



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 27, 2006

Division Order No. IPI-271

Latigo Petroleum, Inc.
550 W. Texas
Suite 700
Midland, Texas 79701

Attention: Ms. Lisa Hunt

**RE: *Injection Pressure Increase
Aztec State Well No. 7
Lea County, New Mexico***

Dear Ms. Hunt:

Reference is made to your request received by the Division on July 24, 2006, to increase the surface injection pressure on the Aztec State Well No. 7, which is currently within the Northeast Maljamar Waterflood Project. This request is based on a step rate test conducted on the well on June 29, 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:

<i>WELL NAME & NUMBER</i>	<i>MAXIMUM SURFACE INJECTION PRESSURE</i>
Aztec State Well No. 7 API No. 30-025-22397 Unit G, Section 8, T-17 South, R-33 East, NMPM, Lea County, New Mexico	2,200 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.

Administrative Order No. IPI-271

Latigo Petroleum, Inc.

July 27, 2006

Page 2

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: WFX-676