

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop

Cabinet Secretary

Reese Fullerton

Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



Administrative Order IPI-296

April 11, 2008

Stephens & Johnson Operating Co

PO Box 2249

Wichita Falls, TX 76307-2249

Attention: Bob Gilmore

RE: Injection Pressure Increase Request

Denton North Wolfcamp Unit Waterflood Project (Case No 3340, Order No R-3001)

Tract 15 Well No. 5 API No. 30-025-05139, Unit A, Sec 26, WFX-815

Tract 6 Well No. 633 API No. 30-025-33090, Unit G, Sec 35, WFX-766

Township 14 South, Range 37 East, NMPM, Lea County

Denton; Wolfcamp Pool (Pool No. 17290)

Reference is made to your request on behalf of Stephens & Johnson Operating Co. (OGRID 19958) received March 27, 2008, to increase the surface injection pressure limit on the two above named wells in the Denton North Wolfcamp Unit Waterflood Project.

Administrative Order No WFX-815 approved on October 18, 2005, permitted Well No. 15-5 for injection into the Wolfcamp formation at 9294 to 9450 feet and allowed a maximum surface injection pressure of 1,859 psi. Administrative Order No WFX-766 approved on November 8, 2000, permitted Well No. 6-33 for injection into the Wolfcamp formation at 9170 to 9300 feet and allowed a maximum surface injection pressure of 1,834 psi. It is our understanding that these wells will not take a sufficient volume of water at these pressure limits and higher pressure limits are needed to optimize waterflood operations within this unit.

The basis for granting these pressure increases is injection tests run on these wells in March of 2008. You are hereby authorized to utilize up to the following maximum surface injection pressures on these wells provided the tubing, size, type, and setting depth does not change.

Well

DNWCU Tract 15 Well No. 5 API No. 30-025-05139

DNWCU Tract 6 Well No. 633 API No. 30-025-33090

Max Pressure

2,710 psi

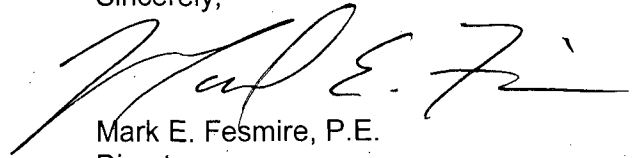
3,216 psi



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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.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark E. Fesmire, P.E.
Director

cc: Oil Conservation Division – Hobbs
WFX-815
WFX-766