



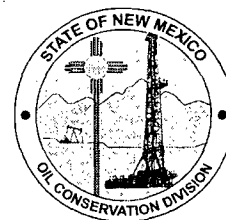
New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

**Jon Goldstein**  
Cabinet Secretary

**Jim Noel**  
Deputy Cabinet Secretary

**Mark Fesmire**  
Division Director  
Oil Conservation Division



Administrative Order IPI-361  
February 19, 2010

Melrose Operating Company  
20333 State Highway 249  
Suite 310  
Houston, TX 77070

Attention: David Catanach, Agent

**RE: Injection Pressure Increase Request**

Conoco "7" State Well No. 5 (API No. 30-015-23920)  
Unit F, Sec 7, Township 19 South, Range 29 East, NMPM, Eddy County  
East Millman; Queen Grayburg San Andres Pool

Reference is made to your request on behalf of Melrose Operating Company (OGRID 184860) to increase the surface injection pressure limit on the above named well.

This well in the State "7" Leasehold Waterflood Project was approved by the Division for injection into perforations from 2054 feet to 2179 feet with Order No R-10589 (Case No. 11482) and given a maximum surface injection pressure of 410 psi.

It is our understanding that this well will not take a sufficient volume of water at this pressure limit and a higher pressure limit is needed to optimize waterflood operations within this unit.

The basis for granting this pressure increases the injection step rate test run on this well on September 17, 2009. 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.

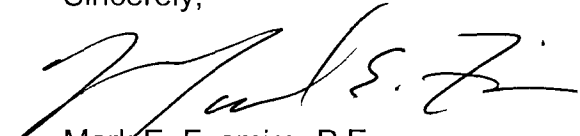
You are hereby authorized to utilize up to 850 psi as the maximum surface injection pressure on this well provided the tubing, size, type, and setting depth does not change.



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This approval is subject to your being in compliance with Division Rule 5.9. 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 fresh water aquifers are being endangered.

Sincerely,



Mark E. Fesmire, P.E.  
Acting Division Director

MEF/tw

cc: Oil Conservation Division – Artesia  
Case 11482