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Reply to Santa Fe

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February 27, 2007

HAND-DELIVERED

Mark Fesmire, Director
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Gandy Corporation Application for Authorization to Inject (SWD)
Julia Culp Well No. 2 (API 3002530879)
2310' FNL, 660' FEL (H) Section 34 T15S R35E NMPM
Lea County, New Mexico

Dear Mr. Fesmire:

This firm represents Energen Resources Corporation. Energen is the owner of record title lease interests and is the operator of the West Lovington Strawn Unit in the vicinity of the proposed disposal well.

Energen Resources Corporation objects to the Application for Authorization to Inject and requests that the Application for administrative approval be denied.

Very truly yours,

MILLER STRATVERT P.A.

J. Scott Hall

J. Scott Hall

JSH/glb

cc: Will Jones, New Mexico Oil Conservation Division UIC Bureau
Terry M. Duffey, Everquest Energy Corporation, agent for Applicant
John Cox, Energen Resources Corporation (Midland)

LAW OFFICES

ALBUQUERQUE
(505) 842-1950

FARMINGTON
(505) 326-4521

LAS CRUCES
(505) 523-2481

SANTA FE
(505) 989-9614

Case 13962

2007 FEB 27 PM 1 33

Attention: **Florene Davison**

Date: 2/27/2007

Company: Oil Conservation Division

Number of Pages: 2

Fax Number: 1-505-476-3462

Voice Number:

From: **Jan Carlisle**

Company: J & J Service, Inc.

Fax Number: 505-396-5181

Voice Number:

Subject: Protest

Comments:

Protest C-108 submitted by Gandy Corporation to re-enter Julia Culp #2 well as SWD

J & J SERVICE, INC.

P. O. BOX 324
LOVINGTON, NM 88260
Phone (505) 396-2501
Fax (505) 396-5181
janann@leaco.net

Attn: William Jones
Engineering Bureau
Oil Conservation Division
1220 South St Francis Dr.
Santa Fe, New Mexico

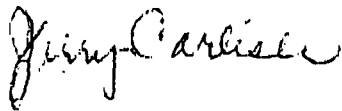
This letter is written in protest to the C-108 submitted by Gandy Corporation to re-enter and convert the referenced well (Julia Culp #2) as a SWD.

Well Bore Location

Section 34, T15S, R35E, Unit H
Lea County, New Mexico
2310' FNL and 660' FEL
API# 30-025-30879

We hold leasehold rights and would like more time to review well logs and records.

Sincerely,



Jerry Carlisle

VISA Industries of Az Inc
9201 N. 7th Ave
Phoenix, AZ 85021

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MAR 1 10 00 AM

February 28, 2007

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

Sirs:

We do not object to this application per se, but as an original partner in the Julia Culp #2, we believe we should retain an interest in the proposed use of the wellbore. Your consideration of this request is appreciated.



Edgar J. Huffman
VISA Industries of Az Inc.
9201 N 7th Ave
Phoenix, AZ 85021
Phone (602) 870-0004
Fax (602) 678-5320

January 2007

RE: NOTIFICATION OF SALTWATER DISPOSAL APPLICATION

Gandy Corporation - Julia Culp #2 - Unit H, Section 34, T15S, R35E, Lea County, NM

Proposal to re-enter plugged and abandoned wellbore and inject into Devonian formation; a non-productive strata

To Potentially Affected Parties:

EverQuest Energy Corporation, as Agent for Gandy Corporation, is coordinating the effort to re-enter the subject well and apply for a COMMERCIAL disposal permit into the **Devonian** formation interval from 13,865-14,500 feet. This project is being undertaken by Gandy in order to inject at a sufficient depth to avoid the potential problems associated with injection into more shallow strata. The wellbore was originally drilled in May 1990 by Bridge Oil USA to a total depth of 13,950 feet. The Devonian zone was drill stem tested and determined to be productive of saltwater only. Following several other production tests in the Atoka and Mississippian strata the well was plugged and abandoned in January 1991.

The Applicant, Gandy Corporation, can be contacted at the following address:

1008 W. Broadway
Hobbs, NM 88240
505-396-0797

The wellbore location is as follows:

Section 34, T15S, R35E, Unit H
Lea County, New Mexico
2310' FNL and 660' FEL
API# 30-025-30879

The Devonian injection interval being permitted with the enclosed Form C-108 is penetrated by only one (1) well in the 1-mile required Area of Review encircling the well. The deepest producing interval in the area, the Strawn, is typically perforated at depths ranging from 11,500-12,000'.

Produced water and typical oilfield fluids will be disposed into the Devonian interval from 13,865-14,500 feet. Expected maximum injection rate and pressure is 5000 barrels per day and 2500 psi respectively.

Any affected party who has an objection to this application must give notice to the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, NM 87505, within 15-days from the postmarked date of this certified mail notice. Additional information can be obtained by contacting me at the letterhead address.

Sincerely,

Postmark date was 02-15-07



Terry M. Duffey
Agent - Gandy Corporation