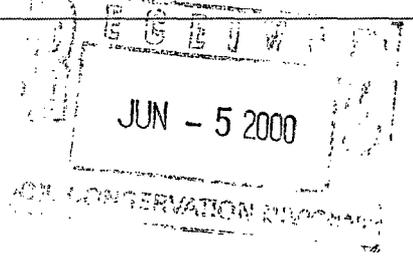


1 P1-140 N/R

Shahara Oil, LLC

207 West McKay Carlsbad, NM 88220 505-885-5433 (Phone), 505-885-4989 (Fax)

May 31, 2000



Mr. Mark Ashley  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

Re: Order No. R-11058A  
Step Rate Test – Shahara State Unit No. 7  
SE/4 SW/4 Section 16-T17S-R33E  
43329 Maljamar Grayburg San Andres Pool, Lea County, New Mexico

Dear Mark,

Pursuant to the referenced order and telecoms with Mr. Ben Stone in June 1998, Shahara Oil, LLC has conducted the second step rate test required for the Shahara State Unit located in the W/2 Section 16-T17S-R33E. The initial step rate test for the W/2 Section 16 was conducted in June 1998 on the Shahara State Unit No. 3 well (for the NW/4 Section 16) and resulted in a fracture pressure of 2515 – a maximum allowable surface injection pressure of 2465 psi for wells Shahara State Unit No's 1, 2, 3, 4.

Shahara Oil, LLC conducted the second step rate test for the SW/4 Section 16 - as requested by Mr. Stone in Well No. 7 on May 23, 2000. This step rate test was conducted by Holmes Wireline Services, Odessa TX and resulted in a surface fracture pressure of 2215 psi (see attached Holmes Wireline Service Plot).

Shahara Oil, LLC requests a maximum surface injection pressure for the four injection wells in SW/4 Section 16 (Shahara State Unit No's 5, 6, 7 & 8) of 2165 psi. The locations of these wells is as follows:

- |       |  |   |  |
|-------|--|---|--|
| 26134 | Shahara State Unit No. 5<br>1980' FSL & 660' FWL, Unit L<br>Section 16-T17S-R33E<br>30-025-01432 | Shahara State Unit No. 6<br>1960' FSL & 1650' FWL, Unit K<br>Section 16-T17S-R33E<br>30-025-01433 | Shahara State Unit No. 7<br>660' FSL & 1980' FWL, Unit N<br>Section 16-T17S-R33E<br>30-025-01434 |
|       | Shahara State Unit No. 8<br>660' FSL & 660' FWL, Unit M<br>Section 16-T17S-R33E<br>30-025-01435  |   |  |

Your earliest consideration of this requested in greatly appreciated.

