

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 02-0288313**

**IN THE BLOOMINGTON (4600) FIELD,
VICTORIA COUNTY, TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF KDM OPERATING, LLC
PURSUANT TO STATEWIDE RULE 46 FOR A PERMIT TO INJECT FLUID
INTO A RESERVOIR PRODUCTIVE OF OIL OR GAS,
STUBBLEFIELD, E. P. LEASE, WELL NO 1 SW,
BLOOMINGTON (4600) FIELD, VICTORIA COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket, heard on May 14, 2014, 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 KDM Operating, LLC is hereby authorized to conduct fluid injection operations pursuant to Statewide Rule 46 in the Stubblefield, E. P. Lease, Well No. 1SW, Bloomington (4600) Field Field, Victoria County, Texas, subject to the following terms and conditions:

SPECIAL CONDITIONS:

1. Fluid shall be injected into the Bloomington (4600) Field in the injection interval from 4,700 feet to 5,000 feet.
2. The injection volume shall not exceed 30,000 barrels per day.
3. The maximum operating surface injection pressure for the well shall not exceed 2,350 psig.
4. Injected fluid shall be limited to produced saltwater.

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 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 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.
11. The project number shall be F-07817.

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 disposal operation must be stopped until the fluid migration from such interval is eliminated. Failure to comply with all of the conditions of this permit may result in the operator being referred to enforcement to consider assessment of administrative penalties and/or the cancellation of the permit.

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.

Done this 16th day of September, 2014.

RAILROAD COMMISSION OF TEXAS

Christi Craddick

CHAIRMAN CHRISTI CRADDICK

David Porter

COMMISSIONER DAVID PORTER

Barry T. Smitherman

COMMISSIONER BARRY T. SMITHERMAN

ATTEST:

SECRETARY

Kathy Way