Mobeetie (Br Dolo H_2S Disposal) Field, Wheeler County, Texas, (Field No. 62243 200) is hereby approved for the Bud Hogan SWD 44 Well No. 2.

It is further **ORDERED** by the Railroad Commission of Texas that Mobeetie Res Dev LLC is hereby authorized to dispose of fluids containing hydrogen sulfide into its Bud Hogan SWD 44 Lease Well No. 2, Mobeetie (Br Dolo H_2S Disposal) Field, Wheeler County, Texas, pursuant to Statewide Rule 36(c)(10)(A).

It is further **ORDERED** by the Railroad Commission of Texas that Mobeetie Res Dev LLC is hereby authorized to conduct disposal operations in the Bud Hogan 44 SWD 44 Well No. 2, Mobeetie (Br Dolo H₂S Disposal) Field, Wheeler County, Texas, subject to the following terms and conditions:

SPECIAL CONDITIONS:

1. Waste shall only be injected into strata in the subsurface depth interval from 4,650 feet to 6,100 feet.

- 2. The injection volume shall not exceed 3,000 barrels per day and 500 MCF of compressed acid gas.
- 3. The maximum operating surface injection pressure shall not exceed 1,200 psig.
- 4. Before injection operations can begin, Mobeetie Res Dev LLC must have an approved contingency plan.
- 5. Mobeetie must monitor on a quarterly basis, the H2S content in gas produced from the Patterson 4508 (RRC ID 191464; API No. 42-483-31619) in the Allen-Engler (Brown Dolomite) Field. If the H₂S concentration increases, the RRC District Office must be notified immediately upon verification. If there is no increase, Mobeetie will keep the records in their offices for viewing by the RRC on request.

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. That the well be identified and operated according to Permit Number <u>13024</u>.

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 disposal operation must be stopped until the fluid migration from such strata is eliminated. The special permit conditions may be modified after notice and opportunity for hearing to prevent migration of injection fluid from the approved strata.

Done this 24th day of November, 2009.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by OGC Unprotested Master Order dated November 24, 2009)