

NEW . .EXICO ENERGY, M. .!ERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON Governor Jennifer A. Salisbury Cabinet Secretary

March 5, 2001

Lori Wrotenbery Director Oil Conservation Division

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

Attention: Mr. Perry L. Hughes

Re: Injection Pressure Increase Shahara State Unit Wells No. 5, 6, 7 and 8 Section 16, Township 17 South, Range 33 East, Lea County, New Mexico

Dear Mr. Hughes:

I have reviewed the step rate test conducted on the Shahara State Unit Well No. 5. The test data demonstrates that the well may have fractured at or near the current maximum surface pressure of 2165 psi. The test data does not support your request to increase the surface injection pressure to 2339 psi.

Your request is therefore denied.

If you should have any questions, please contact me at (505) 476-3466.

Sincerely, aund when ad

David Catanach Engineer

Xc: OCD-Hobbs Case File -11924