

XERIC OIL & GAS CORPORATION

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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

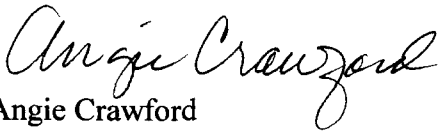
Dear Mr. Jones:

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.

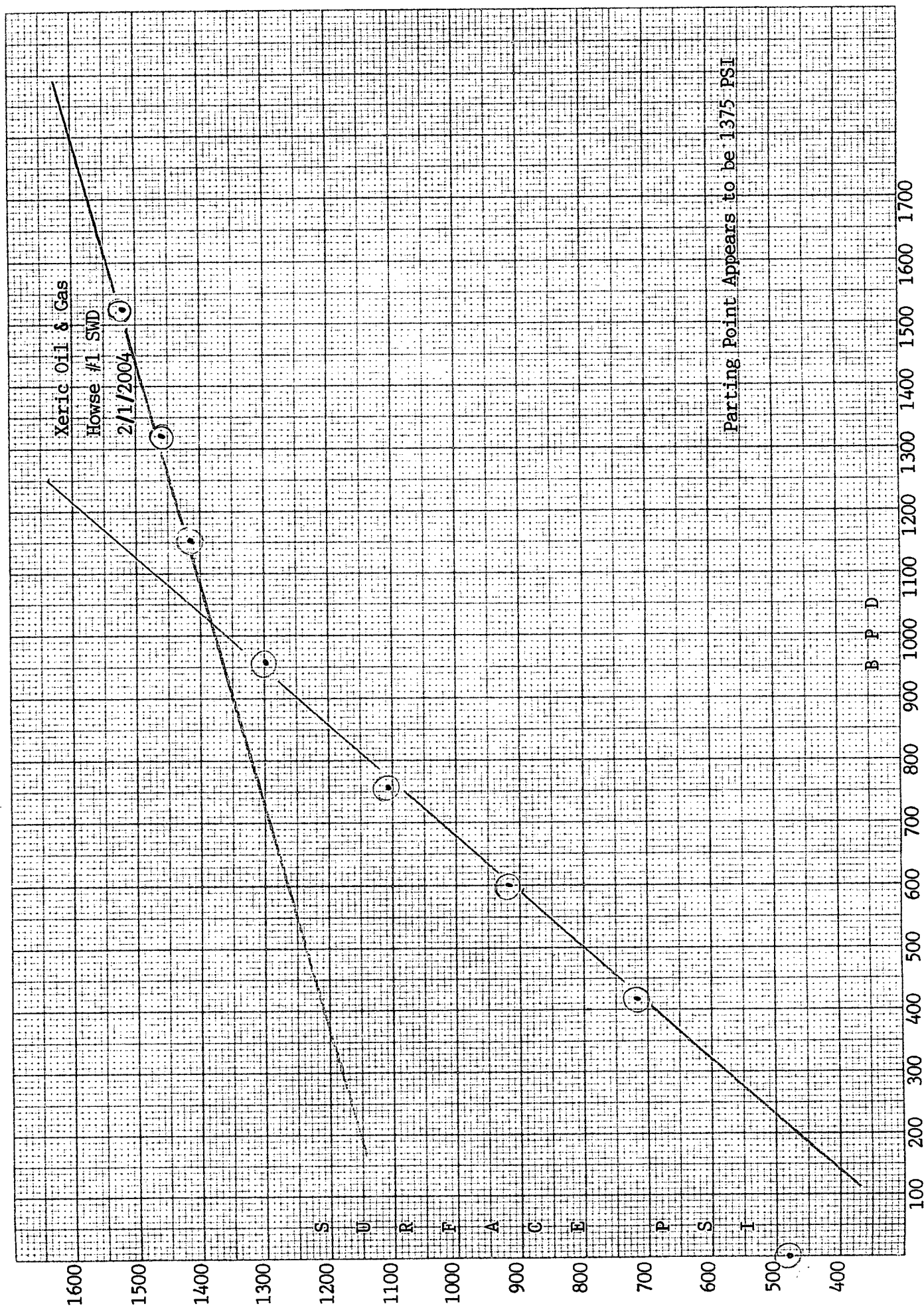
Thank you for your consideration.

Sincerely,


Angie Crawford
Production Analyst

AC

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



Step Rate Test

Company: Xeric Oil & Gas			Company Representative: Mike Mooney		
Lease: Howse #1 SWD			Test Date & Time: 2/1/2004		
State: New Mexico		County: Lea		Elevation: 3537'	
Formation: San Andres		Unit: L		Section: 17	
Township: 20S			Range: 39E		
Test Crew: David Bump					
TD@ 4900'			PBTD@ 4846'		
Packer Set @: AD-1 IPC @ 4286'					Ft.
Casing Size: 5 1/2"			Casing Wt.: 17		
Casing Dia.: 4 3/4" ID			Casing Set @: 4900'		
			Ft.		
Tubing Size: 2 7/8 P.C.			Tubing Wt.: 6.4		
Tubing Dia.: 2" - ID			Tubing Set @: 4283'		
			Ft.		
Perforations From: 4332' - 4842'			To: 4332' - 4842'		

Time	Elapse Time	Tubing Pressure	Tubing Pressure Less Friction	BHP	Rate BPD
9:30	0	480			0
9:35		605			420
9:40		690			420
9:45	15	720			420
9:50		810			600
9:55		890			600
10:00	30	920			600
10:05		1010			760
10:10		1020			760
10:15	45	1110			760
10:20		1220			960
10:25		1290			960
10:30	60	1300			960
10:35		1360			1150
10:40		1400			1150
10:45	75	1420			1150
10:50		1440			1320
10:55		1450			1320
11:00	90	1460			1320
11:05		1500			1520
11:10		1510			1520
11:15	105	1520			1520

Test Conducted By: David Bump/Signal Wireline And Testing

David Bump

Toll Free
866-766-SWAT

Signal Wireline And Testing

Office
505-392-2048