



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 5, 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 five 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 with the exception of the Cato San Andres Unit Well No. 121, 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.

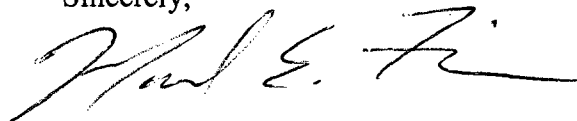
I have reviewed your application, including updated area of review well information, as well as data regarding the present condition of the subject wells. It appears that four of the wells qualify for reactivation status. Of course, the reactivation status is contingent upon each of these wells passing a mechanical integrity casing pressure test. It appears that Order No. R-9029 terminated the injection authority for the Cato San Andres Unit Well No. 121, therefore, this well will have to be re-permitted for injection by filing a Division Form C-108.

Lothian Oil, Inc. is hereby authorized to reactivate the following-described four 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. 16	30-005-20067	660' FNL & 660' FEL (Unit A) Section 9, T-8S, R-30E;
Cato San Andres Unit Well No. 44	30-005-20004	1980' FSL & 660' FEL (Unit I) Section 9, T-8S, R-30E;
Cato San Andres Unit Well No. 79	30-005-10540	660' FNL & 1980' FWL (Unit C) Section 14, T-8S, R-30E;
Cato San Andres Unit Well No. 81	30-005-10572	660' FNL & 660' FEL (Unit A) Section 14, T-8S, R-30E;

Sincerely,



Mark E. Fesmire, P.E.
Division Director

Xc: OCD-Hobbs
Case File-9739