



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

April 17, 2006

Lothian Oil, Inc.
405 N. Marienfeld
Suite 200
Midland, Texas 79701

Attn: Mr. Jesse Lawson

Re: Reactivation of Injection Wells
 Cato San Andres Unit Waterflood Project
 Chaves County, New Mexico

Dear Mr. Lawson:

I have received your request to reactivate six previously-approved injection and/or disposal wells within the Cato San Andres Unit Waterflood Project. These wells were authorized for injection by Division Orders No. R-3551, R-4462 and R-6171, and were all reauthorized for injection by Division Order No. R-9029 dated October 30, 1989. It is our understanding that the subject wells have either been temporarily abandoned or have not been utilized for injection for a period of several years. It is further our understanding that the Cato San Andres Unit Waterflood Project has had continuous injection since 1989.

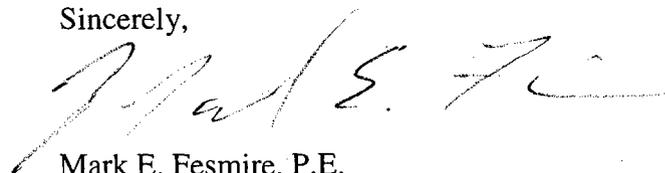
I have reviewed your application, including updated area of review well information, as well as data regarding the present condition of the subject wells. It appears that all of the wells qualify for reactivation status. Of course, the reactivation status is contingent upon each of these wells passing a mechanical integrity casing pressure test. It is our understanding that the Cato San Andres Unit Well No. 26 has holes in the casing at a depth of 600 feet. This well will have to be repaired prior to being utilized for injection.

Lothian Oil, Inc. is hereby authorized to reactivate the following-described six injection wells within the Cato San Andres Unit Waterflood Project for the purpose of conducting secondary recovery operations within the unit. The operator shall notify the supervisor of the Division's Hobbs District Office of the date and time mechanical integrity casing pressure tests will be conducted on these wells in order that these operations may be witnessed. Reactivation of these injection wells is contingent upon the wells passing a mechanical integrity casing pressure test. The operation of these wells shall

thereafter be in conformance with all provision of Division Order No. R-9029 and all other applicable Division rules.

<u>Well Name & Number</u>	<u>API Number</u>	<u>Well Location</u>
Cato San Andres Unit Well No. 21	30-005-20069	660' FNL & 1980' FWL (Unit C) Section 11, T-8S, R-30E;
Cato San Andres Unit Well No. 23	30-005-10523	660' FNL & 660' FEL (Unit A) Section 11, T-8S, R-30E;
Cato San Andres Unit Well No. 26	30-005-10514	1980' FNL & 1980' FEL (Unit G) Section 11, T-8S, R-30E;
Cato San Andres Unit Well No. 32	30-005-10522	1980' FNL & 660' FWL (Unit E) Section 10, T-8S, R-30E;
Cato San Andres Unit Well No. 51	30-005-10539	1980' FSL & 700' FEL (Unit D) Section 11, T-8S, R-30E;
Cato San Andres Unit Well No. 54	30-005-10528	660' FSL & 1980' FEL (Unit O) Section 11, T-8S, R-30E;

Sincerely,



Mark E. Fesmire, P.E.
Division Director

Xc: OCD-Hobbs
Case File-9739