DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.

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.

TERRY M. DUFFEY		AGENT	1-21-09
Print or Type Name	Signature	Title	Date

EXHIBIT 3

ENERQUEST@NTS-ONLINE.NET
e-mail Address

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

PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance __X__ Disposal _____ Storage
Application qualifies for administrative approval? __X__ Yes _____ No

II. OPERATOR: GANDY CORPORATION

ADDRESS: 1008 W. BROADWAY, HOBBS, NM 88240

CONTACT PARTY: DALE GANDY PHONE: 575-396-4948

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: TERRY M. DUFFEY TITLE: AGENT

SIGNATURE: TM Duffey DATE: 1-21-09

E-MAIL ADDRESS: EVERQUEST@NTS-ONLINE.NET

* 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;

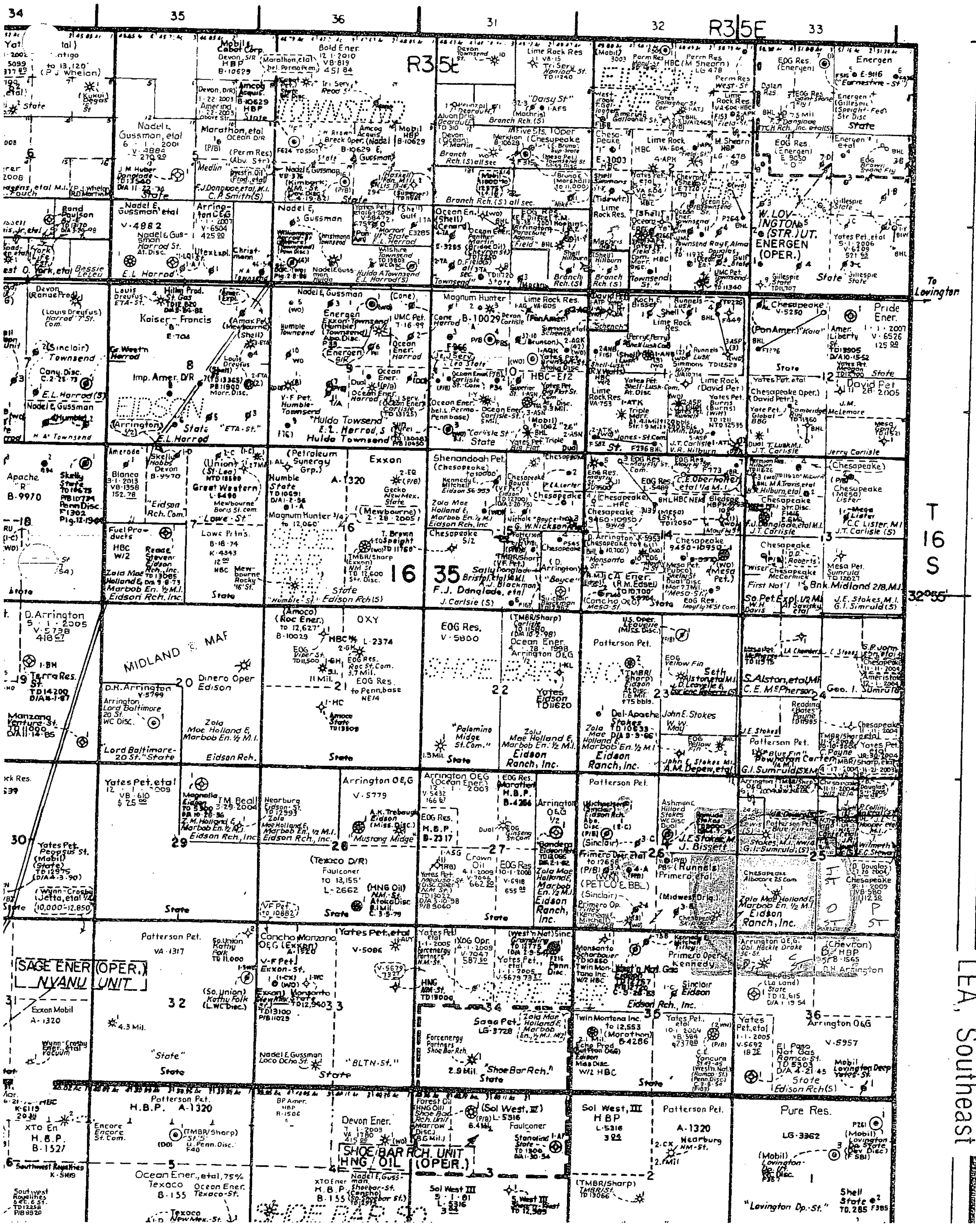
(2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;

(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.


R35E
T 16 S
MIDLAND MAP
Townsend
Eidson
W. LOVINGTON (STR.) UT. ENERGEN (OPER.)
SAGE ENER (OPER.) NVANU UNIT
SHOE BAR RCH. UNIT HNG OIL (OPER.)
To Lovington
Eidson Ranch, Inc.
Shoe Bar Rch.
Lovington Dp.-St.

INJECTION WELL DATA SHEET
(PROPOSED WELL)

ITEM III

Operator:	Gandy Corporation				
Well Name:	Albacore 25 COM #1		API#:	30-025-37054	
Well Location:	Footage	Unit Letter	Section	Township	Range
	1310 FSL 1350 FWL	N	25	16S	35E

WELL CONSTRUCTION DATA

SURFACE CASING			
Hole Size:	17.50	Casing Size:	13.375" 48# H40 at 400'
# Sacks Cement:	401		
Top of Cement:	Surf	Determined by:	Circ 86 sx

INTERMEDIATE CASING			
Hole Size:	11.00	Casing Size:	8.625" 32# J55 at 4625'
# Sacks Cement:	1302		
Top of Cement:	Surf	Determined by:	Circ 60 sx

PRODUCTION CASING			
Hole Size:	7.875	Casing Size:	5.50" 17-20# L80 at 12750'
# Sacks Cement:	DV Tool	Stg1: 490 sx	Stg2: 885 sx
Top of Cement:	2150'	Determined by:	Cement Bond Log

PROPOSED INJECTION INTERVAL			
Completion Type:	Perforated cased hole – injection below packer		
Top:	8918	Bottom:	10690

INJECTION WELL DATA SHEET
(PROPOSED WELL)

