

XERIC OIL & GAS CORPORATION

1801 W. Texas, P. O. Box 352
Midland, Texas 79702
(432) 683-3171, Fax: (432) 683-6348

RECEIVED

February 9, 2004

FEB 11 2004

OIL CONSERVATION
DIVISION

Will Jones
New Mexico Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, New Mexico 87505

Re: Howse SWD #1 Well
Unit L, Sec. 17, 20S, 39E
Lea County, New Mexico
API #30-025-36226


Dear Mr. Jones:

Please find enclosed (3) copies of a Step-Rate Test on the Howse Salt Water Disposal Well #1. Signal Wireline & Testing Company of Hobbs, New Mexico performed this test. Produced water from the disposal tanks was used during the test.

Xeric is requesting an increase in injection pressure for this disposal well. The current permitted injection pressure is 866 psi as per Administrative Order SWD-903. @ 10/30/03
The Step-Rate Test shows a parting point of 1375 psi. The increase in injection pressure will allow Xeric to meet its disposal requirements for the area.

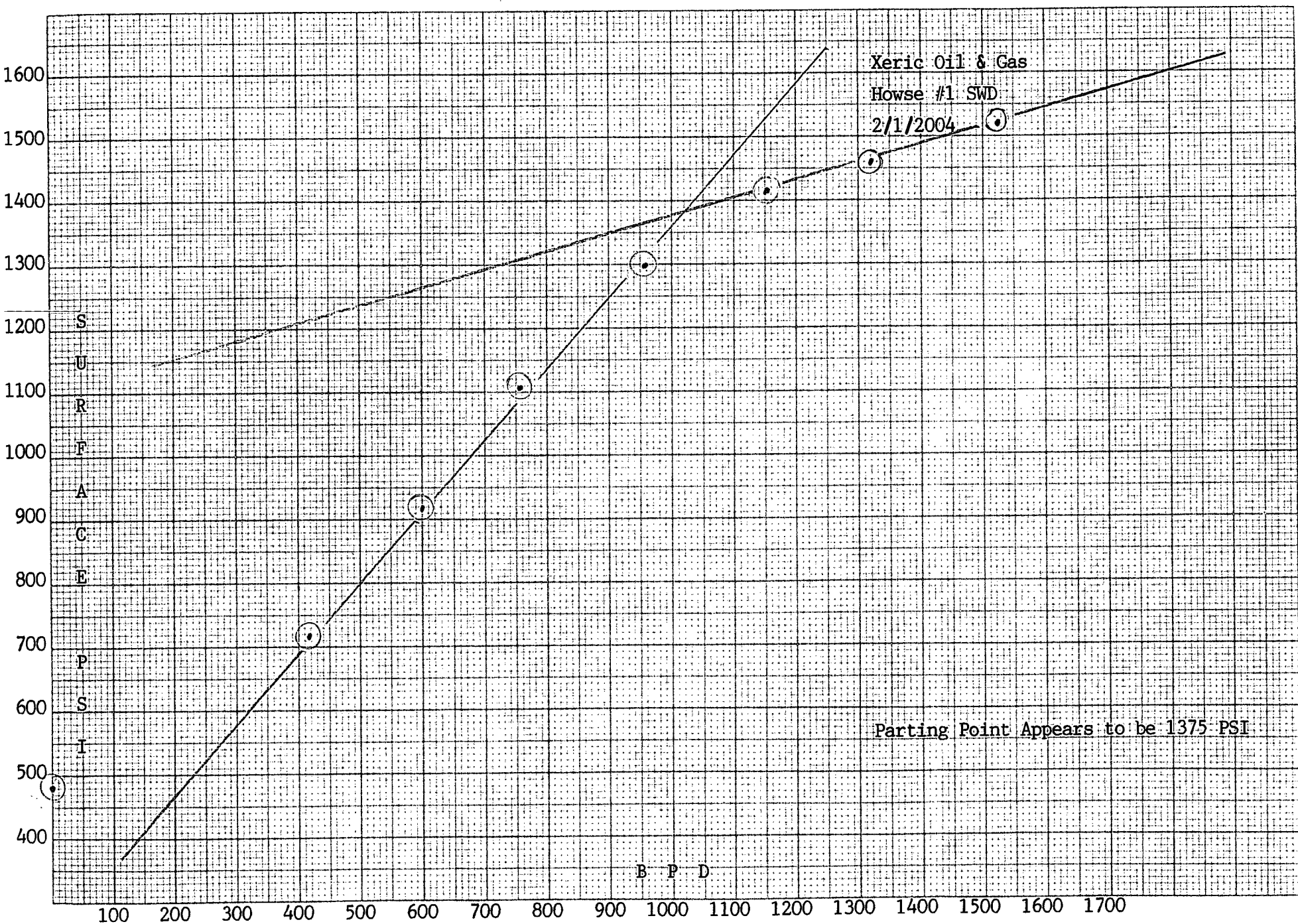
Thank you for your consideration.

Sincerely,


Angie Crawford
Production Analyst

AC

IPI-223
FOR 1325 PSI
@ 2/18/04



Step Rate Test

[illegible]

Test Conducted By: David Bump/Signal Wireline And Testing

Toll Free
866-766-SWAT

Signal Wireline And Testing

Office
505-392-2048