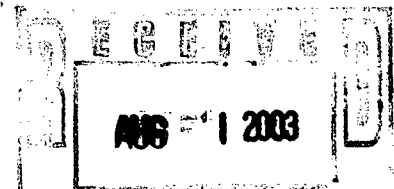




A Subsidiary of
St. Mary Land & Exploration Co.

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

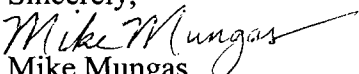
Re: Administrative Application for Injection Pressure Increase
Parkway Delaware Unit
Eddy County, New Mexico

Dear Mr. Jones:

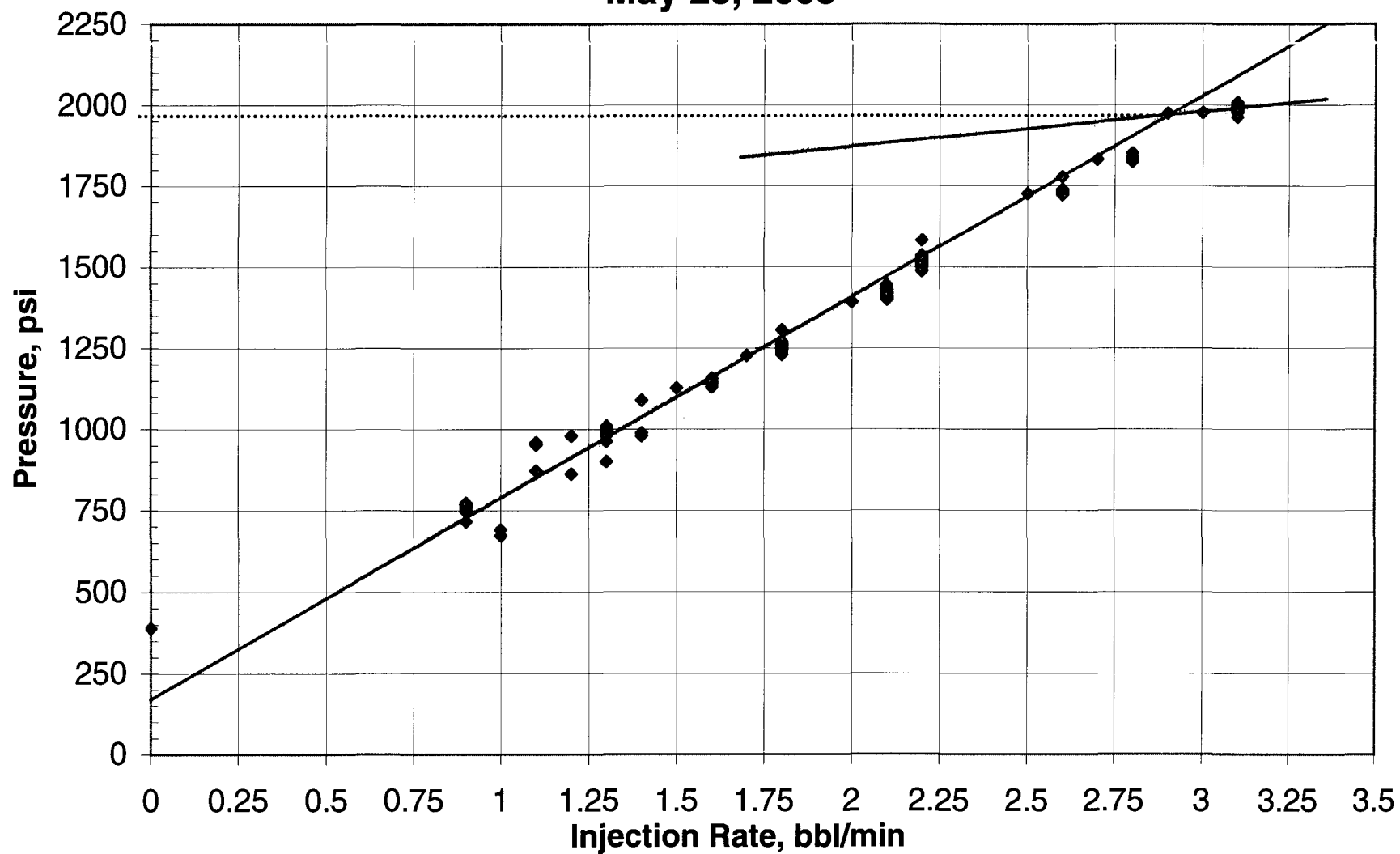
Nance Petroleum Corporation respectfully requests administrative approval for a Unit wide injection pressure increase in the Parkway Delaware Unit located in Townships 19 and 20 South, Range 29 East, NMPM, Eddy County, New Mexico above the currently approved limits – which range from 832 to 852 psig – 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.