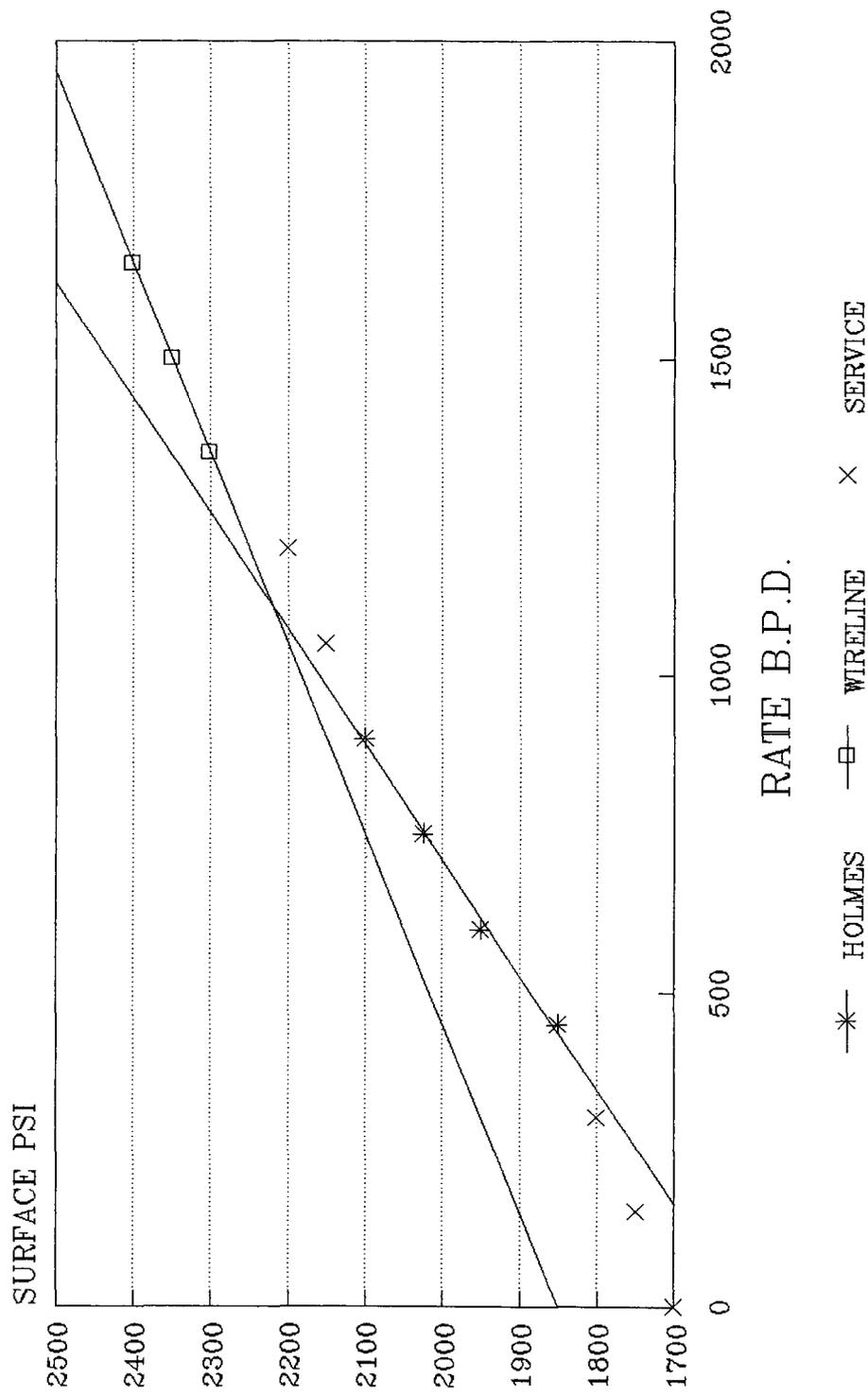
Sincerely,  
  
Perry L. Hughes

Attachments

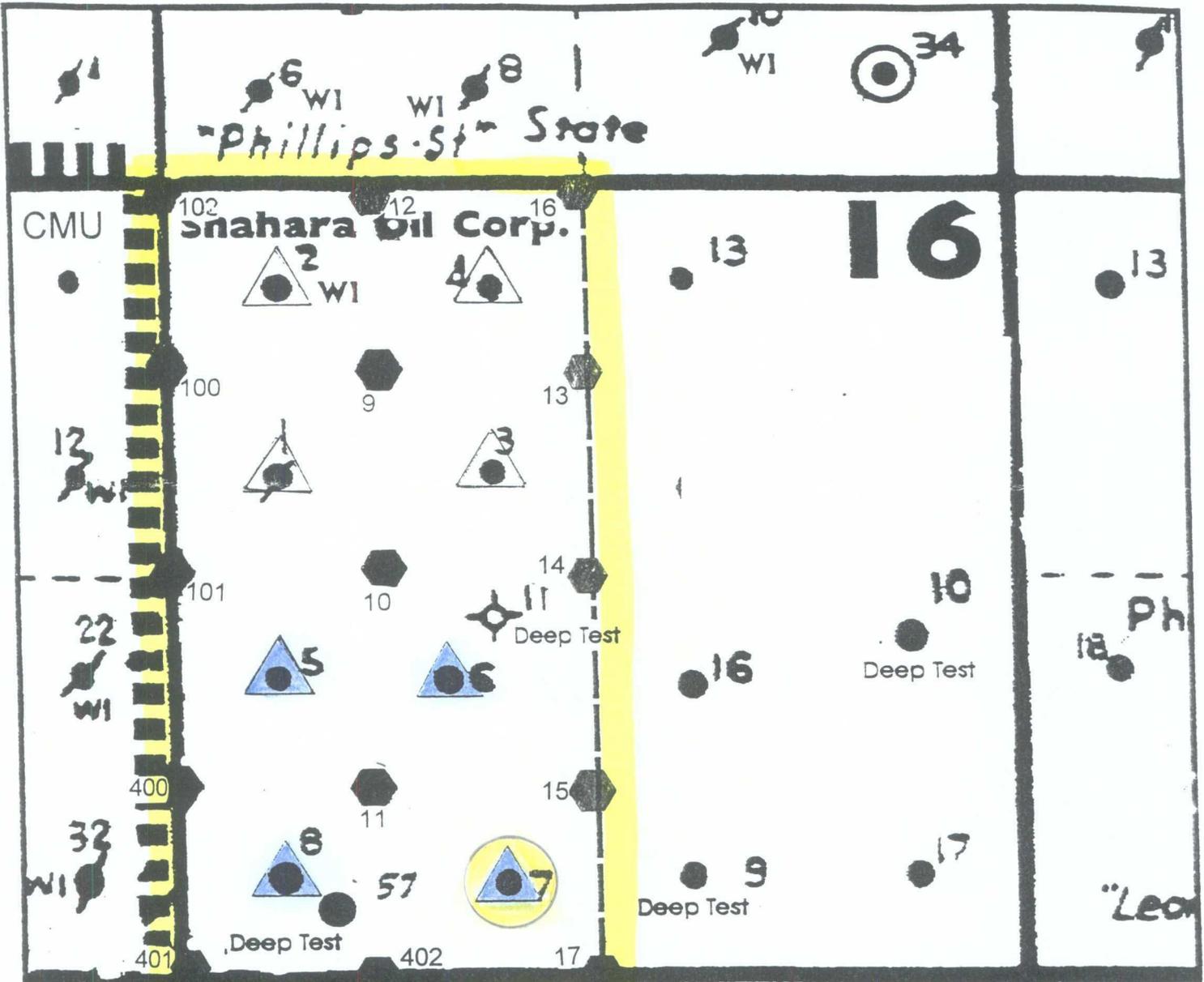
PLH/tm

# SHAHARA STATE UNIT #7

05-23-00



FRACTURE @ 2215 +/-



**LEGEND**

	Shahara Oil, LLC Producers
	Injection Wells
	Wells to be Converted to Injectors
	Wiser Producers (SOLLC interest)
	Producing Wells to be Drilled

**SHAHARA OIL, LLC**

SHAHARA STATE UNIT  
 (Phillips State Lease)

Lea County, New Mexico  
 Maljamar Grayburg, San Andres Field

Redevelopment Project

File  
Step rate test

# Shahara Oil, LLC

207 W. McKay ♦ Carlsbad, NM 88220 ♦ 505-885-5433 ♦ Fax 505-885-4989

July 22, 1998

Mr. Ben Stone  
Oil Conservation Division  
Santa Fe, New Mexico

Post-It™ brand fax transmittal memo 7671		# of pages ▶ 3
To SYLVIA - OCD	From PERRY HUGHES	
Co.	Co.	
Dept. Re: SSU	Phone #	
Fax # 505-393-0720	Fax #	

RE: Step Rate Test  
Phillips State (Shahara State Unit) No. 3  
Maljamar Grayburg San Andres Pool  
Lea County, New Mexico

Dear Ben,

With reference to your call of July 21, 1998, the four wells, including the subject well, to be governed by the step rate test of well No. 3 are:

Shahara State Unit No. 1  
1980' FNL & 660' FWL, Unit E  
Sec 16-T17S-R33E

Shahara State Unit No. 2  
660' FNL & 660' FWL, Unit D  
Sec 16-T17S-R33E

Shahara State Unit No. 3  
