



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

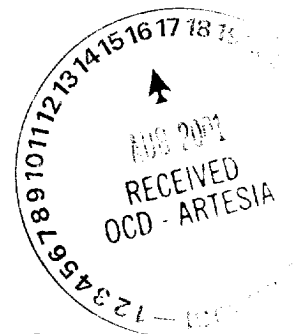
Lori Wrotenbery
Director
Oil Conservation Division

August 14, 2001

KCS Resources, Inc.
7130 South Lewis Avenue
Suite 700
Tulsa, Oklahoma 74136-5489

Attn: Mr. Richard E. Alexander

**RE: Injection Pressure Increase,
West Shugart "19" Federal Well No. 2
API No. 30-015-30501
Eddy County, New Mexico**



Dear Mr. Alexander:

Reference is made to your request dated July 31, 2001 to increase the surface injection pressure on the above referenced well. This request is based on a step rate test conducted on the well on July 19, 2001. The results of the test have been reviewed by my staff and we feel an increase in injection pressure on this well is justified at this time.

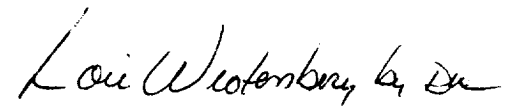
You are therefore authorized to increase the surface injection pressure on the following well:

<i>Well and Location</i>	<i>Maximum Surface Injection Pressure</i>
West Shugart "19" Federal Well No. 2	1186 PSIG
Located in Unit O of Section 19, Township 18 South, Range 31 East, Eddy County, New Mexico.	

The Division Director may rescind this injection pressure increase if it becomes apparent that the injected water is not being confined to the injection zone or is endangering any fresh water aquifers.

Injection Pressure Increase
KCS Resources, Inc.
West Shugart "19" Federal Well No. 2
August 14, 2001

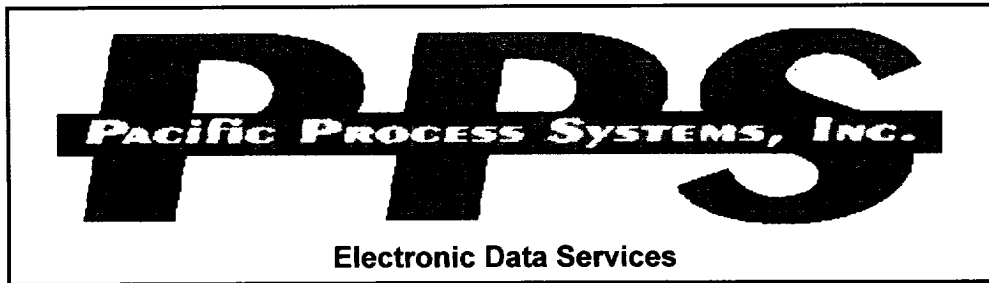
Sincerely,

A handwritten signature in cursive script, appearing to read "Lori Wrotenbery, Esq.", written in dark ink.

Lori Wrotenbery
Director

LW/DRC

Production Division - Artesia ✓
Files. SWD-747; PSI-X 2001



Step Rate Injection Test Report

for

KCS Medallion

W. Shugart #19-2 SWD

7/19/01

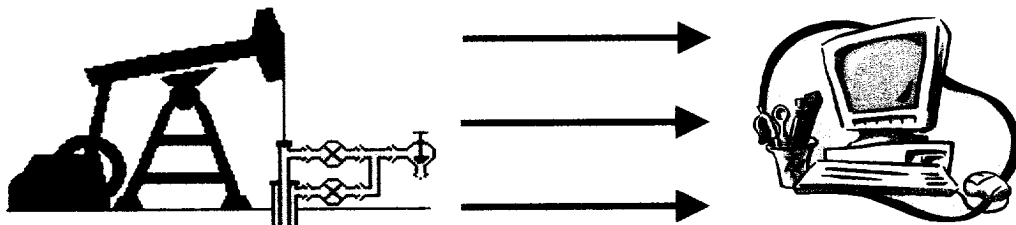
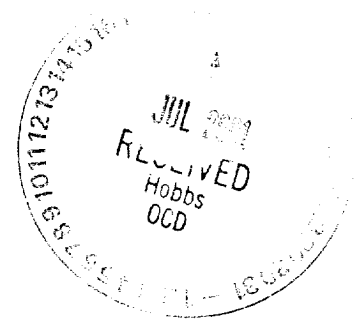


