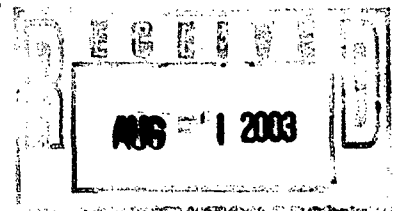




A Subsidiary of
St. Mary Land & Exploration Co.

P.O. BOX 7168 • BILLINGS, MT 59103
550 N. 31st ST, SUITE 500 • BILLINGS, MT 59101
PHONE: (406) 245-6248 • FAX: (406) 245-9106



July 29, 2003

Mr. William V. Jones Jr. PE
New Mexico Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

205

Re: Administrative Application for Injection Pressure Increase
Parkway Delaware Unit
Eddy County, New Mexico

Dear Mr. Jones:

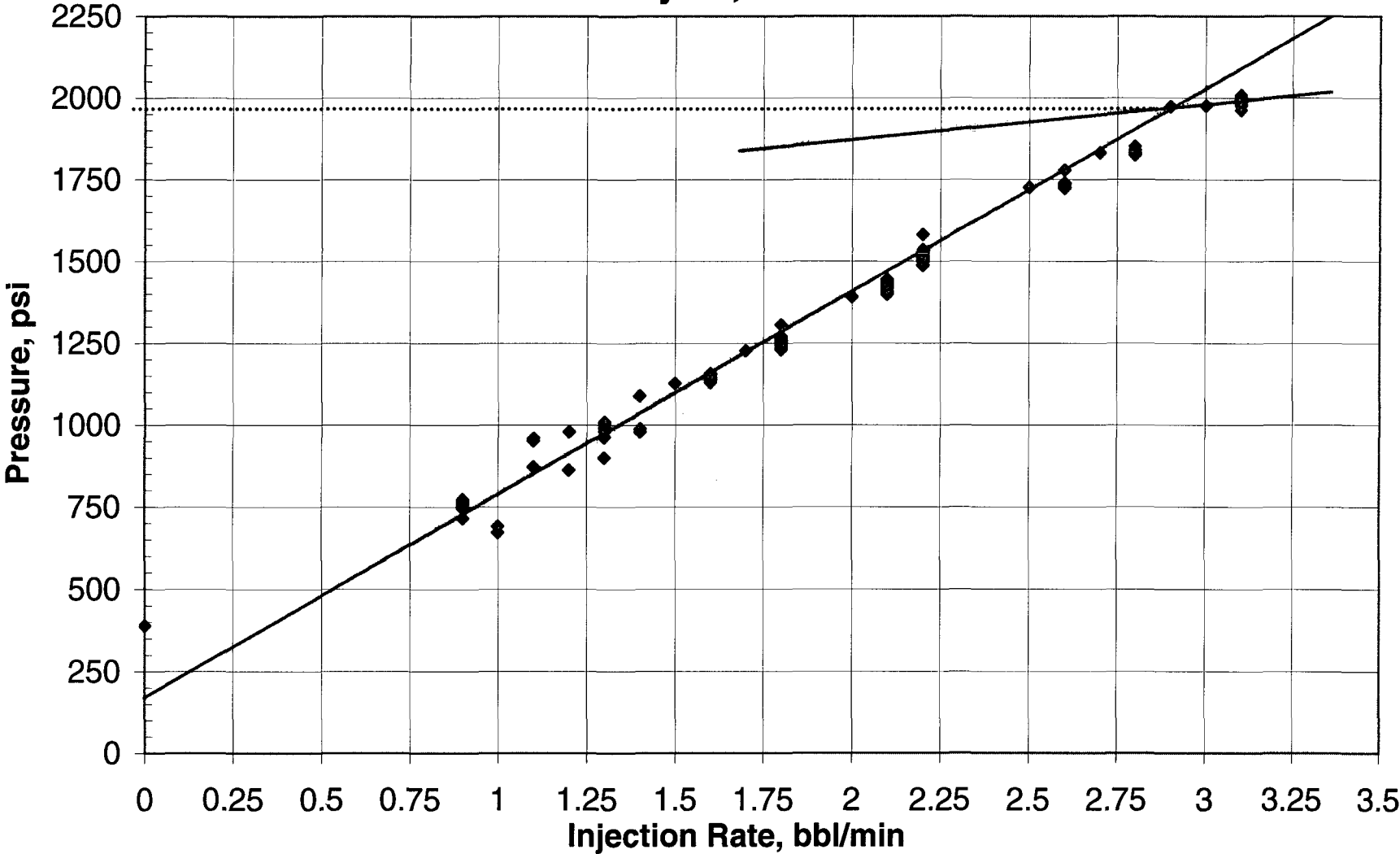
Nance Petroleum Corporation respectfully requests administrative approval for a Unit wide injection pressure increase in the Parkway Delaware Unit located in Townships 19 and 20 South, Range 29 East, NMPM, Eddy County, New Mexico above the currently approved limits – which range from 832 to 852 psig – to 1225 psig. In support of our request, we hereby submit the results of three (3) Step Rate Tests performed recently on the PDU 302, 304 and 508 wells (see attached Unit map). The results of the tests indicate a range of fracture initiation surface injection pressures of approximately 1300 psig at the PDU 508 to approximately 1960 psig at the PDU 302 (located at the far west end of the unit with comparatively poorer reservoir quality than other Unit wells).

