

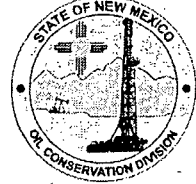
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



March 24, 2013

Mr. William V. Palmer
New Mexico Salt Water Disposal Company
PO Box 1719
Lovington, NM 88260

RE: Injection Pressure Increase
Disposal Permit: SWD-735 Formation: San Andres
Continental State Well No. 1 API: 30-025-22551
Unit F, Sec 18, T10S, R34E, NMPM, Lea County, New Mexico

Dear Mr. Palmer:

Reference is made to your request on behalf of New Mexico Salt Water Disposal Company (OGRID 15878) to increase the maximum allowed surface tubing pressure on the above named well.

This well was permitted by the Division for water disposal into the San Andres formation by Division administrative permit SWD-735 approved January 19, 1999. The Division records show that permit was protested by Yates Petroleum Corporation who allowed the permit with the stipulation that surface injection pressures remain below 500 psi. The permit was issued with 500 psi as maximum allowed pressure.

Until such time as Yates Petroleum Corporation formally withdraws this limitation and until the Division receives another application for disposal from the operator of this well and issues an amended permit, the requested injection pressure increase must be denied.

Sincerely,

A handwritten signature in black ink, appearing to read "Jami Bailey", is written over a horizontal line.

JAMI BAILEY
Director

JB/wyjj

cc: Oil Conservation Division – Hobbs District Office
Files: SWD-735