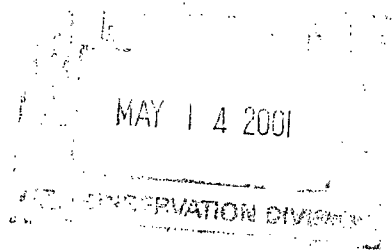


Fagadau Energy Corporation

May 11, 2001

New Mexico Energy, Minerals & Natural
Resources Department
1220 So. St. Francis Drive
Santa Fe, New Mexico

Attention: David Catanach
Engineer



Re: ARCO SWD # 1
Operator: Fagadau Energy Corporation
API # 30-025-31846
Sec. 18-17S-39E
Lea Co., NM
ADMINISTRATIVE ORDER SWD-586

Please find enclosed a step rate test on the above referenced well. The current wellhead pressure limit on this well is 1130 psi. We are requesting a pressure increase to 2000 psi.

If there is any further information required, please advise.

Sincerely,

Handwritten signature of Carolyn L. McKee.

Carolyn L. McKee
Regulatory Analyst

Clm;s
Attachment



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

May 9, 2001

Lori Wrotenbery
Director
Oil Conservation Division

Fagadau Energy Corporation
4849 Greenville Avenue
Suite 1600
Dallas, Texas 75206

Re: Step Rate Injection Test
Arco SWD No. 1

Dear Sir:

The Division has received the enclosed step rate injection test for the Arco SWD No. 1. Please be advised that any request to increase the injection pressure on a disposal/injection well must come from the operator of the well, and should contain pertinent information such as well location, API number, permit number that authorized injection, current pressure limit for the well, and requested surface pressure.

Please submit this information to:

Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87504

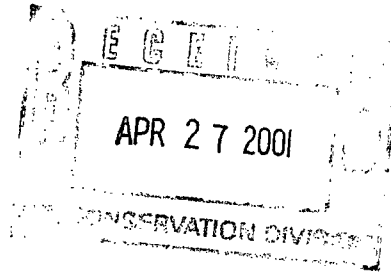
If you should have any questions, please contact me at (505) 476-3466.

Sincerely,

A handwritten signature in dark ink, appearing to read "David Catanach".

David Catanach
Engineer

1P1-152 N/R
112151480



Step Rate Injection Test Report

for

Fagadau Energy Corp.

Arco #1 SWD (30-025-31846)

April 13, 2001

TABLE OF CONTENTS

SECTION I	CONTENTS
SECTION II	SEQUENCE OF EVENTS
SECTION III	DATA REPORT
SECTION IV	CHART



COMPANY: Fagadau Energy Corp.
WELL: Arco #1 SWD
COMPANY REP: Bob Dillin
PERFORATIONS: 5730 - 5972

SERVICE DATES: April 13, 2001
TEST TYPE: Step Rate Injection
PTS TECHNICIANS: D. Ginanni
BHP GAUGE DEPTH: N/A

DATE	TIME	REMARKS
04/13/01	8:00	Start pumping @ 400 BPD
04/13/01	8:05	
04/13/01	8:10	
04/13/01	8:15	Increase to 700 BPD
04/13/01	8:20	
04/13/01	8:25	
04/13/01	8:30	Increase to 1000 BPD
04/13/01	8:35	
04/13/01	8:40	
04/13/01	8:45	Increase to 1300 BPD
04/13/01	8:50	
04/13/01	8:55	
04/13/01	9:00	Increase to 1600 BPD
04/13/01	9:05	
04/13/01	9:10	
04/13/01	9:15	Increase to 1900 BPD
04/13/01	9:20	
04/13/01	9:25	
04/13/01	9:30	Increase to 2200 BPD
04/13/01	9:35	
04/13/01	9:40	
04/13/01	9:45	Increase to 2500 BPD
04/13/01	9:50	
04/13/01	9:55	
04/13/01	10:00	Increase to 2800 BPD
04/13/01	10:05	
04/13/01	10:10	
04/13/01	10:15	Increase to 3100 BPD
04/13/01	10:20	
04/13/01	10:25	
04/13/01	10:30	Increase to 3400 BPD
04/13/01	10:35	
04/13/01	10:40	
04/13/01	10:45	Increase to 3700 BPD
04/13/01	10:50	
04/13/01	10:55	
04/13/01	11:00	Stop pumping, start falloff
04/13/01	11:01	