ITEM III

TUBING AND PACKER			
Tubing Size:	2.875" 6.5# N80	**Lining Material:**	Plastic coating
Type of Packer:	Lok-set type tension packer		
Other Information:			

ADDITIONAL DATA	
Will this by a new well?	No, presently SI well
If NO, for what purposed was the well originally drilled?	Oil & Gas Exploration
Name of Injection Formations:	Abo, Permo-Penn (Wolfcamp)
Name of Field or Pool:	Townsend: Abo & Wolfcamp

PREVIOUSLY PERFORATED ZONES		
Formation Name	**Perfs**	**Cement Squeeze Details**
Chester Lime	12660-672'	Isolated below CIBP
Chester Shale	12540-600'	Isolated below CIBP
Atoka	12029-052'	Isolated below CIBP
Atoka	12014-022'	Isolated below CIBP
Strawn	11824-836'	Isolated below CIBP

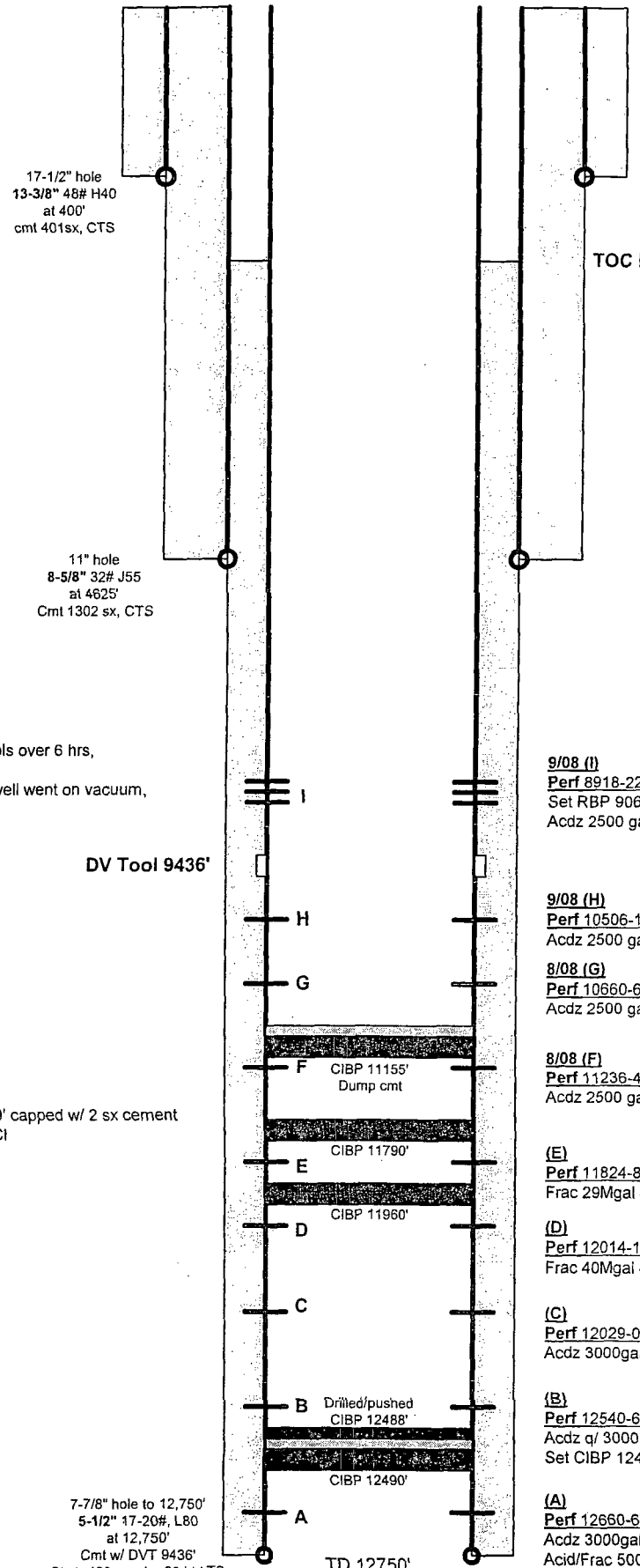
FORMATIONS ADJACENT TO PROPOSED INJECTION ZONE	
Above Injection Zone:	Drinkard
Below Injection Zone:	Strawn

Albacore 25 COM #1

API# 30-025-37054

Spud Feb 2005
3961' GL, Ref: KB xxxx' AGL

Current Configuration
December 2008



Jy Corp - Injectivity Test:
Perfs 8918-8952' OA: injected 1000 bbls over 6 hrs, average 2.75 bpm on vacuum.
Drill out CIBP 10630', PBTD 11155', well went on vacuum, unable to gain returns at 4 bpm.

11/07:
TA Well: set CIBP 11790' capped w/ 2 sx cement
Displaced hole w/ 2% KCl
MIT 565 psi, OK

9/08 (I)
Perf 8918-22, 8926-32, 8936-46, 8948-52', 2 spf
Set RBP 9060'
Acdz 2500 gal 15%, Retrieve RBP, swab all water, good fluid entry

9/08 (H)
Perf 10506-12, 10514-22, 10526-32, 10534-42', 2 spf
Acdz 2500 gal 15%, swab all water, good fluid entry

8/08 (G)
Perf 10660-65, 10674-90', 2 spf
Acdz 2500 gal 15%, swab all water, good fluid entry

8/08 (F)
Perf 11236-46, 11266-74, 11306-10', 2 spf
Acdz 2500 gal 15%, swab dry w slight oil show

