DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
8.16.04	8/31/04	Jones	8.16.04	SWD	pSEM0422946987

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name	Signature	Title	Date

e-mail Address

AGAVE ENERGY COMPANY

105 South Fourth Street Artesia, New Mexico 88210 (505) 748-4555 Fax (505) 748-4275

2004 AUG 16 AM 11 24

3 August, 2004

David R. Catanach
NM-OCD
P.O. Box 2088
Santa Fe, NM 87505

Re: Metropolis 'AZL' State Com #1
Application for Authorization to Inject

Please find enclosed an Application for Re-Authorization to Inject for the referenced Metropolis 'AZL' State Com #1. We are proposing to re-enter this recently plugged and abandoned well and deepen the well to the Devonian and Ellenburger formations and convert the well to a disposal well. The well would be utilized to disposed of produced water from the Dagger Draw field and to dispose of acid gas generated from the Agave Energy Plant that "sweetens" sour gas from Dagger Draw.

Agave is re-applying because on 7 May, 2004, a notification that the authorization (NMOCD Order R-11769) has been withdrawn. Agave has been in negotiations with the New Mexico Environmental Department (NMED) concerning a compliance order with the Agave gas plant. The compliance order was just settled on 8 June, 2004 and allows Agave Energy Company to utilize the acid gas disposal well.

Because of the past uncertainties with the NMED compliance order, Agave Energy Company would like to have the NMOCD Order R-11769 re-authorized and approved.

Sincerely,

Greg Jokela
Engineering Supervisor
Agave Energy Company

Enclosure

CC: Tim Gumm, OCD-Artesia

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL
RESOURCES DEPARTMENT

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

FORM C-108
Revised June 10, 2003

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____Secondary Recovery _____Pressure Maintenance ___X__Disposal _____Storage
Application qualifies for administrative approval? _____Yes _____No

2004 AUG 16 AM 11 24

II. OPERATOR: Agave Energy Company

ADDRESS: 104 South Fourth Street, Artesia, New Mexico, 88210

CONTACT PARTY: Greg Jokela PHONE: 505-748-4555

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? _____Yes ___X___No
If yes, give the Division order number authorizing the project: _____

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).

*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Greg Jokela TITLE: Engineering Supervisor

SIGNATURE: _____ DATE: 7-5-04

E-MAIL ADDRESS: gjokela@ypcnm.com

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

(1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.

(2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.

(3) A description of the tubing to be used including its size, lining material, and setting depth.

(4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

(1) The name of the injection formation and, if applicable, the field or pool name.

(2) The injection interval and whether it is perforated or open-hole.

(3) State if the well was drilled for injection or, if not, the original purpose of the well.

(4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.

(5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

(1) The name, address, phone number, and contact party for the applicant;

(2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;

(3) The formation name and depth with expected maximum injection rates and pressures; and,

(4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

C-108
Application For Authorization To Inject
Agave Energy Company
Metropolis 'AZL' State Com #1
Sec. 36-18S-25E Unit K
Eddy County, New Mexico

I. The purpose of completing this well is to make a disposal well for produced Canyon water and acid gas consisting of H_2S and CO_2 into the Devonian and Ellenburger.

II. Operator: Agave Energy Company
105 South Fourth Street
Artesia, NM 88210
(505) 748-4555

III. Well Data: See Attachment A

IV. This is not an expansion of an existing project

V. See attached map, Attachment B

VI. No wells within the area of review penetrate the proposed injection zone.

VII. 1. Proposed average daily injection volume approximately 10,000 BWPD.

2. This will be a closed system.

3. Proposed average injection pressure: unknown
Proposed maximum injection pressure: 1995 psi

4. Sources of injected water would be produced water from the Canyon. (Attachment C)

5. See Attachment C, for gas analysis.

VIII. The proposed injection interval is open hole from 9900' to TD.

IX. The proposed disposal interval may be acidized with 7-1/2% HCL acid, or 12-3 HF acid.

X. Logs were filed at your office when the well was drilled.

XI. 2 windmills exist within one-mile radius of the subject location.

XII. Agave Energy Company has examined geologic and engineering data and has found that there is no evidence of faulting in the proposed interval.

XIII. Proof of Notice

A. Certified letters sent to the surface owner and offset operators attached (Attachment D)

B. Copy of legal advertisement attached. (Attachment E)

XIV. Certification is signed.

Agave Energy Company
Metropolis 'AZL' State Com #1
Sec. 36-18S-25E Unit K

Attachment A

III. Well Data

A. 1. Lease Name/Location
Metropolis 'AZL' State Com #1
Sec. 36-18S-25E Unit K
1650' FSL & 1650' FWL

2. Casing Strings:
Present Well Condition:
20" NA
13 3/8" 48# @ 404'. Cement w/450 sx (circ).
8 5/8" 24# @ 1203'. Cement w/600 sx (circ).
7 7/8" Open hole to 9360'. Well D&A'd.

Present Status: Plugged

3. Proposed well condition:
See Attachment A – Proposed Status.
5 1/2" casing set @ 9900'
2 7/8" 6.4#, N-80 tubing @ 9800'

4. Propose to use Guiberson or Baker plastic-coated or nickel-plated packer set at 9800'.

B. 1. Injection Formation: Devonian, Ellenburger.

2. Injection interval will be open hole from 9900' to TD.

3. Well was originally drilled as an exploratory Morrow well. Well will be a Devonian and Ellenburger water and acid gas disposal well (9900'-11400') when work is completed.