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COMPANY : KCS Medallion
 WELL: W. Shugart #19-2 SWD
 COMPANY REP: Richard Alexander/Robert Albright
 PERFORATIONS: 3946' - 5490'

SERVICE DATES : 7/19/01
 TEST TYPE : Step Rate Injection
 PTS TECHNICIANS : D. Ginanni
 BHP GAUGE DEPTH: N/A

07/19/01	10:15	Start pumping @ .5 BPM
07/19/01	10:20	
07/19/01	10:25	
07/19/01	10:30	Increase to 1 BPM
07/19/01	10:35	
07/19/01	10:40	
07/19/01	10:45	Increase to 1.5 BPM
07/19/01	10:50	
07/19/01	10:55	
07/19/01	11:00	Increase to 2 BPM
07/19/01	11:05	
07/19/01	11:10	
07/19/01	11:15	Increase to 2.5 BPM
07/19/01	11:20	
07/19/01	11:25	
07/19/01	11:30	Increase to 3 BPM
07/19/01	11:35	
07/19/01	11:40	
07/19/01	11:45	Increase to 3.5 BPM
07/19/01	11:50	
07/19/01	11:55	
07/19/01	12:00	increase to 4 BPM
07/19/01	12:05	
07/19/01	12:10	
07/19/01	12:15	Stop pumping, start falloff



COMPANY : KCS Medallion
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SERVICE DATES : 7/19/01
 TEST TYPE : Step Rate Injection
 PTS TECHNICIANS : D. Ginanni
 BHP GAUGE DEPTH: N/A

	10:15	635.3				
	10:20	552.7	2.3	669.4	19.52	
	10:25	563.9	4.7	679.1	19.81	
1	10:30	556.9	7.0	681.1	19.86	
	10:35	583.1	12.2	1475.8	43.04	
	10:40	583.2	17.6	1555.9	45.38	
2	10:45	601.5	22.9	1547.7	45.14	
	10:50	685.0	30.0	2037.6	59.43	
	10:55	571.0	37.5	2152.6	62.78	
3	11:00	663.5	44.9	2143.9	62.53	
	11:05	713.4	55.1	2934.9	85.60	
	11:10	720.3	65.2	2904.8	84.72	
4	11:15	745.6	75.3	2910.0	84.88	
	11:20	785.8	87.8	3594.6	104.84	
	11:25	780.6	100.6	3696.7	107.82	
5	11:30	795.5	113.5	3701.5	107.96	
	11:35	813.5	128.7	4384.3	127.87	
	11:40	773.1	144.0	4402.0	128.39	
6	11:45	834.5	158.9	4291.5	125.17	
	11:50	926.3	177.1	5238.1	152.78	
	11:55	958.3	194.8	5104.5	148.88	
7	12:00	915.1	212.5	5080.8	148.19	
	12:05	978.5	232.1	5662.8	165.17	
	12:10	973.7	252.3	5812.8	169.54	
8	12:15	992.2	272.6	5837.9	170.27	
	12:20	1100.7	294.5	6314.8	184.18	
	12:25	1057.3	317.3	6556.0	191.22	
9	12:30	1066.3	340.0	6553.0	191.13	
	12:35	1196.7	364.8	7126.6	207.86	
	12:40	1169.0	389.9	7239.2	211.14	
10	12:45	1236.5	414.4	7054.6	205.76	
Falloff	12:46	1127.9				
	12:47	818.1				
	12:47	808.4				



