

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

July 17, 2006

Division Order No. IPI-270

Lance Oil & Gas Company, Inc.
P.O. Box 70
Kirtland, New Mexico 87417

Attention: Mr. Thomas M. Erwin, P.E.

**RE: *Injection Pressure Increase
Salty Dog Well No. 6
San Juan County, New Mexico***

Dear Mr. Erwin:

Reference is made to your request received by the Division on July 14, 2006, to increase the surface injection pressure on the Salty Dog Well No. 6. This request is based on a step rate test conducted on the well on July 7, 2006. The results of the step rate test show that an increase in the surface injection pressure for this well is justified and will not result in the fracturing of the injection formation and confining strata.

You are therefore authorized to increase the surface injection pressure on the following well:

WELL NAME & NUMBER	MAXIMUM SURFACE INJECTION PRESSURE
Salty Dog Well No. 6 API No. 30-045-32943 Unit D, Section 19, T-29 North, R-13 West, NMPM, San Juan County, New Mexico	2,246 PSIG

The Division Director may rescind this injection pressure increase if it becomes apparent that the injected fluid is not being confined to the injection zone or is endangering any fresh water aquifers.

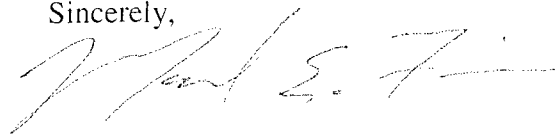
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Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", written in a cursive style.

Mark E. Fesmire, P.E.
Division Director

cc: Oil Conservation Division - Aztec
File: SWD-974