4. Next higher (shallower) oil or gas zone within 2 miles: Morrow.
Next lower (deeper) oil or gas zone within 2 miles: None.

PETROLITE

Petrolite Corporation
422 West Main Street
Artesia, NM 88210-2041

TRETOLITE DIVISION

(505) 746-3588
Fax (505) 746-3580

Reply to:
P.O. Box 1140
Artesia, NM
88211-7531

WATER ANALYSIS REPORT

Company	: YATES PETROLEUM	Date	: 02/23/96
Address	: ARTESIA, NM	Date Sampled	: 02/22/96
Lease	: QUEEN	Analysis No.	: 0226
Well	: WATER WELL		
Sample Pt.	: UNKNOWN		

	ANALYSIS		mg/L		* meq/L
1.	pH	7.3			
2.	H2S	0 PPM			
3.	Specific Gravity	1.005			
4.	Total Dissolved Solids		1039.3		
5.	Suspended Solids		NR		
6.	Dissolved Oxygen		NR		
7.	Dissolved CO2		NR		
8.	Oil In Water		NR		
9.	Phenolphthalein Alkalinity (CaCO3)				
10.	Methyl Orange Alkalinity (CaCO3)				
11.	Bicarbonate	HCO3	195.0	HCO3	3.2
12.	Chloride	Cl	149.0	Cl	4.2
13.	Sulfate	SO4	400.0	SO4	8.3
14.	Calcium	Ca	146.0	Ca	7.3
15.	Magnesium	Mg	51.1	Mg	4.2
16.	Sodium (calculated)	Na	97.5	Na	4.2
17.	Iron	Fe	0.8		
18.	Barium	Ba	0.0		
19.	Strontium	Sr	0.0		
20.	Total Hardness (CaCO3)		575.0		

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter

7	*Ca <----- *HCO3	3
	/------->	
4	*Mg -----> *SO4	8
	<---------/	
4	*Na -----> *Cl	4

Saturation Values Dist. Water 20 C

CaCO3	13 mg/L
CaSO4 * 2H2O	2090 mg/L
BaSO4	2.4 mg/L

Compound	Equiv wt	X meq/L	= mg/L
Ca(HCO3)2	81.0	3.2	259
CaSO4	68.1	4.1	278
CaCl2	55.5		
Mg(HCO3)2	73.2		
MgSO4	60.2	4.2	253
MgCl2	47.6		
NaHCO3	84.0		
Na2SO4	71.0	0.0	3
NaCl	58.4	4.2	246

REMARKS:
-------- ANDY MILLER

Petrolite Oilfield Chemicals Group

Respectfully submitted,
SHAWNA MATTHEWS

PETROLITE

SCALE TENDENCY REPORT

Company	: YATES PETROLEUM	Date	: 02/23/96
Address	: ARTESIA, NM	Date Sampled	: 02/22/96
Lease	: QUEEN	Analysis No.	: 0226
Well	: WATER WELL	Analyst	: SHAWNA MATTHEWS
Sample Pt.	: UNKNOWN		

STABILITY INDEX CALCULATIONS
(Stiff-Davis Method)
CaCO3 Scaling Tendency

S.I. = 0.1 at 60 deg. F or 16 deg. C
S.I. = 0.2 at 80 deg. F or 27 deg. C
S.I. = 0.2 at 100 deg. F or 38 deg. C
S.I. = 0.3 at 120 deg. F or 49 deg. C
S.I. = 0.4 at 140 deg. F or 60 deg. C

****

CALCIUM SULFATE SCALING TENDENCY CALCULATIONS
(Skillman-McDonald-Stiff Method)
Calcium Sulfate

S = 1212 at 60 deg. F or 16 deg C
S = 1227 at 80 deg. F or 27 deg C
S = 1216 at 100 deg. F or 38 deg C
S = 1207 at 120 deg. F or 49 deg C
S = 1198 at 140 deg. F or 60 deg C

Petrolite Oilfield Chemicals Group

Respectfully submitted,
SHAWNA MATTHEWS

PETROLITE

Petrolite Corporation
422 West Main Street
Artesia, NM 88210-2041

TRETOLITE DIVISION

(505) 746-3588
Fax (505) 746-3580

Reply to:
P.O. Box 1140
Artesia, NM
88211-7531

WATER ANALYSIS REPORT

Company	: YATES PETROLEUM	Date	: 02/15/96
Address	: ARTESIA, NMN	Date Sampled	: 02/14/96
Lease	: NORTH WINDMILL	Analysis No.	: 0223
Well	:		
Sample Pt.	:		