(E)
Perf 11824-836'
Frac 29Mgal 40# binary+26M# 18/40 UltraProp

(D)
Perf 12014-12022', 4 spf
Frac 40Mgal 40# binary+40M# 18/40 UltraProp

(C)
Perf 12029-052', 4 spf
Acdz 3000gal, 7.5%

(B)
Perf 12540-600', 2 SPF
Acdz q/ 3000 gal 15%
Set CIBP 12490', PT 3000 psi, OK

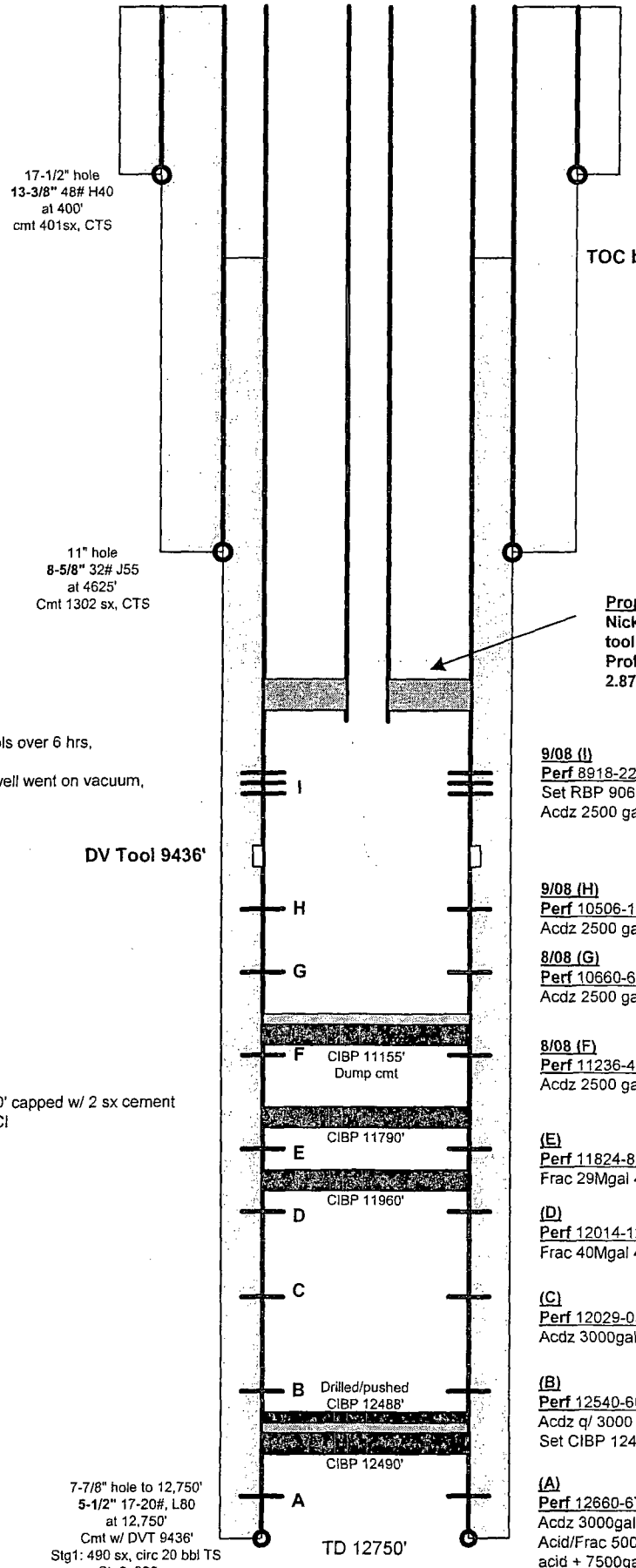
(A)
Perf 12660-672', 4 SPF
Acdz 3000gal 15%
Acid/Frac 5000gal 50Q CO2 20% gelled acid + 7500gal 50Q 20% xlinked acid
WT 856 mcfd but dropped like a rock...

Albacore 25 COM #1

API# 30-025-37054

Spud Feb 2005
3961' GL, Ref: KB xxxx' AGL

Proposed Injection Configuration



Proposed Injection String::
Nickel-coated Arrow-Set tension packer w/ On/Off tool above,
Profile nipples in On/Off tool and below packer
2.875" 6.5# 8RD N80 IPC tubing

dy Corp - Injectivity Test:
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Drill out CIBP 10630', PBTD 11155', well went on vacuum, unable to gain returns at 4 bpm.

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WT 856 mcfd but dropped like a rock...

Gandy Corporation
Proposed SWD Well – Albacore 25 COM #1

Wellbore Construction Plans
An injection packer will be set within 100' of the permitted injection interval. Refer to proposed injection configuration diagram for details. The packer/casing integrity will be pressure tested to 1000 psi and chart recorded for 1-hour. Injection will then begin. If injection rates do not prove to be favorable the well will be stimulated with acid.

The nearest oil/gas zone immediately above the intended injection target is the Drinkard interval. There are no active Drinkard wells within the ½ mile AOR. The Atoka/Mississippian lies below the intended injection interval: Abo – Permo-Penn in this area. There are three active producers in this deeper interval within the ½ mile AOR. The production history curves are included with the application documents for inspection.

Injection Operations
The source of fluids to be injected into this disposal well will originate from nearby oil and gas operations. The fluids will typically be produced saltwater and non-hazardous approved oil field wastes from workover and drilling operations. The fluid handling system will be adjacent to the disposal well and will be "closed"; utilizing welded steel tanks for holding after being offloaded from transport trucks. The anticipated injection operating parameters are summarized in the table below.

Parameter	Maximum	Average
Injection Rate (bbl/day)	5000	2500
Injection Pressure (psig)	2500	1500

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
1/26/09		W. Jones	1/27/09	SWD	pKAA0902735040

ABOVE THIS LINE FOR DIVISION USE ONLY

RECEIVED
2009 JAN 21 P 12:17

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505

30-025-37054
Abacore 25 Com 1
Gandy Corp.
8426

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Case 14330 Cancelled 1/29/09

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Check One Only for [B] or [C]

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TERRY M. DUFFEY		AGENT	1-21-09
Print or Type Name	Signature	Title	Date

ENERQUEST@NTS-ONLINE.NET
e-mail Address

10 Desta Drive, Ste 300-E
Midland, Texas 79705
(432) 686-9790 Voice
(432) 682-3821 Fax

EverQuest Energy Corporation

Memo

To: OCD Environmental Bureau

From: Terry M. Duffey TMD

CC: Gandy Corporation

Date: 1/23/2009

Re: Commercial SWD Application

Please find enclosed our SWD application. We wish for this application to be given Administrative Approval. Do not hesitate to contact me for additional information, if needed.