In September 2002, we submitted one Step Rate Test for the PDU 601, located in the extreme south end of the Unit, and eight (8) Injection Surveys from wells located throughout the Unit. The Injection Surveys clearly indicated that all injected fluids remain confined within the Unitized intervals. The Division approved an injection pressure limit increase to 1225 psig on the PDU 601 and deferred Unit wide approval pending additional Step Rate Tests. We feel that the relative agreement in results of the recent Step Rate Tests performed on wells located throughout the Unit adequately supports our request. It is unlikely that results from additional Step Rate Tests performed throughout the Unit would differ significantly from those submitted herein, and any requirement for additional Tests would place an unnecessary economic burden upon Nance Petroleum. Please review the attached plots and reconsider approval of a Unit wide injection pressure limit of 1225 psig.

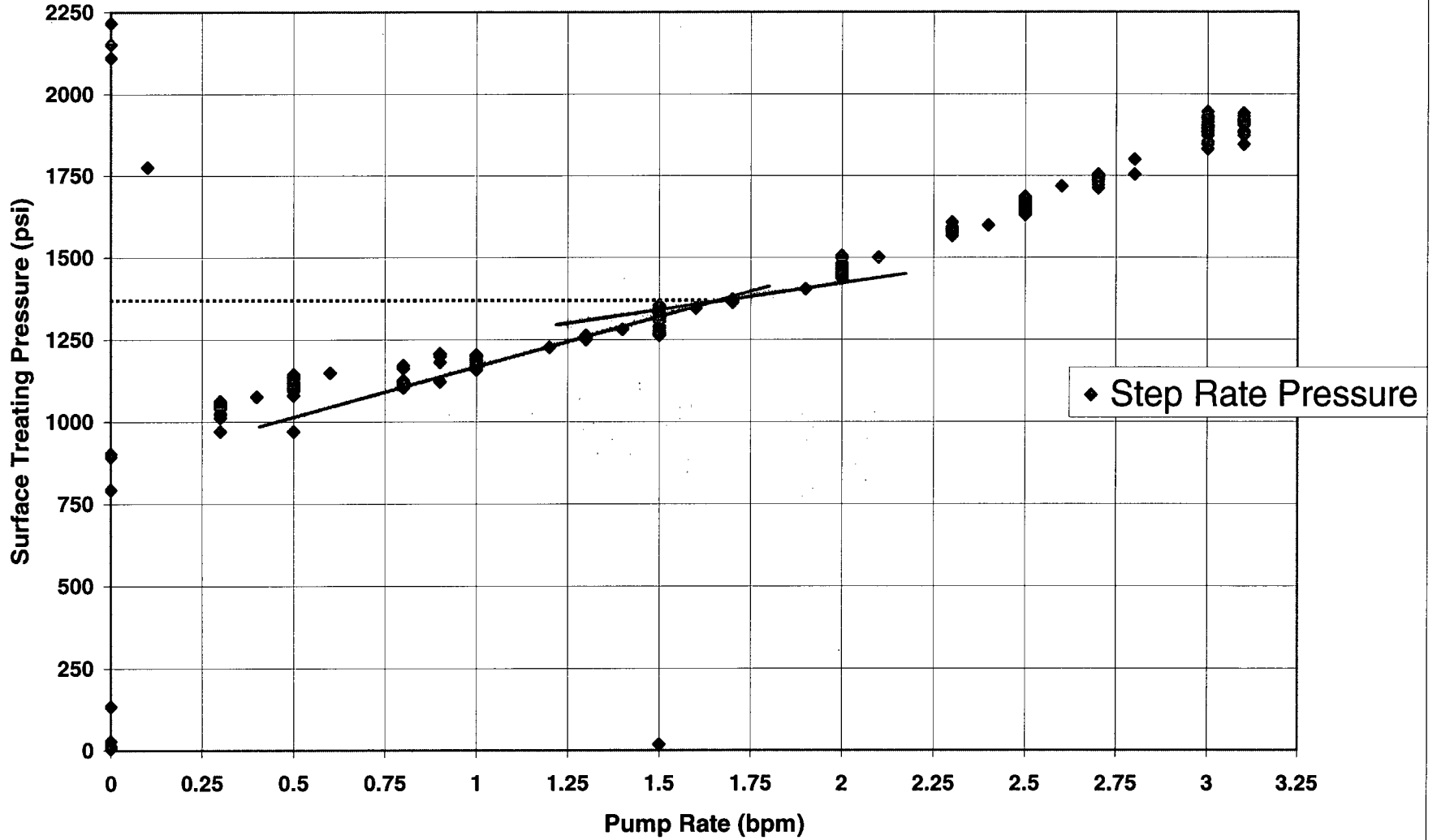
Thank you for your consideration of our request. If you have any questions, please contact me at (406) 867-8902.