	ANALYSIS		mg/L		* meq/L
1.	pH	7.5			
2.	H2S	0 PPM			
3.	Specific Gravity	1.000			
4.	Total Dissolved Solids		1065.3		
5.	Suspended Solids		NR		
6.	Dissolved Oxygen		NR		
7.	Dissolved CO2		NR		
8.	Oil In Water		NR		
9.	Phenolphthalein Alkalinity (CaCO3)				
10.	Methyl Orange Alkalinity (CaCO3)				
11.	Bicarbonate	HCO3	134.0	HCO3	2.2
12.	Chloride	Cl	85.0	Cl	2.4
13.	Sulfate	SO4	550.0	SO4	11.5
14.	Calcium	Ca	134.0	Ca	6.7
15.	Magnesium	Mg	59.6	Mg	4.9
16.	Sodium (calculated)	Na	102.5	Na	4.5
17.	Iron	Fe	0.3		
18.	Barium	Ba	0.0		
19.	Strontium	Sr	0.0		
20.	Total Hardness (CaCO3)		580.0		

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter

7	*Ca <----- *HCO3	2
	/------->	
5	*Mg -----> *SO4	11
	<---------/	
4	*Na -----> *Cl	2

Saturation Values Dist. Water 20 C

CaCO3	13 mg/L
CaSO4 * 2H2O	2090 mg/L
BaSO4	2.4 mg/L

Compound	Equiv wt	X meq/L	= mg/L
Ca(HCO3)2	81.0	2.2	178
CaSO4	68.1	4.5	306
CaCl2	55.5		
Mg(HCO3)2	73.2		
MgSO4	60.2	4.9	295
MgCl2	47.6		
NaHCO3	84.0		
Na2SO4	71.0	2.1	146
NaCl	58.4	2.4	140

REMARKS:
-------- ANDY MILLER

Petrolite Oilfield Chemicals Group

Respectfully submitted,
SHAWNA MATTHEWS

PETROLITE

SCALE TENDENCY REPORT

Company	: YATES PETROLEUM	Date	: 02/15/96
Address	: ARTESIA, NMN	Date Sampled	: 02/14/96
Lease	: NORTH WINDMILL	Analysis No.	: 0223
Well	:	Analyst	: SHAWNA MATTHEWS
Sample Pt.	:		

STABILITY INDEX CALCULATIONS
(Stiff-Davis Method)
CaCO3 Scaling Tendency

S.I. =	0.1	at	60 deg. F or	16	deg. C
S.I. =	0.2	at	80 deg. F or	27	deg. C
S.I. =	0.2	at	100 deg. F or	38	deg. C
S.I. =	0.3	at	120 deg. F or	49	deg. C
S.I. =	0.4	at	140 deg. F or	60	deg. C

****

CALCIUM SULFATE SCALING TENDENCY CALCULATIONS
(Skillman-McDonald-Stiff Method)
Calcium Sulfate

S =	1121	at	60 deg. F or	16	deg C
S =	1137	at	80 deg. F or	27	deg C
S =	1128	at	100 deg. F or	38	deg C
S =	1119	at	120 deg. F or	49	deg C
S =	1110	at	140 deg. F or	60	deg C

Petrolite Oilfield Chemicals Group

Respectfully submitted,
SHAWNA MATTHEWS

PETROLITE
TRETOLITE DIVISION

Petrolite Corporation
510 West Texas
Artesia, NM 88210-2041

(505) 746-3588
Fax (505) 746-3580

Reply to:
P.O. Box FF
Artesia, NM
88211-7531

WATER ANALYSIS REPORT

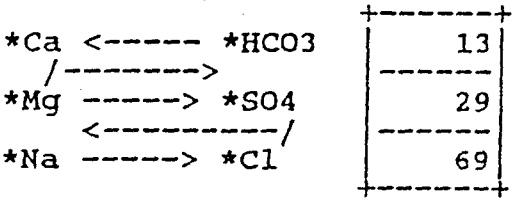
Company : YATES PETROLEUM
Address : ARTESIA, NEW MEXICO
Lease : CLIFFORD
Well : BATTERY
Sample Pt. : TANK

Date : 01/12/94
Date Sampled : 01/12/94
Analysis No. : 546

	ANALYSIS		mg/L		* meq/L
1.	pH	7.0			
2.	H2S	140 PPM			
3.	Specific Gravity	1.005			
4.	Total Dissolved Solids		6842.7		
5.	Suspended Solids		NR		
6.	Dissolved Oxygen		NR		
7.	Dissolved CO2		NR		
8.	Oil In Water		NR		
9.	Phenolphthalein Alkalinity (CaCO3)				
10.	Methyl Orange Alkalinity (CaCO3)				
11.	Bicarbonate	HCO3	817.0	HCO3	13.4
12.	Chloride	Cl	2449.0	Cl	69.1
13.	Sulfate	SO4	1375.0	SO4	28.6
14.	Calcium	Ca	700.0	Ca	34.9
15.	Magnesium	Mg	280.0	Mg	23.0
16.	Sodium (calculated)	Na	1221.7	Na	53.1
17.	Iron	Fe	NR		
18.	Barium	Ba	NR		
19.	Strontium	Sr	NR		
20.	Total Hardness (CaCO3)		2901.0		