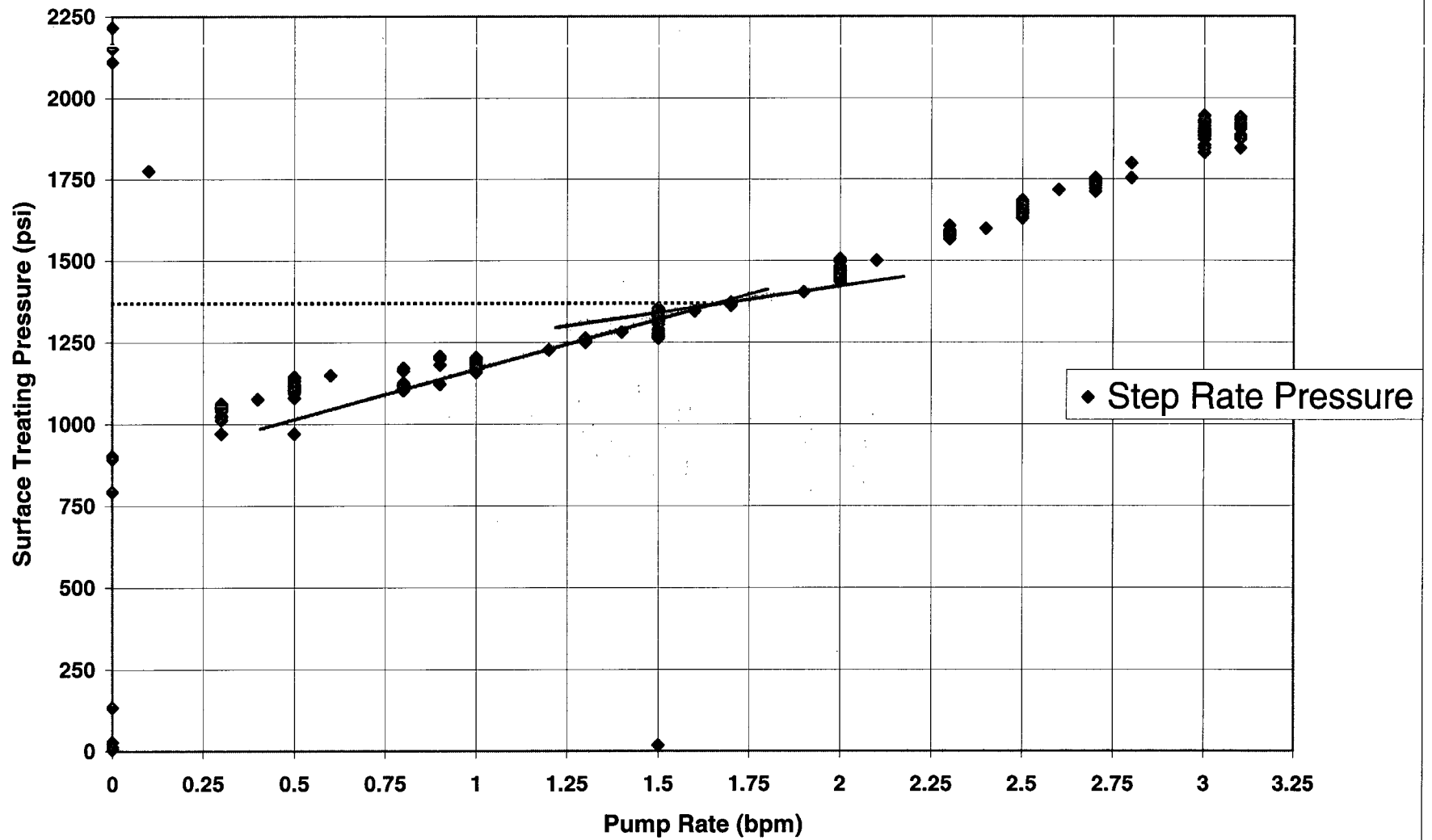
Thank you for your consideration of our request. If you have any questions, please contact me at (406) 867-8902.