COMPANY : Fagadau Energy Corp.
WELL: Arco #1 SWD
COMPANY REP: Bob Dillin
PERFORATIONS: 5730 - 5972

SERVICE DATES : April 13, 2001
TEST TYPE : Step Rate Injection
PTS TECHNICIANS : D. Ginanni
BHP GAUGE DEPTH: N/A

DATE	TIME	REMARKS
04/13/01	11:02	
04/13/01	11:03	
04/13/01	11:04	
04/13/01	11:05	
04/13/01	11:10	End of test



COMPANY : Fagadau Energy Corp.
WELL: Arco #1 SWD
COMPANY REP: Bob Dillin
PERFORATIONS: 5730 - 5972

SERVICE DATES : April 13, 2001
TEST TYPE : Step Rate Injection
PTS TECHNICIANS : D. Ginanni
BHP GAUGE DEPTH: N/A

STEP NO.	TIME	SURFACE TUBING PRESS. (psig)	CUMULATIVE VOL INJECTED (bbls)	INJECTION RATE (bbls/day)	INJECTION RATE (gpm) (3)/34.2857	MEASURED BHP (psi)
	8:00	274.3				
	8:05	371.7	1.4	398.4	11.62	
	8:10	404.9	2.9	429.1	12.52	
1	8:15	410.7	4.3	418.6	12.21	
	8:20	526.4	6.7	693.4	20.23	
	8:25	567.4	9.3	744.9	21.73	
2	8:30	597.8	11.9	754.2	22.00	
	8:35	698.5	15.5	1037.5	30.26	
	8:40	724.4	19.3	1068.0	31.15	
3	8:45	727.9	23.0	1069.6	31.20	
	8:50	830.4	26.8	1093.4	31.89	
	8:55	850.1	31.6	1393.4	40.64	
4	9:00	870.7	36.4	1395.7	40.71	
	9:05	994.8	42.1	1616.2	47.14	
	9:10	1009.3	47.9	1690.7	49.31	
5	9:15	1021.5	53.8	1681.8	49.05	
	9:20	1125.6	60.3	1880.0	54.83	
	9:25	1126.2	67.1	1959.1	57.14	
6	9:30	1134.3	73.9	1953.5	56.98	
	9:35	1283.1	81.3	2148.7	62.67	
	9:40	1295.2	89.2	2263.9	66.03	
7	9:45	1299.5	97.1	2263.2	66.01	
	9:50	1442.3	105.7	2496.0	72.80	
	9:55	1452.2	114.6	2560.8	74.69	
8	10:00	1452.3	123.5	2560.6	74.68	
	10:05	1615.4	133.3	2817.4	82.17	
	10:10	1617.1	143.1	2832.8	82.62	