Sincerely,
Mike Mungas
Mike Mungas
Regulatory and Safety Engineer

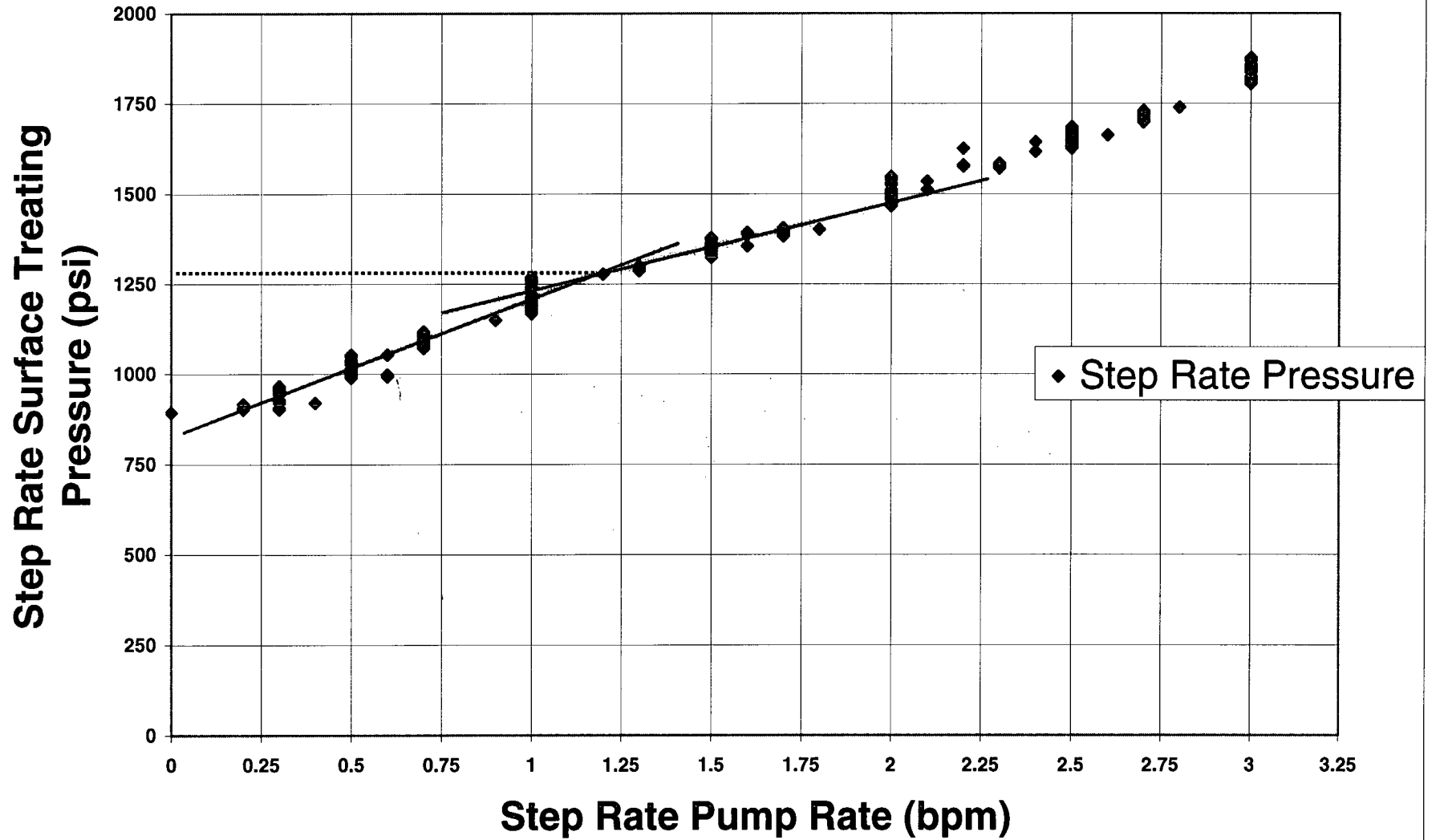
PDU 302
Injection Step Rate Test
May 23, 2003

