New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division

Administrative Order IPI-299
May 21, 2008

Stephens & Johnson Operating Co
PO Box 2249
Wichita Falls, TX 76307-2249

MAY 27 2008
OCD-ARTESIA

Attention: Mike Kincaid

RE: **Injection Pressure Increase Request**
East Millman Queen Grayburg Unit Waterflood Project (Case No 6477, Order No R-3001)
Tract 7 Well No. 2 API No. 30-025-02235, Unit E, Sec 13, WFX-824
Tract 7 Well No. 4 API No. 30-025-02231, Unit L, Sec 13, WFX-824
Tract 4 Well No. 4 API No. 30-025-02239, Unit M, Sec 13, WFX-824
Tract 4 Well No. 6 API No. 30-025-10105, Unit N, Sec 13, WFX-824
Township 19 South, Range 28 East, NMPM, Lea County
Yates-Seven Rivers-Queen-Grayburg-San Andres Pool

Reference is made to your request on behalf of Stephens & Johnson Operating Co. (OGRID 19958) received April 25, 2008, to increase the surface injection pressure limit on the four above named wells in the East Millman Queen Grayburg Unit Waterflood Project.

Administrative Order No WFX-824 approved on November 11, 2006, permitted Stephens & Johnson Operating Company to inject water into the Queen and Grayburg formations (East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool) through the gross interval from Approximately 1,656 feet to 2,234 feet using 2-3/8-inch plastic lined tubing set in a packer located within 100 Feet of the uppermost injection perforations in the following described wells for purposes of secondary recovery to wit:

East Millman Pool Unit Well No. 2 (API No. 30-015-02235)
1980' FNL & 660' FWL (Unit E) Section 13, Township 19 South, Range 28 East, NMPM
Perforated Interval: 1,733 feet to 2,185 feet
Maximum Surface Injection Pressure: 347 psi

East Millman Pool Unit Well No. 4 (API No. 30-015-02231)
2310' FSL & 660' FWL (Unit L) Section 13, Township 19 South, Range 28 East, NMPM
Perforated Interval: 1,734 feet to 2,200 feet
Maximum Surface Injection Pressure: 347 psi

East Millman Pool Unit Well No. 4 (API No. 30-015-02239)
660' FSL & 660' FWL (Unit M) Section 13, Township 19 South, Range 28 East, NMPM
Perforated Interval: 1,784 feet to 2,214 feet
Maximum Surface Injection Pressure: 357 psi

East Millman Pool Unit Well No. 6 (API No. 30-015-10105)
990' FSL & 1980' FWL (Unit N) Section 13, Township 19 South, Range 28 East, NMPM
Perforated Interval: 2,115 feet to 2,218 feet
Maximum Surface Injection Pressure: 423 psi

It is our understanding that these wells will not take sufficient volumes of water at these pressure limits and higher pressure limits are needed to optimize the waterflood operation within this unit.

The basis for granting your requested pressure increases is based on the injection step rate tests run on these wells in April of 2008. You measured both surface and bottomhole pressures during this test.

You are hereby authorized to utilize up to the following maximum surface injection pressures on these wells provided the tubing, size, type, and packer setting depth does not change.

Well	Max Pressure
EMQGU Tract 7 Well No. 2 API No. 30-025-02235	683 psi
EMQGU Tract 7 Well No. 4 API No. 30-025-02231	524 psi
EMQGU Tract 4 Well No. 4 API No. 30-025-02239	571 psi
EMQGU Tract 4 Well No. 6 API No. 30-025-10105	641 psi

This approval is subject to your being in compliance with all other Division rules, including but not limited to Division Rule 40.

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

Sincerely,

Mark E. Fesmire, P.E.
Director

MEF/tw

cc: Oil Conservation Division – Artesia
WFX-824