PROBABLE MINERAL COMPOSITION

*milli equivalents per Liter



Saturation Values Dist. Water 20 C

CaCO3	13 mg/L
CaSO4 * 2H2O	2090 mg/L
BaSO4	2.4 mg/L

Compound	Equiv wt	X meq/L	= mg/L
Ca(HCO3)2	81.0	13.4	1085
CaSO4	68.1	21.5	1466
CaCl2	55.5		
Mg(HCO3)2	73.2		
MgSO4	60.2	7.1	427
MgCl2	47.6	15.9	759
NaHCO3	84.0		
Na2SO4	71.0		
NaCl	58.4	53.1	3106

REMARKS:
A. MILLER / FILE

Petrolite Oilfield Chemicals Group

Respectfully submitted,
STEVE TIGERT

SCALE TENDENCY REPORT

Company	: YATES PETROLEUM	Date	: 01/12/94
Address	: ARTESIA, NEW MEXICO	Date Sampled	: 01/12/94
Lease	: CLIFFORD	Analysis No.	: 546
Well	: BATTERY	Analyst	: STEVE TIGERT
Sample Pt.	: TANK		

STABILITY INDEX CALCULATIONS
(Stiff-Davis Method)
CaCO3 Scaling Tendency

S.I. =	0.8	at	60 deg. F	or	16 deg. C
S.I. =	0.8	at	80 deg. F	or	27 deg. C
S.I. =	0.9	at	100 deg. F	or	38 deg. C
S.I. =	0.9	at	120 deg. F	or	49 deg. C
S.I. =	0.9	at	140 deg. F	or	60 deg. C

****

CALCIUM SULFATE SCALING TENDENCY CALCULATIONS
(Skillman-McDonald-Stiff Method)
Calcium Sulfate

S =	2241	at	60 deg. F	or	16 deg C
S =	2331	at	80 deg. F	or	27 deg C
S =	2364	at	100 deg. F	or	38 deg C
S =	2360	at	120 deg. F	or	49 deg C
S =	2346	at	140 deg. F	or	60 deg C

Petrolite Oilfield Chemicals Group

Respectfully submitted,
STEVE TIGERT

"Let your interest in measurement be our concern" DOS

PRECISION SERVICE, INC.

P.O. Box 3659 * Casper, Wyoming 82602 * (307) 237-9327
P.O. Box 2604 * Roswell, New Mexico 88201 * (505) 622-9874

Analysis Results Summary

Run No. 930226-5
Date Run 02/26/93
Date Sampled 02/25/93

Analysis for YATES PETROLEUM CORPORATION
Field: DAGGER DRAW
Well Name: ACID GAS
Sta. Number:
Purpose: WEEKLY
Sampling Temp: DEG F
Volume/day:
Pressure on Cylinder: 11 PSIG

GPANGL.L50

Producer: YATES PETROLEUM CORPORATION
County: EDDY State: NM
Sampled By: KARL HAENY
Atmos Temp: 57 DEG F
Formation:
Line Pressure: 24.2 PSIA

GAS COMPONENT ANALYSIS

		Mol %	GPM
Carbon Dioxide	CO2	38.311	
Nitrogen	N2	0.019	
Hydrogen Sulfide	H2S	60.810	
Methane	C1	0.340	0.058
Iso-Butane	IC4	0.009	0.003
Nor-Butane	NC4	0.049	0.015
Iso-Pentane	IC5	0.045	0.016
Nor-Pentane	NC5	0.098	0.035
Hexanes Plus	C6+	0.319	0.137
TOTAL		100.000	0.265

Pressure Base:	14.730
Real BTU Dry:	416
Real BTU Wet:	408
Real Calc. Specific Gravity:	1.324
Field Specific Gravity:	1.314
Standard Pressure:	14.696
BTU Dry:	415
BTU Wet:	407
Z Factor:	0.9926
N Value:	1.3106
Avg Mol Weight:	38.0743
Avg CuFt/Gal:	67.9661
26 Lb Product:	0.3077
Methane+ GPM:	0.265
Ethane+ GPM:	0.207
Propane+ GPM:	0.207
Butane+ GPM:	0.207
Pentane+ GPM:	0.189

REMARKS:
H2S ON LOCATION: 60.810 % = 608,100 PPM

Approved by: JEFF DECK

Fri Feb 26 16:17:37 1993

WELL NAME: Metropolis 'AZL' State Com #1 FIELD:

LOCATION: 36-18S-25E 1650' FSL & 1650' FWL

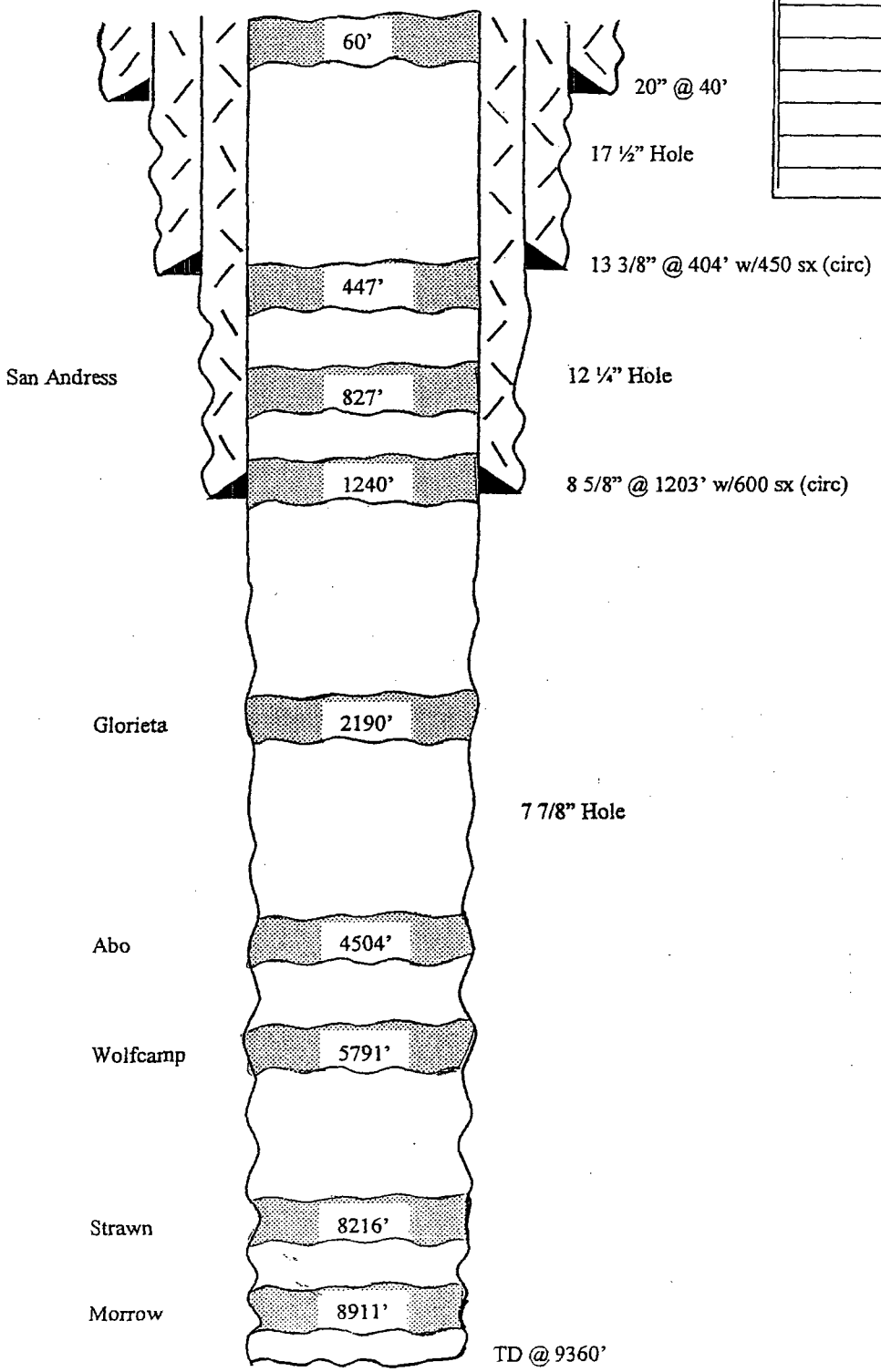
GL: 3498' ZERO: KB:

SPUD DATE: 08/01/01 COMPLETION DATE:

COMMENTS: P & A 09/23/01

CASING PROGRAM

20" NA	40'
13 3/8" 48# H-40	404'
8 5/8" 24# J-55	1203'



Current Status

WELL NAME: Metropolis 'AZL' State Com #1 FIELD:

LOCATION: 36-18S-25E 1650' FSL & 1650' FWL

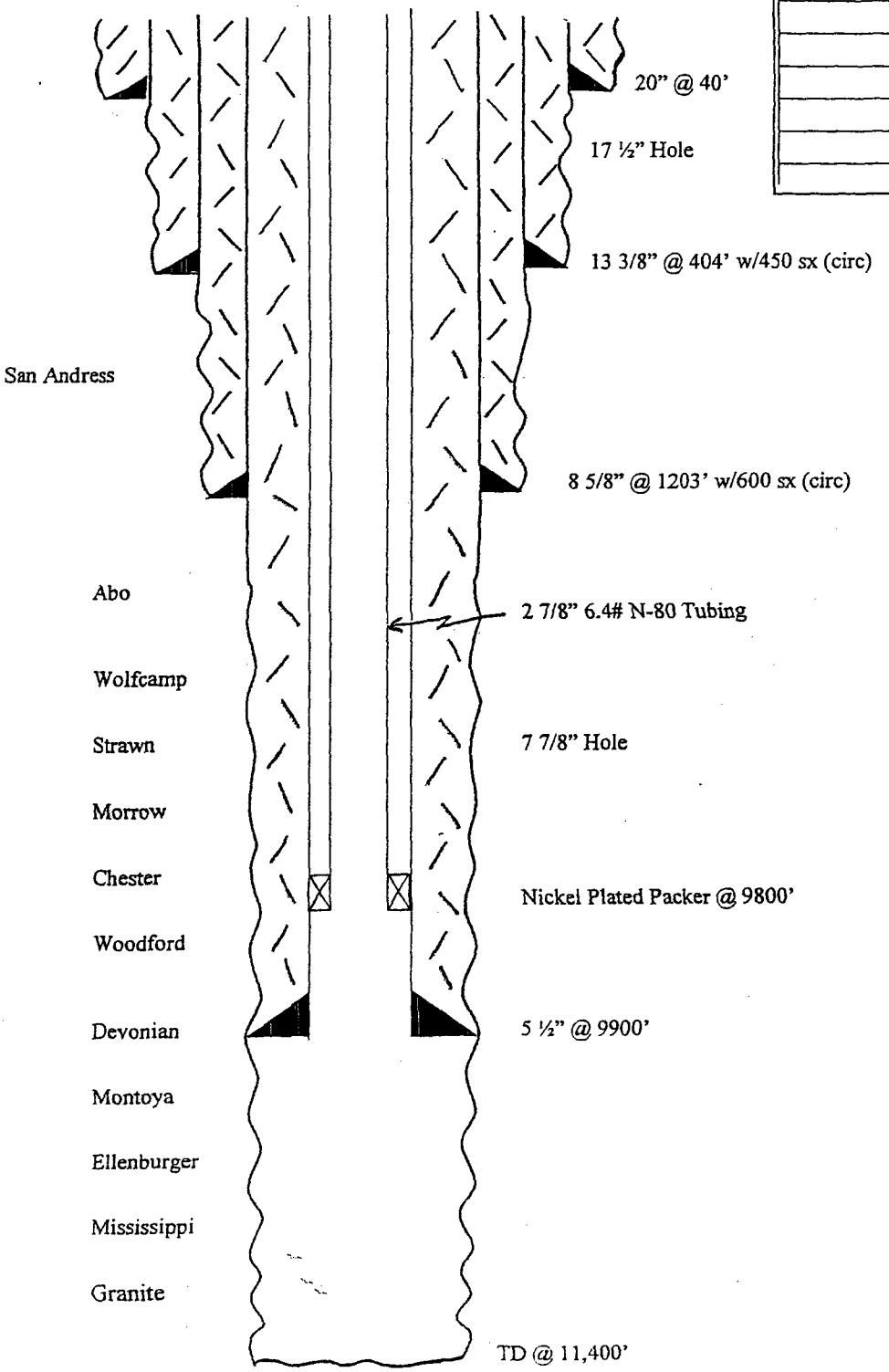
GL: 3498' ZERO: KB:

SPUD DATE: COMPLETION DATE:

COMMENTS: Propose to re-enter, deepen to 11,400' and convert to a disposal well.

CASING PROGRAM

20" NA	40'
13 3/8" 48# H-40	404'
8 5/8" 24# J-55	1203'
5 ½" 15.5#	9900'



Proposed Status

Attachment E

Legal Notice

Agave Energy Company, 105 South Fourth Street, Artesia, NM 88210, has filed form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for an injection well. The proposed well, the "Metropolis AZL State Com #1" located 1650' FSL & 1650' FWL of Section 36, Township 18 South, Range 25 East of Eddy County, New Mexico, will be used for salt water disposal. Disposal waters and acid gas from the Canyon will be re-injected into the Devonian and Ellenburger formations at a depth of 9900'-11400' with a maximum pressure of 1995 psi and a maximum rate 10,000 BWPD.

All interested parties opposing the aforementioned must file objections or request for a hearing with the Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, NM 87501, within 15 days. Additional information can be obtained by contacting Paul Ragsdale at (505) 748-4520.

August 5, 2004:

Re: Agave Energy Company
Metropolis "AZL" State Com No. 1
API No. 30-015-31905
Unit K, 36-18S-25E

Richard,

On Wednesday, I started writing a letter to Agave Energy Company that would have detailed a procedure to re-instate Division Order No. R-11769 and re-authorize injection authority for this well. My actions were in response to a letter sent to the Division by Agave on July 13, 2004. Today, I received a phone message from Greg Jokela asking me questions about filing a C-108, and advising me that he has already received directions from you on how to proceed in this matter. I will therefore turn this letter over to you and remove myself from the process. Please call Mr. Jokela at your earliest convenience to answer his questions. His phone number is (505) 748-4525.

David

AGAVE ENERGY COMPANY

105 South Fourth Street | Artesia, New Mexico 88210 | (505) 748-4555 | Fax (505) 748-4275

13 July 2004

David R. Catanach
Examiner

Energy, Minerals, and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Renewal of NMOCD Order R-11769 (Application for approval of disposal well)

On 7 May, 2004, Agave Energy Company received notification that the authorization under the referenced order has been withdrawn.

Agave Energy Company has been in negotiations with the New Mexico Environmental Department (NMED) concerning a Compliance Order with the Agave Gas Plant. The Compliance Order was settled on 8 June, 2004 and allows Agave Energy Company an opportunity to utilize the proposed disposal well to help comply with the settlement by disposing of produce water and acid gas from the plant.

Because of the past uncertainties with the NMED compliance order, Agave Energy Company would like to have the NMOCD Order R-11769 re-authorized and an extension approved. Because time is of the essence, it is preferred that approval be given thru a simple letter format, rather than the re-submittal of the C-108 process.

Also, to the best of Agave's knowledge, no new wells have been drilled within a ½ mile radius since the original approval.

