



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

October 31, 2006

Division Order No. IPI-274

Range Operating New Mexico, Inc.
777 Main Street, Suite 800
Fort Worth, Texas 76102

Attention: Mr. Bill Frey

**RE: Injection Pressure Increase
Candelario Well No. 1
Eddy County, New Mexico**

Dear Mr Frey:

Reference is made to your request received by the Division on October 30, 2006, to increase the surface injection pressure on the Candelario Well No. 1. This request is based on a step rate test conducted on the well on October 12, 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:

| WELL NAME & NUMBER | MAXIMUM SURFACE INJECTION PRESSURE |
|--|---|
| Candelario Well No. 1 API No. 30-015-26536 Unit D, Section 24, T-23 South, R-28 East, NMPM, Eddy County, New Mexico | 960 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-274
Range Operating New Mexico, Inc.
October 31, 2006
Page 2

Sincerely,

Mark E. Fesmire, P.E.
Division Director

cc: Oil Conservation Division - Artesia
File: Case No. 13313