Attachments

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? __X__Yes _____No

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ADDRESS: 1008 W. BROADWAY, HOBBS, NM 88240

CONTACT PARTY: DALE GANDY PHONE: 575-396-4948

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NAME: TERRY M. DUFFEY TITLE: AGENT

SIGNATURE: Terry M. Duffey DATE: 1-21-09

E-MAIL ADDRESS: EVERQUEST@NTS-ONLINE.NET

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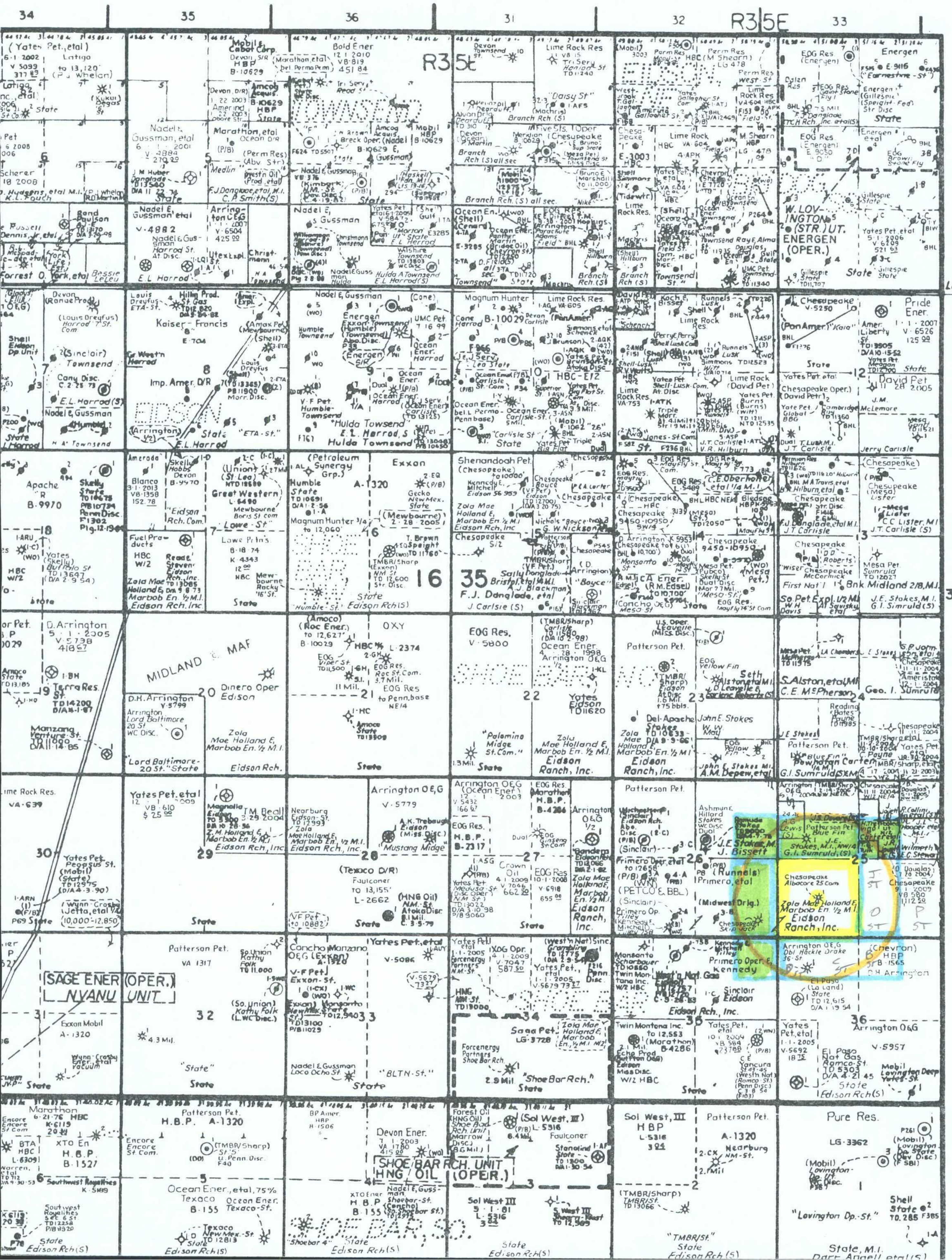
103°25



R35E
T 16 S
32°55'
To Lovington
LEA, Southeast
TOWNSEND
EIDSON
MIDLAND MAF
SHOE BAR
SAGE ENER (OPER.) NVANU UNIT
SHOE BAR RCH. UNIT HNG / OIL (OPER.)
W. LOVINGTON (STR.) UT. ENERGEN (OPER.)
Eidson Rch. Inc
Edison Rch(S)
State

INJECTION WELL DATA SHEET
(PROPOSED WELL)

ITEM III

Operator:	**Gandy Corporation**				
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	1310 FSL 1350 FWL	N	25	16S	35E

WELL CONSTRUCTION DATA

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# Sacks Cement:	401		
Top of Cement:	Surf	**Determined by:**	Circ 86 sx

INTERMEDIATE CASING			
Hole Size:	11.00	**Casing Size:**	8.625" 32# J55 at 4625'
# Sacks Cement:	1302		
Top of Cement:	Surf	**Determined by:**	Circ 60 sx

PRODUCTION CASING			
Hole Size:	7.875	**Casing Size:**	5.50" 17-20# L80 at 12750'
# Sacks Cement:	DV Tool	Stg1: 490 sx	Stg2: 885 sx
Top of Cement:	2150'	**Determined by:**	Cement Bond Log

PROPOSED INJECTION INTERVAL			
Completion Type:	Perforated cased hole – injection below packer		
Top:	8918	**Bottom:**	10690

INJECTION WELL DATA SHEET
(PROPOSED WELL)

ITEM III

TUBING AND PACKER			
Tubing Size:	2.875" 6.5# N80	**Lining Material:**	Plastic coating
Type of Packer:	Lok-set type tension packer		
Other Information:			

ADDITIONAL DATA	
Will this by a new well?	No, presently SI well
If NO, for what purposed was the well originally drilled?	Oil & Gas Exploration
Name of Injection Formations:	Abo, Permo-Penn (Wolfcamp)
Name of Field or Pool:	Townsend: Abo & Wolfcamp

PREVIOUSLY PERFORATED ZONES		
Formation Name	**Perfs**	**Cement Squeeze Details**
Chester Lime	12660-672'	Isolated below CIBP
Chester Shale	12540-600'	Isolated below CIBP
Atoka	12029-052'	Isolated below CIBP
Atoka	12014-022'	Isolated below CIBP
Strawn	11824-836'	Isolated below CIBP

