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February 7, 2013

VIA EMAIL pmartinez@slo.state.nm.us

Office of the Commissioner of Public Lands
310 Old Santa Fe Trail
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

Attn: Pete Martinez
Petroleum Engineer Specialist

Re: NMOCD Case# 14917; Application of Dwight A. Tipton for a Pressure Maintenance Project in the lower San Andres Formation, Lea County, New Mexico

Dear Mr. Martinez:

This letter acknowledges our meeting earlier this afternoon concerning the above-referenced matter.

A hearing on the application before the New Mexico Oil Conservation Division was held on November 29, 2012. Recently the hearing examiner has required us to obtain a waiver from the State Land Office because state trust unleased mineral lands within the SE/4NW/4 of Section 36, Township 9 South, Range 33 East, partially lie within a one-half mile radius of the proposed injection well which is Unit Letter O (SW/4SE/4) of Section 36. Notices of proposed injection operations were sent to the State Land Office under an original administrative application for salt water disposal and later upon an application for pressure maintenance due to injection of salt water into the producing formation. The OCD policy is that salt water injection into a producing formation must be categorized as a pressure maintenance. In either case we did not receive an objection from the State Land Office.

During our meeting this afternoon you referred me to NMAC Rule 19.2.11.8 which allows salt water disposal under leased state trust lands so long as the disposed salt water comes from state trust lands. This is the case here.

Accordingly, to comply with the recent ODC directive, we request the consent of the State Land Office for the pressure maintenance application. If you have no objection

to the application, please acknowledge approval below as indicated. Thank you for your attention to this matter.

Very truly yours,



ERNEST L. PADILLA

ELP:jbg

cc: Dwight A. Tipton

STATE LAND OFFICE APPROVAL/DISAPPROVAL

_____ The State Land Office has no objection to the above-referenced application.

_____ The State Land Office objects to the above-referenced application.

STATE LAND OFFICE

By: _____

PETE MARTINEZ

Petroleum Engineer Specialist