



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

July 19, 2001

Xeric Oil & Gas Corporation
P. O. Box 352
Midland, Texas 79702-0352

Attention: Mr. Mitchell Morris

Re: Form C-108
Lisa State No. 2
Unit B, Section 19, T-20S, R-36E

Dear Mr. Morris:

I have reviewed your application dated April 3, 2001, to convert the Lisa State Well No. 2 to a disposal well in the Eumont Gas Pool. Please be advised that since your application seeks authority to dispose of produced water into an active gas pool, it cannot be approved administratively. Your application is therefore being returned to you.

If you have additional evidence to demonstrate that the proposed injection will not pose a threat to the production and recovery of gas reserves from the Eumont Gas Pool, you may re-file this application for hearing before a Division examiner, at which time you will be required to appear and present evidence and testimony to support your application.

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

Sincerely,

David Catanach
Engineer

Xc: OCD-Hobbs ✓