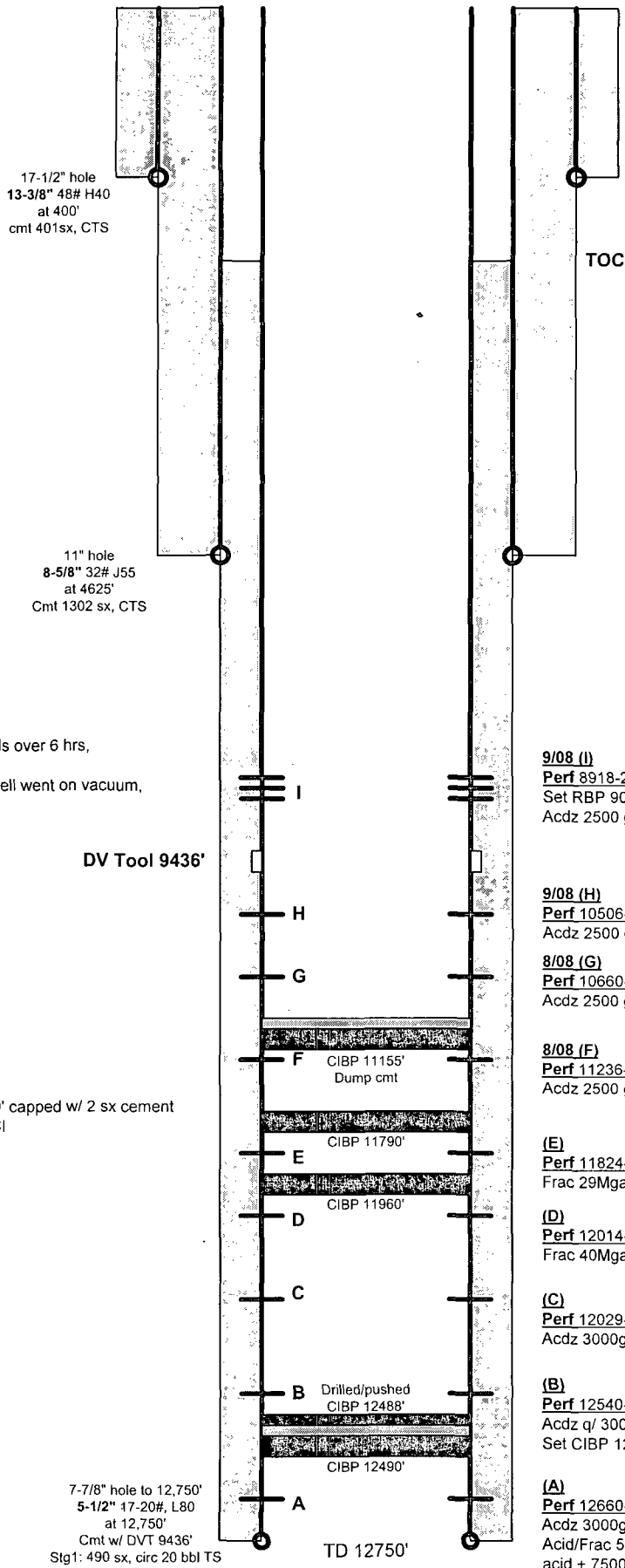
FORMATIONS ADJACENT TO PROPOSED INJECTION ZONE	
Above Injection Zone:	Drinkard
Below Injection Zone:	Strawn

Albacore 25 COM #1

API# 30-025-37054

Spud Feb 2005
3961' GL, Ref: KB xxxx' AGL

Current Configuration
December 2008



9/08:
Gandy Corp - Injectivity Test:
Perfs 8118-8952' OA: injected 1000 bbls over 6 hrs,
average 2.75 bpm on vacuum.
Drill out CIBP 10630', PBTD 11155', well went on vacuum,
unable to gain returns at 4 bpm.

11/07:
TA Well: set CIBP 11790' capped w/ 2 sx cement
Displaced hole w/ 2% KCl
MIT 565 psi, OK

9/08 (I)
Perf 8918-22, 8926-32, 8936-46, 8948-52', 2 spf
Set RBP 9060'
Acdz 2500 gal 15%, Retrieve RBP, swab all water, good fluid entry

9/08 (H)
Perf 10506-12, 10514-22, 10526-32, 10534-42', 2 spf
Acdz 2500 gal 15%, swab all water, good fluid entry

8/08 (G)
Perf 10660-65, 10674-90', 2 spf
Acdz 2500 gal 15%, swab all water, good fluid entry

8/08 (F)
Perf 11236-46, 11266-74, 11306-10', 2 spf
Acdz 2500 gal 15%, swab dry w slight oil show