Sincerely,

Mike Mungas
Regulatory and Safety Engineer

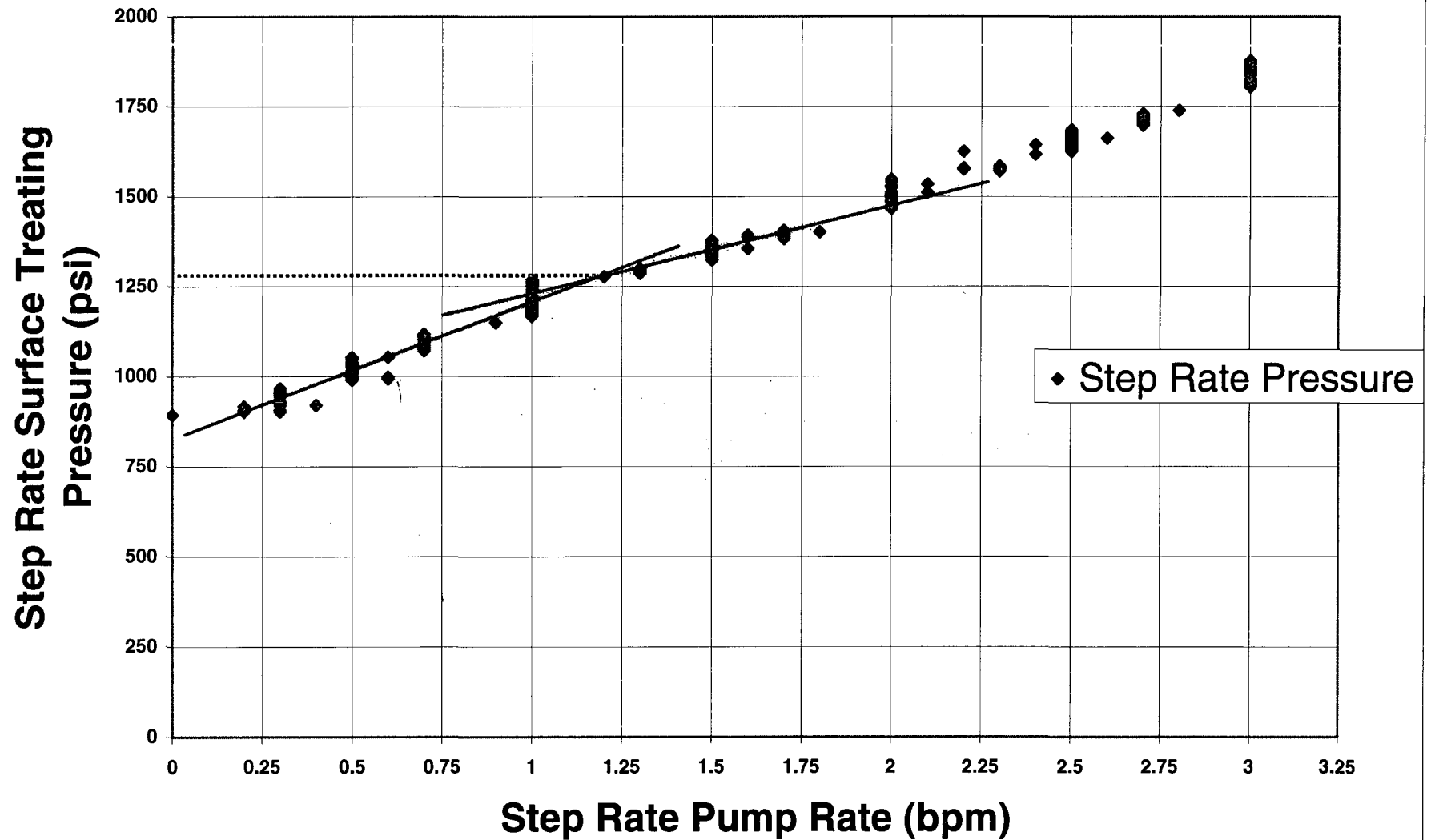
PDU 302
Injection Step Rate Test
May 23, 2003

