

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order IPI-412
April 23, 2012

Stephens & Johnson Operating Co.
811 Sixth Street, Suite 300
Wichita Falls, Texas 76307

Attention: Mr. William M. Kincaid

RE: Injection Pressure Increase Request
R-2405, WFX-663 and WFX-782
East Millman Queen-Grayburg Pool (46558)
Eddy County, New Mexico

Reference is made to your request on behalf of Stephens & Johnson Operating Co. (OGRID 19958) received by the Division March 23, 2012, to increase the surface injection pressure limit on three injection wells within its East Millman Queen-Grayburg Pressure Maintenance Project located within the East Millman Queen-Grayburg Pool (46558) located in portions of Sections 14 and 22, township 19 South, Range 28 East, NMPM, Eddy County, New Mexico.

It is our understanding the wells need additional surface injection pressure to balance injection and withdrawal rates in order to optimize pressure maintenance operations. It is also understood that an increase will not result in the fracturing of the injection formation and confining strata.

The basis for granting these pressure increases are the three Cardinal Surveys step rate tests run in February and March of 2012.

Stephens & Johnson Operating Co. is hereby authorized to utilize the maximum surface injection pressures on the wells shown below, provided the tubing, size, type and perforation depths do not change. The packers shall be located within 100 feet of the top of the injection interval in the following-described wells for purposes of secondary recovery:



Well Name	Well #	API	Unit	Sec	Tsp	Rge	PSI
EMU	152	30-015-02287-00-00	A	22	19S	28E	938
EMU	158	30-015-02289-00-00	G	22	19S	28E	906
EMU	184	30-015-02243-00-00	G	14	19S	28E	1026

This approval is subject to Stephens & Johnson Operating Co. being in compliance with all other Division rules, including but not limited to Division Rule 19.15.5.9 NMAC.

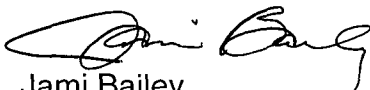
The Division Director may rescind this injection pressure increase if it becomes apparent that the injected fluid is not being confined to the injection zone or is endangering any fresh water aquifers, or is causing waste of oil and gas. Stephens & Johnson is prohibited from injecting at pressures that would induce fracturing in individual wells.

The operator is responsible for ensuring injected waters do not migrate upward inside or outside of this casing and enter formations above the permitted injection interval.

This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 19.15.5.9 NMAC.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into at least one of the subject wells, provided however, the Division, upon written request by the operator received prior to the one year deadline, may grant an extension thereof for good cause shown.

Sincerely,



Jami Bailey
Director

JB/tw

cc: Oil Conservation Division –Artesia
New Mexico State Land Office - Santa Fe