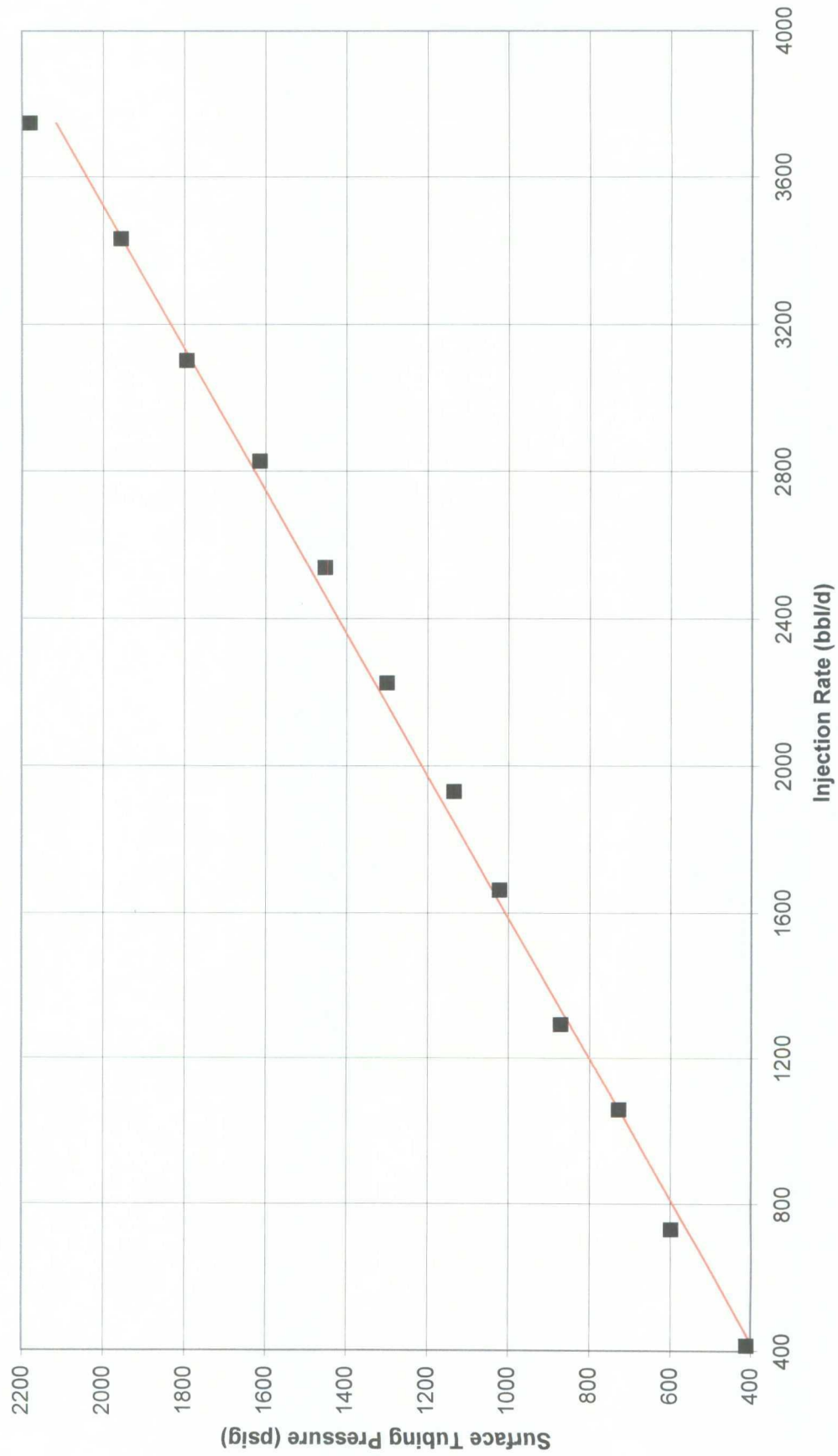
COMPANY : Fagadau Energy Corp.
 WELL: Arco #1 SWD
 COMPANY REP: Bob Dillin
 PERFORATIONS: 5730 - 5972

SERVICE DATES : April 13, 2001
 TEST TYPE : Step Rate Injection
 PTS TECHNICIANS : D. Ginanni
 BHP GAUGE DEPTH: N/A

STEP NO.	TIME	SURFACE TUBING PRESS. (psig)	CUMULATIVE VOL INJECTED (bbls)	INJECTION RATE (bbls/day)	INJECTION RATE (gpm) (3)/34.2857	MEASURED BHP (psi)
9	10:15	1614.3	153.0	2831.8	82.59	
	10:20	1806.4	163.4	2994.4	87.34	
	10:25	1795.7	174.3	3150.1	91.88	
10	10:30	1793.9	185.3	3163.2	92.26	
	10:35	1960.0	197.2	3434.7	100.18	
	10:40	1958.1	209.1	3437.9	100.27	
11	10:45	1955.9	221.0	3427.2	99.96	
	10:50	2199.7	233.8	3681.6	107.38	
	10:55	2177.6	247.0	3789.4	110.53	
12	11:00	2181.1	260.1	3769.3	109.94	
Falloff	11:01	772.7				
	11:02	943.3				
	11:03	923.8				
	11:04	912.8				
	11:05	904.1				
	11:10	869.3				

Pacific PROCESS SYSTEMS, INC.

Step Rate Injection Test



Phone: (505) 392-8813
Fax: (505) 392-6612

3406 Lovington Hwy.
Hobbs, NM 88240