Sincerely,

Greg Jokela
Engineering Supervisor
Agave Energy Company
505-748-4525
gjokela@ypcnm.com

3 August, 2004

Ballard E. Spencer Trust, Inc.
First National Bank of Artesia
C/o Trust Department
P.O. Drawer AA
Artesia, NM 88210

Re: Metropolis 'AZL' State Com #1
Application for Authorization to Inject

Please find enclosed an Application for Re-Authorization to Inject for the referenced Metropolis 'AZL' State Com #1. We are proposing to re-enter this recently plugged and abandoned well and deepen the well to the Devonian and Ellenburger formations and convert the well to a disposal well. The well would be utilized to disposed of produced water from the Dagger Draw field and to dispose of acid gas generated from the Agave Energy Plant that "sweetens" sour gas from Dagger Draw.

Agave is re-applying because on 7 May, 2004, a notification that the authorization (NMOCD Order R-11769) has been withdrawn. Agave has been in negotiations with the New Mexico Environmental Department (NMED) concerning a compliance order with the Agave gas plant. The compliance order was just settled on 8 June, 2004 and allows Agave Energy Company to utilize the acid gas disposal well.

Because of the past uncertainties with the NMED compliance order, Agave Energy Company would like to have the NMOCD Order R-11769 re-authorized and approved.

Sincerely,

Greg Jokela
Engineering Supervisor
Agave Energy Company
505-748-4525
gjokela@ypcnm.com

3 August, 2004

Kathy Porter
Director – Yates Petroleum Land Dept.
104 South 4th Street
Artesia, NM 88210

Re: Metropolis 'AZL' State Com #1
Application for Authorization to Inject

Please find enclosed an Application for Re-Authorization to Inject for the referenced Metropolis 'AZL' State Com #1. We are proposing to re-enter this recently plugged and abandoned well and deepen the well to the Devonian and Ellenburger formations and convert the well to a disposal well. The well would be utilized to disposed of produced water from the Dagger Draw field and to dispose of acid gas generated from the Agave Energy Plant that "sweetens" sour gas from Dagger Draw.

Agave is re-applying because on 7 May, 2004, a notification that the authorization (NMOCD Order R-11769) has been withdrawn. Agave has been in negotiations with the New Mexico Environmental Department (NMED) concerning a compliance order with the Agave gas plant. The compliance order was just settled on 8 June, 2004 and allows Agave Energy Company to utilize the acid gas disposal well.

Because of the past uncertainties with the NMED compliance order, Agave Energy Company would like to have the NMOCD Order R-11769 re-authorized and approved.

Sincerely,

Greg Jokela
Engineering Supervisor
Agave Energy Company
505-748-4525
gjokela@ypcnm.com

3 August, 2004

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Re: Metropolis 'AZL' State Com #1
Application for Authorization to Inject

Please find enclosed an Application for Re-Authorization to Inject for the referenced Metropolis 'AZL' State Com #1. We are proposing to re-enter this recently plugged and abandoned well and deepen the well to the Devonian and Ellenburger formations and convert the well to a disposal well. The well would be utilized to disposed of produced water from the Dagger Draw field and to dispose of acid gas generated from the Agave Energy Plant that "sweetens" sour gas from Dagger Draw.

Agave is re-applying because on 7 May, 2004, a notification that the authorization (NMOCD Order R-11769) has been withdrawn. Agave has been in negotiations with the New Mexico Environmental Department (NMED) concerning a compliance order with the Agave gas plant. The compliance order was just settled on 8 June, 2004 and allows Agave Energy Company to utilize the acid gas disposal well.

Because of the past uncertainties with the NMED compliance order, Agave Energy Company would like to have the NMOCD Order R-11769 re-authorized and approved.

Sincerely,

Greg Jokela
Engineering Supervisor
Agave Energy Company
505-748-4525
gjokela@ypcnm.com

3 August, 2004

David R. Catanach
NM-OCD
P.O. Box 2088
Santa Fe, NM 87505

Re: Metropolis 'AZL' State Com #1
Application for Authorization to Inject

Please find enclosed an Application for Re-Authorization to Inject for the referenced Metropolis 'AZL' State Com #1. We are proposing to re-enter this recently plugged and abandoned well and deepen the well to the Devonian and Ellenburger formations and convert the well to a disposal well. The well would be utilized to disposed of produced water from the Dagger Draw field and to dispose of acid gas generated from the Agave Energy Plant that "sweetens" sour gas from Dagger Draw.

Agave is re-applying because on 7 May, 2004, a notification that the authorization (NMOCD Order R-11769) has been withdrawn. Agave has been in negotiations with the New Mexico Environmental Department (NMED) concerning a compliance order with the Agave gas plant. The compliance order was just settled on 8 June, 2004 and allows Agave Energy Company to utilize the acid gas disposal well.

Because of the past uncertainties with the NMED compliance order, Agave Energy Company would like to have the NMOCD Order R-11769 re-authorized and approved.