(E)
Perf 11824-836'
Frac 29Mgal 40# binary+26M# 18/40 UltraProp

(D)
Perf 12014-12022', 4 spf
Frac 40Mgal 40# binary+40M# 18/40 UltraProp

(C)
Perf 12029-052', 4 spf
Acdz 3000gal, 7.5%

(B)
Perf 12540-600', 2 SPF
Acdz q/ 3000 gal 15%
Set CIBP 12490', PT 3000 psi, OK

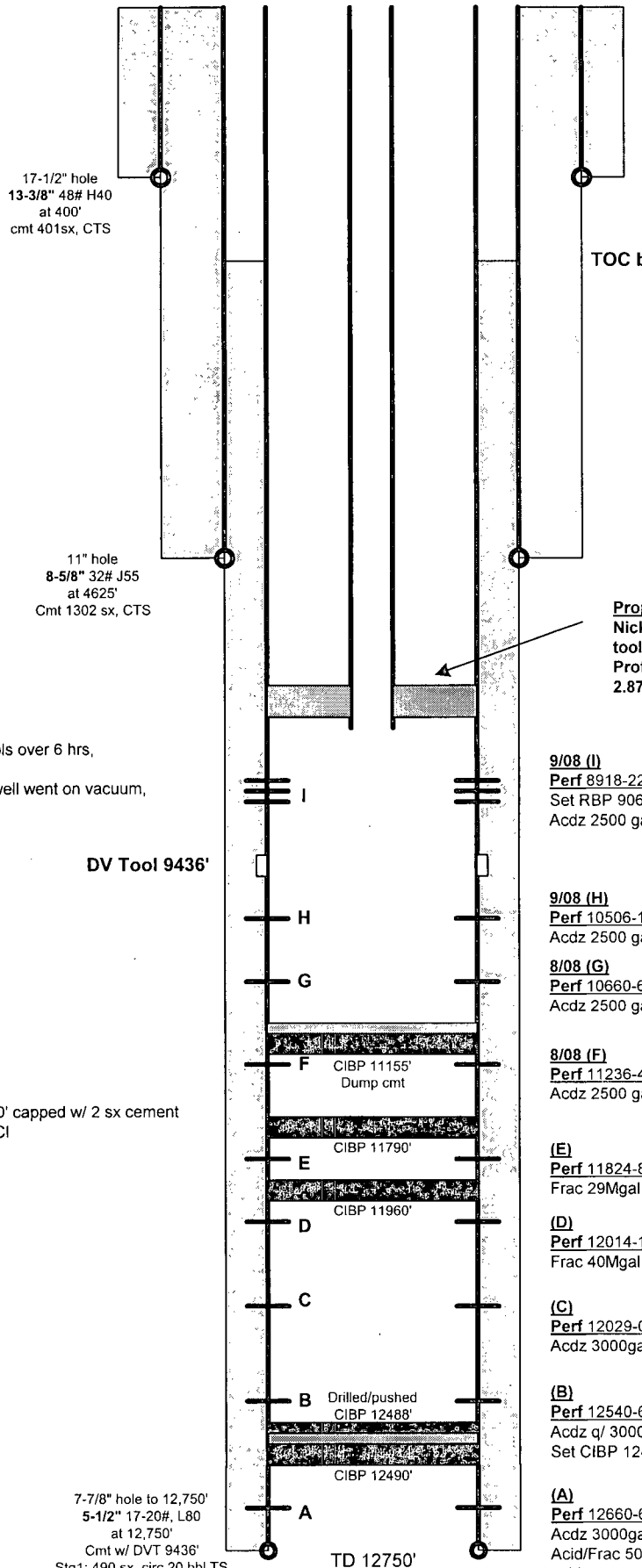
(A)
Perf 12660-672', 4 SPF
Acdz 3000gal 15%
Acid/Frac 5000gal 50Q CO2 20% gelled
acid + 7500gal 50Q 20% xlinked acid
WT 856 mcfd but dropped like a rock...

Albacore 25 COM #1

API# 30-025-37054

Spud Feb 2005
3961' GL, Ref: KB xxxx' AGL

Proposed Injection Configuration



Proposed Injection String::
Nickel-coated Arrow-Set tension packer w/ On/Off tool above,
Profile nipples in On/Off tool and below packer
2.875" 6.5# 8RD N80 IPC tubing

9/08:
Gandy Corp - Injectivity Test:
Perfs 8118-8952' OA: injected 1000 bbls over 6 hrs, average 2.75 bpm on vacuum.
Drill out CIBP 10630', PBTD 11155', well went on vacuum, unable to gain returns at 4 bpm.

11/07:
TA Well: set CIBP 11790' capped w/ 2 sx cement
Displaced hole w/ 2% KCl
MIT 565 psi, OK

9/08 (I)
Perf 8918-22, 8926-32, 8936-46, 8948-52', 2 spf
Set RBP 9060'
Acdz 2500 gal 15%, Retrieve RBP, swab all water, good fluid entry

9/08 (H)
Perf 10506-12, 10514-22, 10526-32, 10534-42', 2 spf
Acdz 2500 gal 15%, swab all water, good fluid entry

8/08 (G)
Perf 10660-65, 10674-90', 2 spf
Acdz 2500 gal 15%, swab all water, good fluid entry

8/08 (F)
Perf 11236-46, 11266-74, 11306-10', 2 spf
Acdz 2500 gal 15%, swab dry w slight oil show

(E)
Perf 11824-836'
Frac 29Mgal 40# binary+26M# 18/40 UltraProp

(D)
Perf 12014-12022', 4 spf
Frac 40Mgal 40# binary+40M# 18/40 UltraProp

(C)
Perf 12029-052', 4 spf
Acdz 3000gal, 7.5%

(B)
Perf 12540-600', 2 SPF
Acdz q/ 3000 gal 15%
Set CIBP 12490', PT 3000 psi, OK

(A)
Perf 12660-672', 4 SPF
Acdz 3000gal 15%
Acid/Frac 5000gal 50Q CO2 20% gelled acid + 7500gal 50Q 20% xlinked acid
WT 856 mcfd but dropped like a rock...

Well History

Chesapeake – Albacore 25 COM #1
API# 30-025-37054
UL N, Sec 25, T16s, R35e, Lea County, NM
Elev 3961' GL

Spud well 2/2005
Drill 17.5" hole, set 13.375" 48#, H40 at 400', 401 sx, circ 86 sx to surf
Drill 11" hole, set 8.625" 32#, J55 at 4625', 1302 sx, circ 60 sx to surf
Drill 7.875" hole, set 5.50" 17-20#, L80 at 12750', DV tool set (depth=?)
Stg1: 490 sx – circ 20 bbls to surface ahead of stage 2 cement
Stg2: 885 sx, CBL found TOC 2150'
DO inside 5.5" casing to 12700'+
Perf Chester Lime 12660-672' 4 spf
Acdz 3000gal 15%
Acid Frac 5000gal 50Q CO2 foamed 20% gelled acid + 7500gal 50Q foamed 20% x-linked acid
WT flowing 856 mcfd, 15 bo, 20 bw, 950# FTP (very instantaneous-probably dropping like a rock!)

Perf Chester Shale 12540-600', 2 spf
Acdz 3000gal 15%
Set CIBP 12490', PT to 3000# ok

Perf Atoka 12029-052', 4 spf
Acdz 3000gal 7.5%

Perf Atoka 12014-022', 4 spf
Frac 12014-052' OA w/ 40Mgal 40# binary+40M# 18/40 UltraProp
Set CIBP but never specified exactly what depth…

Perf 11824-836'
Frac 28.5Mgal 40# binary+26M# 18/40 UP
DO CIBP and pushed to 12488'
Ran R-T-P, POP
PT pumping 184 mcfd, 22 bo, 15 bw
Pull RTP, set Arrow 1-X packer on 2.375" tbg
Flowed commingled perfs 11824-12052' to tank, made small amount of gas

11/07: **TA well** – set CIBP at 11790', dump 2 sx on top of CIBP, displace hole with 2% KCl, MIT 565 psi, ok

3/08: **Primero Operating** (Roswell, NM) became new operator

8/08: Perf 11236-46', 11266-74', 11306-10', 4 spf, acdz 2500 gal 15% HCl, swabbed dry w minimal show of oil/gas. Set CIBP 11155', dump some cmt on plug.
Perf 10660-65', 10674-90', 2 spf, acdz 2500 gal 15% HCl, swab all water, good fluid entry. Set CIBP at 10630'.

