



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jim Noel
Cabinet Secretary

Karen W. Garcia
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Administrative Order IPI-388
December 27, 2010

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

Attention: David Catanach, Agent

RE: Injection Pressure Increase Request

Jalmat Field Yates Sand Unit Waterflood Project (R-2243)
Jalmat; Tansill-Yates-Seven Rivers Oil & Gas Pool
Sections 2, 3, 10, 11, 12, 13, 14, and 23, Township 22 South, Range 35 East,
NMPM, Lea County, New Mexico

Reference is made to your December 10, 2010 request on behalf of Melrose Operating Company (OGRID 184860) to increase the surface injection pressure limit on all injection wells within the above referenced waterflood project a unit wide basis to 1,400 psi.

This request is based on recent step rate tests conducted on twenty-one (21) injection wells during 2010. Test results have been reviewed, and we feel an increase in injection pressure is justified and will not result in the fracturing of the injection formation and confining strata.

You are hereby authorized to utilize up to **1,400** psi as the maximum surface injection pressure on all injection wells within the unit area provided the tubing, size, type, and setting depth does not change.

This approval allows Melrose to effectively and efficiently conduct secondary recovery operations within the JFYSU, thereby increasing the recovery of hydrocarbons from the Jalmat; Tansill-Yates-Seven Rivers Oil & Gas Pool.



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Jalmat Field Yates Sand Unit Wells No. 122 and 126 are exceptions to the 1,400 psi limit. These wells have current surface injection maximum pressure limits of 1,500, psi, and will remain at the higher value.

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,

A handwritten signature in black ink, appearing to read "Daniel Sanchez", with a long horizontal flourish extending to the right.

Daniel Sanchez
Acting Division Director

MEF/tw

cc: Oil Conservation Division – Artesia
Case 2546