1980' FNL & 1980' FWL, Unit F  
Sec 16-T17S-R33E

Shahara State Unit No. 4  
660' FNL & 1980' FWL, Unit C  
Sec 16-T17S-R33E

Please advise if additional information is needed.

Sincerely,

*Perry L. Hughes*

Perry L. Hughes  
President

PLH/tm

*Telecom from Ben Stone  
@ 2:00 pm 7/22 "go  
ahead and inject up to  
2465 psi on #1, 2, 3, 4 when ready."  
Need to run step rate test on #7, or #8  
Prior to high pressures in  
SW/4 Sec 16.  
H 7/22/98*

# Shahara Oil, LLC

207 W. McKay ♦ Carlsbad, NM 88220 ♦ 505-885-5433 ♦ Fax 505-885-4989

June 25, 1998

Mr. David Catanach  
Oil Conservation Division  
PO Box 6429  
Santa Fe, NM 87505

RE: Case No's 11923 & 11924  
Step Rate Test  
Phillips State (Shahara State Unit) No. 3  
SE/4 NE/4, Section 16, T17S, R33E  
Maljamar Grayburg San Andres Pool, Lea Co. NM

Dear David,

Pursuant to the telecom of last week between Mr. Ben Stone and the undersigned, we conducted a step rate test on June 23, 1998 on the subject well. Pertinent well information is as follows:

Production casing:	5 1/2" SA 4459'
Perforations:	4250 - 4411 OH
Tubing:	New 2 3/8" plastic coated
Packer:	New AD-1 SA 4161'
CIT:	04/07/98 - Tested good

The measured surface fracture pressure was determined to be 2515 psi and is depicted on the attached sheet provided by Holmes Wireline Service, Odessa, Texas.