9/08: Perf 10506-12', 10514-22', 10526-32', 10534-42', 2spf. Acdz w/ 2500 gal 15% HCl, swab all water, good fluid entry.
Perf 8918-22', 8926-32', 8936-46', 8948-52', 2 spf. Set RBP at 9060', Acdz 2500 gal 15% HCl, break 3795#, 3 bpm, isip 2880#, 15" 2693#, flowback 22 bbls, swab dry-est. 200' fluid entry per hour. Knock-off balls, retrieve RBP.

9/08: Gandy Corporation injectivity test – fill tbg and injected 1000 bbls in 6 hrs (2.75 bpm calc. average). Drill out CIBP at 10630' with PS; unable to gain returns with pump rate at 4 bpm.

Gandy Corporation
Proposed SWD Well – Albacore 25 COM #1

Area of Review

The wellbore conditions of all five (5) wells inside the 0.5-mile radius review area are shown in the attached table. An extensive review of the wellbore mechanics of these wells that penetrate the proposed injection interval shows that they are completed and/or plugged to effectively contain the disposed fluid within the targeted zone and prevent fluid migration and/or injection into useable sources of water or freshwater strata. All active wells isolate any freshwater safely behind two strings of steel casing that were successfully cemented to surface. Furthermore, in each active well, the proposed SWD interval is protected by steel production casing and cement to cover the interval as verified by cement bond logs or the equivalent.

The lone plugged and abandoned well, located on the boundary of the area of review, was drilled and abandoned in 1954. While no production casing was run into the hole at 12615' TD the open hole section was isolated from the intermediate casing with cement across the shoe. The two re-entries were both plugged in a manner to maintain the integrity of the intermediate and surface casing that were initially protected with cement that was circulated to surface thereby protecting all useable sources of water or freshwater strata.

Certified: _____

Terry M. Duffey
Agent for Gandy Corporation

Date: _____

Gandy Corporation
Albacore 25 COM #1
SWD Permit - Area of Review Wells

											Surface Csg			Intermed Csg			Prod Csg		
Lease	Well	Operator	API#	Location T-R-S	Completion Date	TD	Well Status	Perfs	Status Of Perfs	P&A Date	Size	Depth	Sacks/ TOC	Size	Depth	Sacks/ TOC	Size	Depth	Sacks/ TOC
Foster-State *aka Gladson State*	1	El Paso Natural Gas	025-02811	16s-35e-36	Sep-53 Aug-57 Oct-62	12615 4250 PB 10746' PB	D&A Re-entry Re-entry	4149-170 Open hole test	Tested wet Unsuccessful	**P&A detail:** Jan-54 Aug-57 Mar-65 	13.375	308	400 surf	9.625	4958	3200 surf	None-drilled and abandoned		
											No casing recovered Plugs in openhole 25 sx 12510', Plugs across 9.625" csg shoe: 4900-5000', surf-25 sx No casing recovered Sqzd perfs 4149-70' w/ 50 sx, 10 sx at surface After second re-entry where openhole straddle test above 10746' was a failure Set 25 sx plug in/out of casing seat at 4958', set 25 sx plug at 300', 15 sx surface plug									
Double Hackle Drake 36 State	1	Arrington Oil & Gas	025-35645	16s-36e-36	Never drilled		Cancelled												
Blue Fin 25	1	V-F Petroleum	025-35865	16s-35e-25	May-02	13200	Act	12429-466	Active		13.375	495	600 surf	9.625	4957	1870 surf	5.500 DV Tool 8808' Stg1: 1485 sx, circ 68 sx Stg2: 1075 sx, TOC CBL 3430'	13200	2560
Double Hackle Drake 36 State	1	Arrington Oil & Gas	025-36704	16s-35e-36	May-04 Sep-06	12586	Act	11894-916 11664-670'	Active Active		13.375	508	515 surf	8.625	4929	1385 Calc surf	5.500	12553	480 8960 CBL
Skip-Jack 26	1	Chesapeake	025-37313	16s-35e-26	Sep-05	12250	Act	12094-114 11802-823	Isol w/ BP 12060' Active		13.375	400	350 top w/ 10 bbl	8.625	4598	1210 surf	5.500 DV Tool Stg1: 585 sx, circ cmt to surf Stg 2: 635 sx, TOC CBL 4362'	12250	1220

