



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

December 19, 2005

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Division Order No. IPI-264

Gandy Corporation
P.O. Box 827
Tatum, New Mexico 88267

Attention: Mr. Larry Gandy

**RE: Injection Pressure Increase
State "T" Well No. 2
Lea County, New Mexico**

Dear Mr. Gandy:

Reference is made to your request received by the Division on December 15, 2005, to increase the surface injection pressure on the State "T" Well No. 2. This request is based on a step rate test conducted on the well on November 23, 2005. 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:

| <i>WELL NAME & NUMBER</i> | <i>MAXIMUM SURFACE INJECTION PRESSURE</i> |
|---|---|
| State "T" Well No. 2 API No. 30-025-03735 Unit L, Section 6, T-16 South, R-36 East, NMPM, Lea County, New Mexico | 1930 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.

Injection Pressure Increase
Gandy Corporation
December 19, 2005
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Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark E. Fesmire, P.E.
Division Director

cc: Oil Conservation Division - Hobbs
File: Case No. 13293