Shahara Oil, LLC requests a maximum allowable surface injection pressure of 2465 psi for those four wells which will be injectors in the NW/4 of Section 16. An additional step rate test can be conducted for those four wellbores in the southwest quarter of Section 16 if it is deemed necessary.

Your earliest consideration of this request is appreciated.

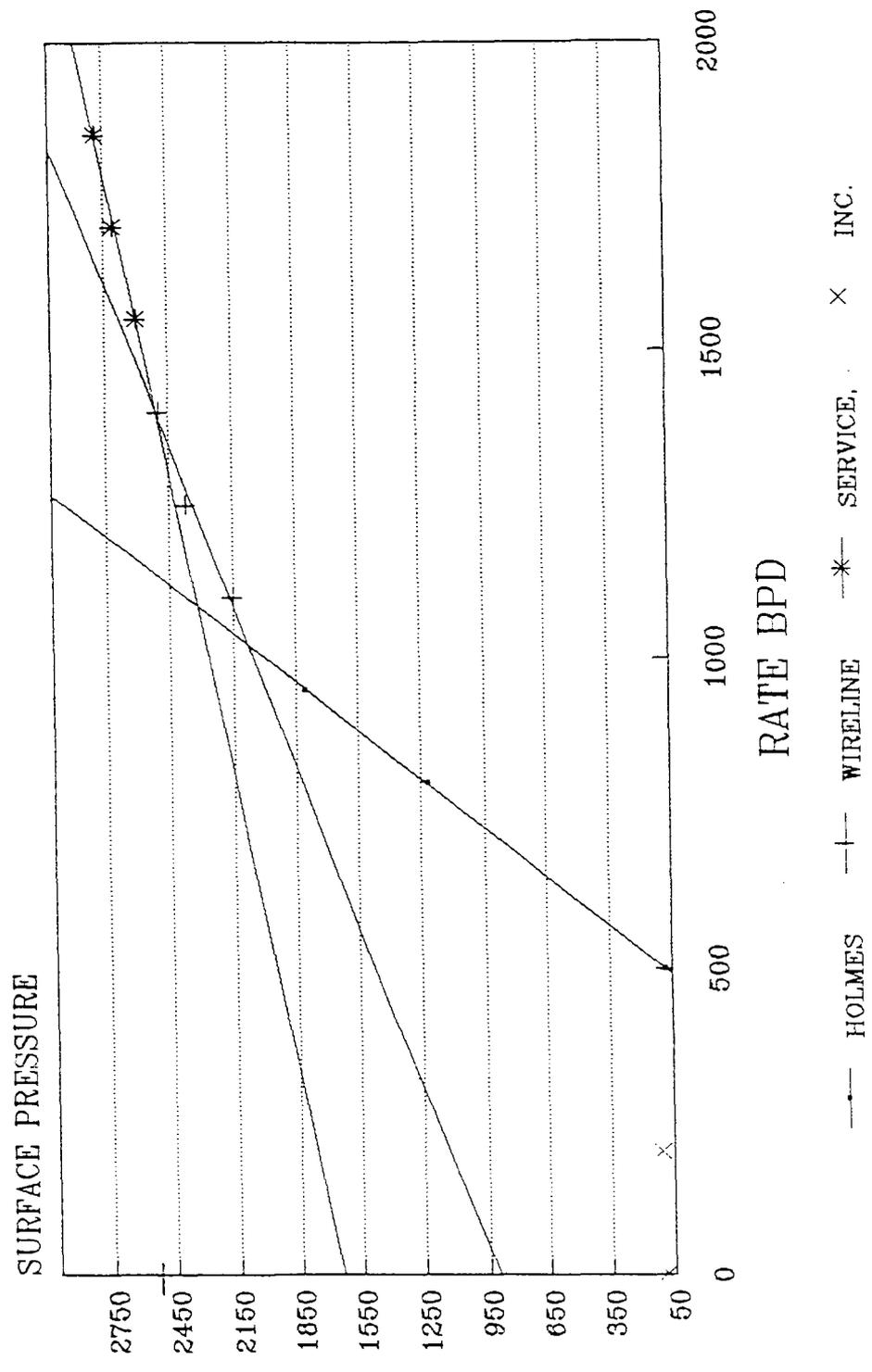


Perry L. Hughes  
President

Enclosure  
PLH/tm

# SHAHARA OIL-PHILLIPS ST #3

JUNE 23, 1998



FRACTURE POINT: 2515 PSI