

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Administrative Order IPI-298
MAY 21, 2008

Melrose Operating Company
c/p P.O. Box 953
Midland, TX 79702

Attention: Ann E. Ritchie, Regulatory Agent

RE: Injection Pressure Increase Request

Jalmat Field Yates Sand Unit Waterflood Project
Unit M Well No. 122A API No. 30-025-08592, Unit M, Sec 11
Unit C Well No. 126 API No. 30-025-08615, Unit C, Sec 14
Township 22 South, Range 35 East, NMPM, Lea County
Jalmat; Tan-Yates-7 RVRS Gas Pool (Pool No. 79240)

Reference is made to your request on behalf of Melrose Operating Company (OGRID 184860) received April 21, 2008, to increase the surface injection pressure limit on the two above named wells in the Jalmat Field Yates Sand Unit.

Administrative Order No WFX-809 approved in part on January 14, 2005, permitted Well No. 122-A for injection into the perforated interval from 3,885 to 3,998 feet and allowed a maximum surface injection pressure of 777 psi. This same Administrative Order No WFX-809 also approved Well No. 126 for injection into the perforated interval from 3,835 to 3,964 feet and allowed a maximum surface injection pressure of 767 psi. It is our understanding that these wells will not take a sufficient volume of water at these pressure limits and higher pressure limits are needed to optimize waterflood operations within this unit.

The basis for granting these pressure increases is based on the injection step rate tests run on these wells in March of 2008. The results of the step rate tests show that an increase in the surface injection pressure for these wells is justified and will not result in the fracturing of the injection formation and confining strata.



You are hereby authorized to utilize up to the following maximum surface injection pressures on these wells provided the tubing, size, type, and setting depth does not change.

<u>Well</u>	<u>Max Surface Pressure</u>
Unit M Well No. 122A API No. 30-025-08592	1,500 psi
Unit C Well No. 126 API No. 30-025-08615	1,500 psi

This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 40.

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 you exceed the max surface pressure or you are endangering any fresh water aquifers.

Sincerely,



 Mark E. Fesmire, P.E.
Director

MEF/tw

cc: Oil Conservation Division -- Hobbs
WFX-809