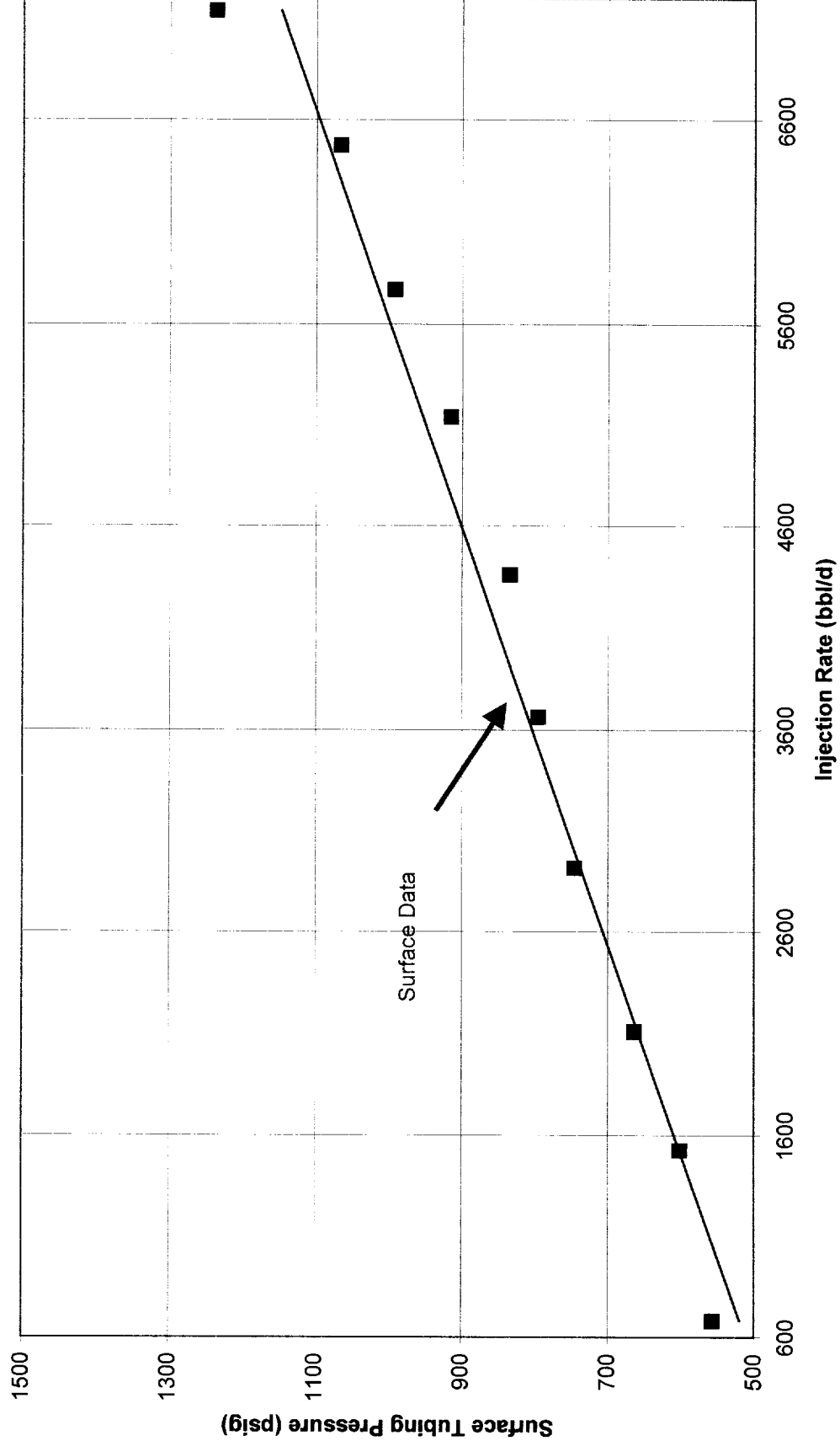
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WELL: W. Shugart #19-2 SWD
COMPANY REP: Richard Alexander/Robert Albright
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SERVICE DATES : 7/19/01
TEST TYPE : Step Rate Injection
PTS TECHNICIANS : D. Ginanni
BHP GAUGE DEPTH: N/A

	12:48	675.7				
	12:49	705.2				
	12:50	702.8				
	12:55	695.8				
	13:00	691.3				

Pacific PROCESS SYSTEMS, INC.

Step Rate Injection Test



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

3406 Lovington Hwy.
Hobbs, NM 88240