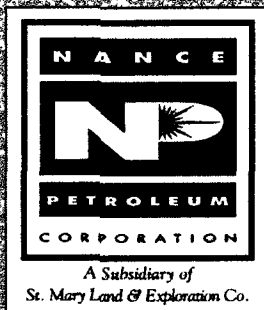


PDU 304 Injection Step Rate Test July 18, 2003

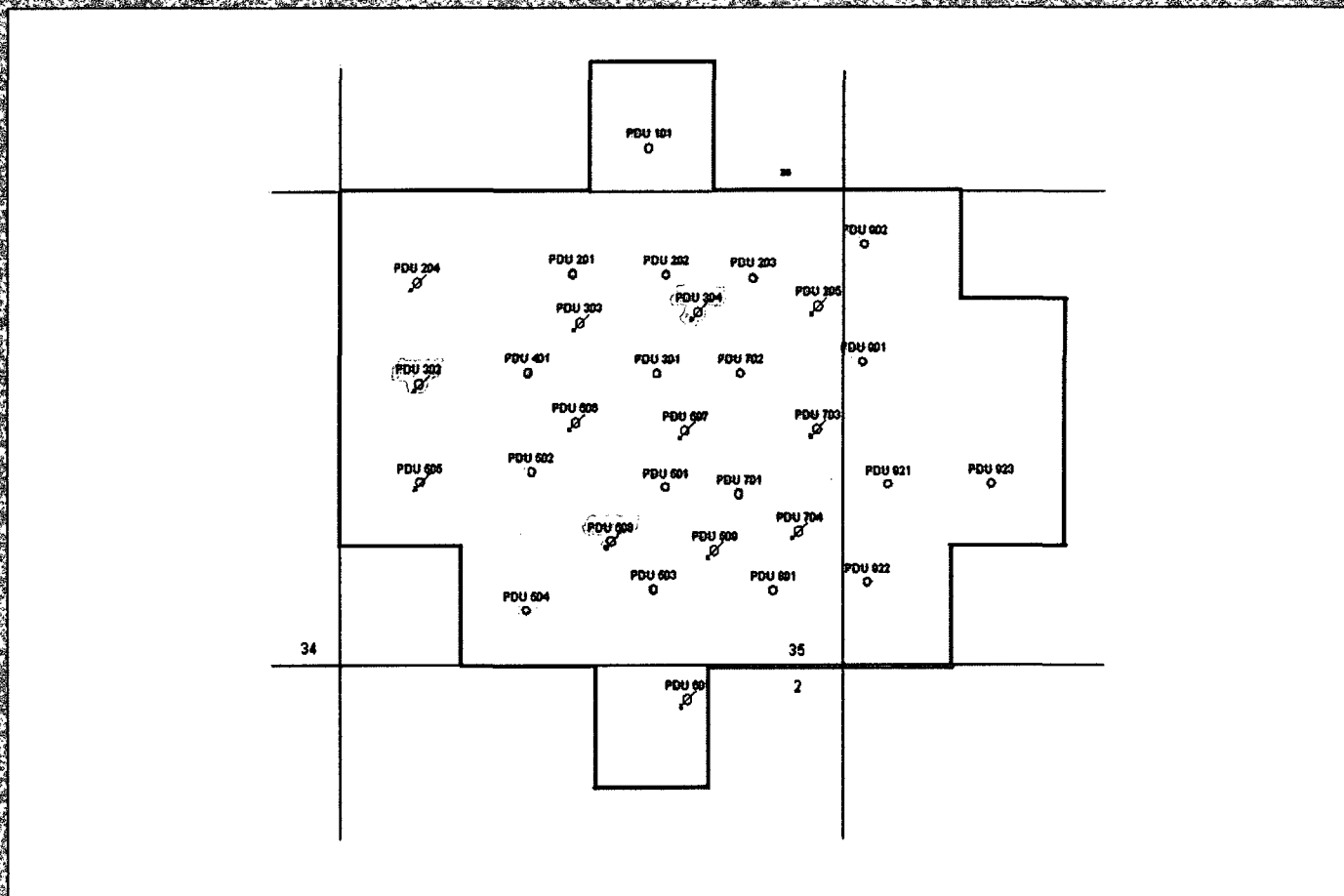


PDU 508 Injection Step Rate Test July 18, 2003





PDU Field Map



May 21, 2003

PDU Working Interest Owners' Technical Meeting

RBDMS New Mexico 2002

[Edit](#)
[Inquiry](#)
[Switchboard](#)
[User Queries](#)
[Refresh Data](#)


API Well Number :

OGRID Name :

Property Name : PARKWAY DE

Pool Name :

County :

Well Type : I

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

R

U

N

G

S

I

S

S

Pool Master

Compliance

Surf Facilities

Close all
Functions
and Exit
RBDMS

Clear Criteria Fields

 Make Group Inspection
or 'Sync' Table from
Displayed Records


Apply Selection Criteria

| API WELL # | Well | Well # | Operatd | 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 |