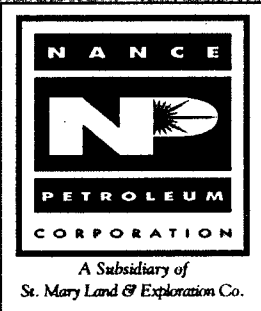


PDU 304 Injection Step Rate Test July 18, 2003

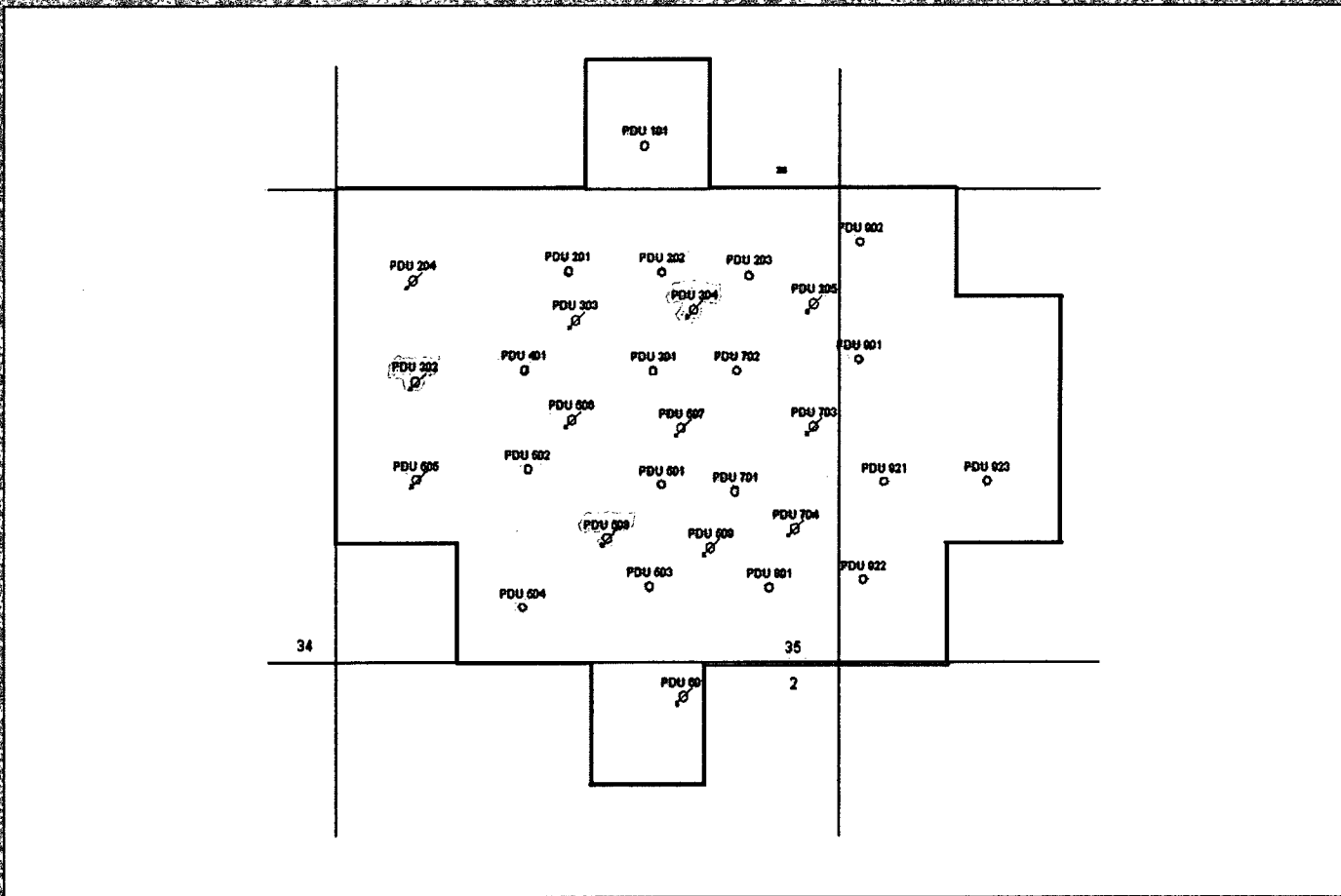


PDU 508 Injection Step Rate Test July 18, 2003





PDU Field Map



May 21, 2003

PDU Working Interest Owners' Technical Meeting

API Well Number :

OGRID Name :

Property Name : **PARKWAY DE**

Pool Name :

County :

Well Type :

Well Status :

Permit :

Section Land

Township Dir.

Range Dir.

Company	Inspections	Well Master
Scheduler	Mech. Int. Tests	Well History
Data Action	Idle Detail	Env. Inspections
Admin Permits	Idle Management	Incidents
Hearing Orders		Pool Master
Compliance		Surf Facilities

Close all Functions and Exit RBDMS

Clear Criteria Fields

Apply Selection Criteria

Make Group Inspection or 'Sync' Table from Displayed Records

API WELL #	Well	Well #	Operato	Type	Stat	C	Surf	UL	Sec	Twp	N/S	Rn	W/E	Feet	NS	Ft	EW	Order No
30-015-26006-00-00	PAR	302	ST. MA	I	S	E	F	E	35	19	S	29	E	2230	N	760	W	R-9822