Sincerely,

Greg Jokela
Engineering Supervisor
Agave Energy Company

Enclosure

CC: Tim Gumm, OCD-Artesia

Affidavit of Publication

NO. 18569

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly sworn,says: That he is the **Publisher** of The Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press,a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for 1 consecutive weeks/days on the same day as follows:

First Publication August 8 2004

Second Publication

Third Publication

Fourth Publication

Subscribed and sworn to before me this

9th Day August 2004

Notary Public, Eddy County, New Mexico

My Commission expires September 23, 2007

Copy of Publication:

LEGAL NOTICE

Agave Energy Company is applying for a re-authorization to inject for the Metropolis "AZL" State Com #1 well. The well is located in Unit K of Section 36-18S-25E, Eddy County, New Mexico. Agave is proposing to re-enter this recently plugged and abandoned well and deepen the well to the Devonian and Ellenburger formations and convert the well to a disposal well. The well would be utilized to dispose of produced water from the Dagger Draw field and to dispose of acid gas generated from the Agave Energy Plant that "sweetens" sour gas from Dagger Draw. The proposed average daily injection volume will be approximately 10,000 BWPD at a proposed maximum injeciton pressure of 1,995 psi.

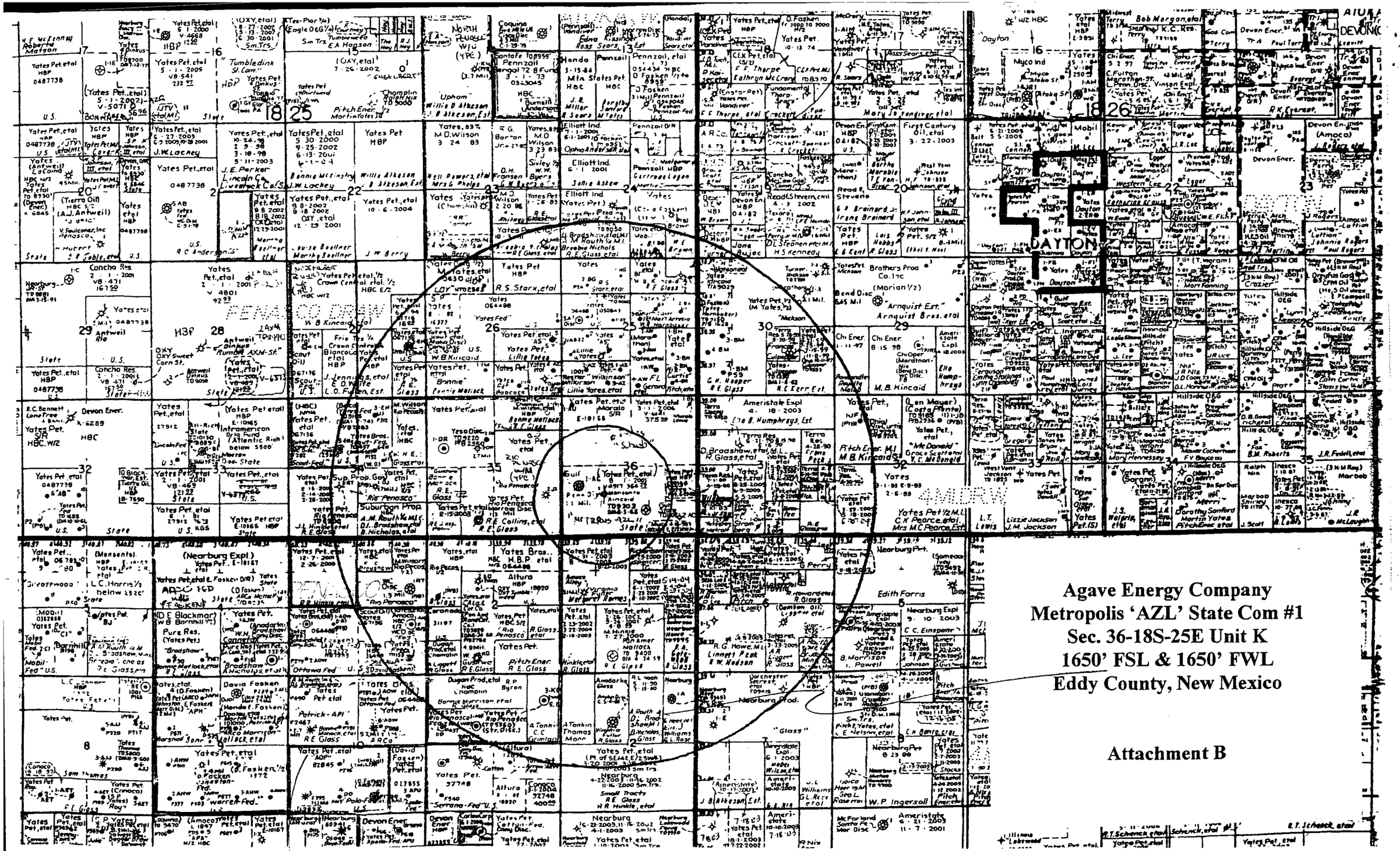
Agave is re-applying becase the old authorization approval expired. The old authorization expired due to time provisions in the original authorization.

Interested parties must file objections or requests for hearing with Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

The Agave Energy Company contact is Greg Jokela, Engineering Supervisor, 104 South 4th Street, Artesia, New Mexico. 505-748-4525.

Published in the Artesia Daily Press, Artesia, N.M. August 8, 2004.

Legal 18569


Agave Energy Company
Metropolis 'AZL' State Com #1
Sec. 36-18S-25E Unit K
1650' FSL & 1650' FWL
Eddy County, New Mexico
Attachment B