

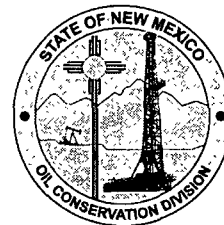
New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
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Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



June 20, 2011

Administrative Order IPI-400
Application No. pTGW1114550069

Mesquite SWD, Inc.
P.O. Box 1479
Carlsbad, NM 88221

Attention: Kay Havenor

RE: Injection Pressure Increase
Dorstate SWD Well No. 1
Section 27, T25 South, R 28 East
Eddy County, New Mexico

Dear Mr. Havenor:

Reference is made to your request on behalf of Mesquite SWD, Inc. (OGRID 161968) received by the Division on May 25, 2011 to increase the surface injection pressure on the Dorstate SWD Well No. 1. Your request is based upon a step rate test recently conducted on this well. The results of the step rate test indicate that an increase in the surface injection pressure is justified but not at your requested rate.

It is our understanding that this well will not take a sufficient volume of water at the present pressure limit and a higher pressure limit is needed for a successful salt water disposal operation. It is also understood that an increase will not result in the fracturing of the injection formation and confining strata.

The submitted step rate test run May 18, 2011 does not support the 1800 psi requested increase. However we feel it supports an increase to 1040 psi. Any requested increase beyond 1040 psi will require resubmission of additional data and new testing.

You are hereby authorized to increase the surface injection pressure on the following well located in Eddy County, New Mexico:



Well Number	Delaware Perforations	Surface Injection Pressure
Dorstate SWD Well No. 1 API No. 30-015-23728, Unit H, Section 27, Township 25 South, Range 28 East	2648'-3500'	1040 PSI

This approval is based on a provision that the tubing size, packer setting depth and perforation depths do not change. You are prohibited from injecting at pressures that would induce fracturing.

The operator is responsible for ensuring injected waters do not migrate upward inside or outside of this casing and enter formations above the permitted injection interval.

This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 19.15.5.9 NMAC.

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.

The injection authority granted herein shall terminate two years after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Sincerely,



Jami Bailey
Director

JB/tw

cc: Oil Conservation Division – Artesia