30-015-26029-00-00	PAR	505	ST. MA	I	S	E	F	L	35	19	S	29	E	1980	S	760	W	
30-015-26143-00-00	PAR	204	ST. MA	I	S	E	F	D	35	19	S	29	E	990	N	940	W	
30-015-26433-00-00	PAR	601	ST. MA	I	A	E	S	2	2	20	S	29	E	330	N	1650	E	
30-015-27445-00-00	PAR	303	ST. MA	I	A	E	F	F	35	19	S	29	E	1420	N	2500	W	WFX-685
30-015-27464-00-00	PAR	506	ST. MA	I	A	E	F	J	35	19	S	29	E	2635	S	2640	E	
30-015-29503-00-00	PAR	304	ST. MA	I	A	E	F	G	35	19	S	29	E	1485	N	1485	E	
30-015-29504-00-00	PAR	507	ST. MA	I	A	E	F	G	35	19	S	29	E	2628	S	1485	E	PMX-186
30-015-30026-00-00	PAR	205	ST. MA	I	A	E	F	H	35	19	S	29	E	1330	N	180	E	PMX-196
30-015-30027-00-00	PAR	703	ST. MA	I	A	E	F	I	35	19	S	29	E	2610	S	430	E	PMX-196
30-015-30028-00-00	PAR	704	ST. MA	I	A	E	F	I	35	19	S	29	E	1450	S	330	E	PMX-196
30-015-30029-00-00	PAR	508	ST. MA	I	A	E	F	J	35	19	S	29	E	1350	S	2520	E	PMX-196
30-015-30030-00-00	PAR	509	ST. MA	I	A	E	F	P	35	19	S	29	E	1210	S	1210	E	PMX-196