



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 27, 1998

Shahara Oil, LLC
207 West McKay
Carlsbad, New Mexico 88220

Attn: Mr. Perry L. Hughes

**RE: Injection Pressure Increase,
Shahara State Unit (Formerly Phillips State),
Lea County, New Mexico**

Reference is made to your request dated June 25, 1998 to increase the surface injection pressure on 4 wells in the above referenced waterflood project. This request is based on a step rate test conducted on June 23, 1998, and on existing pressure data from adjacent fields. The results of the test and related data have been reviewed by my staff and we feel an increase in injection pressure on these wells is justified at this time.

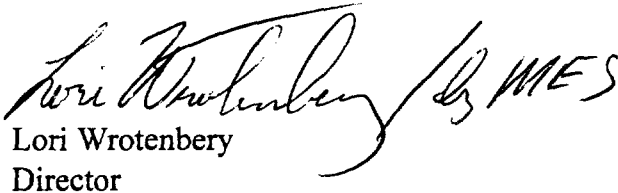
You are therefore authorized to increase the surface injection pressure on the following wells:

<i>Well and Location</i>	<i>Maximum Surface Injection Pressure</i>
Shahara State Unit Well No.1 Unit Letter 'E', Section 16, Township 17 South, Range 33 East	2465 PSIG
Shahara State Unit Well No.2 Unit Letter 'D', Section 16, Township 17 South, Range 33 East	2465 PSIG
Shahara State Unit Well No.3* Unit Letter 'F', Section 16, Township 17 South, Range 33 East	2465 PSIG
Shahara State Unit Well No.4 Unit Letter 'C', Section 16, Township 17 South, Range 33 East	2465 PSIG
*Step rate test obtained on this well.	
Located in Lea County, New Mexico.	

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The Division Director may rescind these injection pressure increases if it becomes apparent that the injected water is not being confined to the injection zone or is endangering any fresh water aquifers.

Sincerely,


Lori Wrotenbery
Director

LW/BES/kv

cc: Oil Conservation Division - Hobbs
Files: Case Nos. 11924 and 3486; PSI-X 1st QTR-99