Date: 11/20/2008
Time: 10:17 AM

PI/Dwights PLUS on CD Map Report

WELL

Date: 11/20/2008
Time: 9:13 AM

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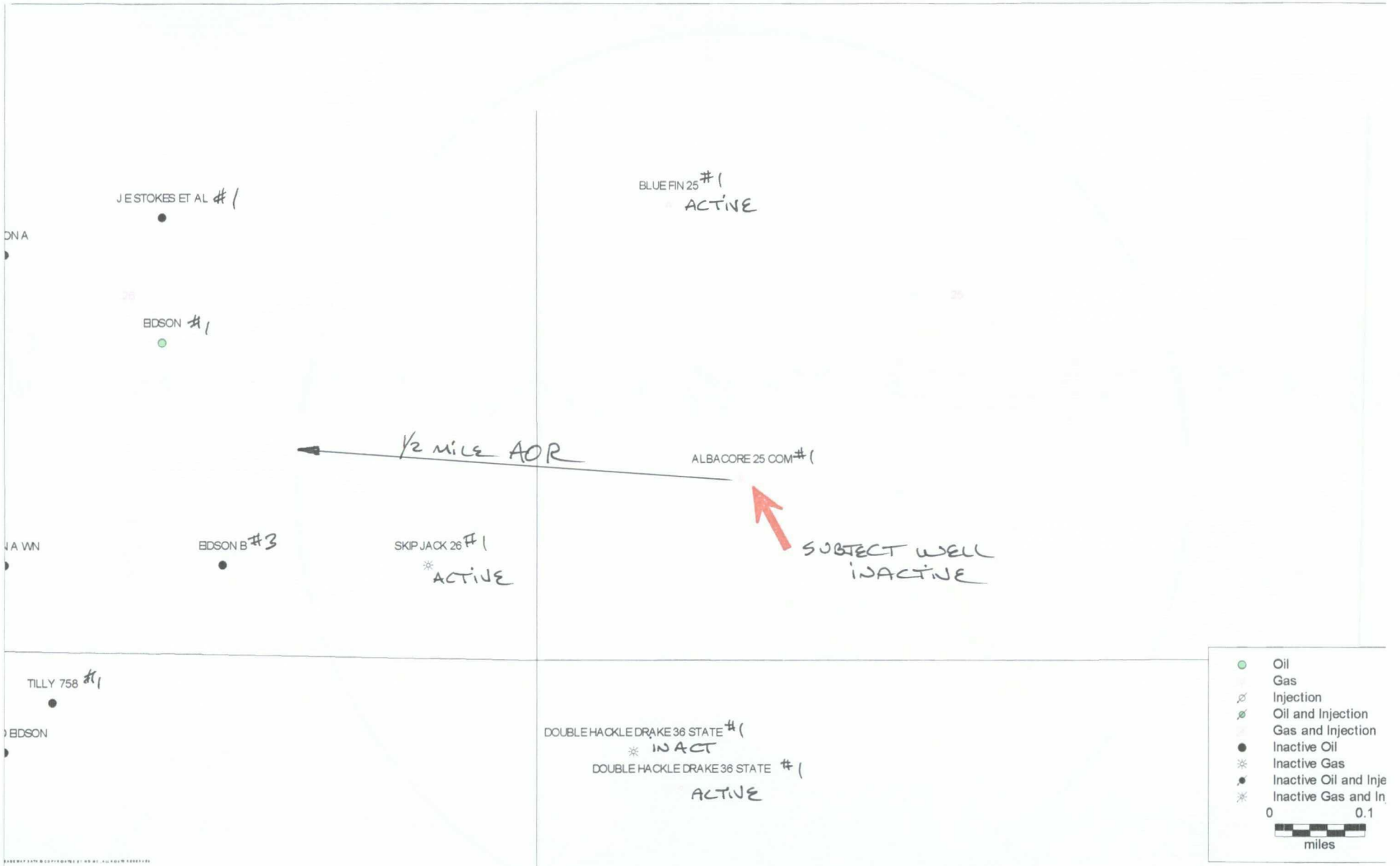

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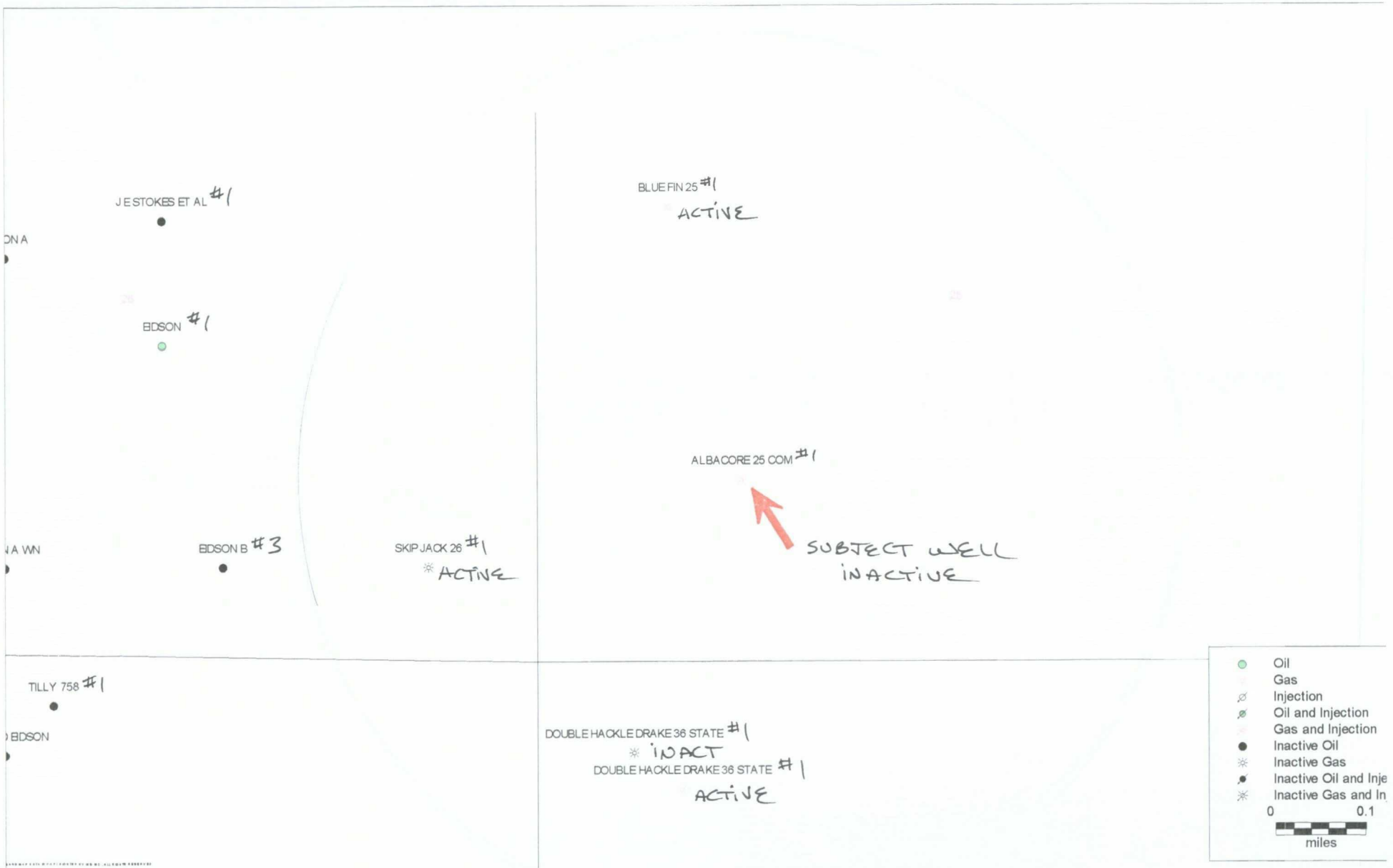

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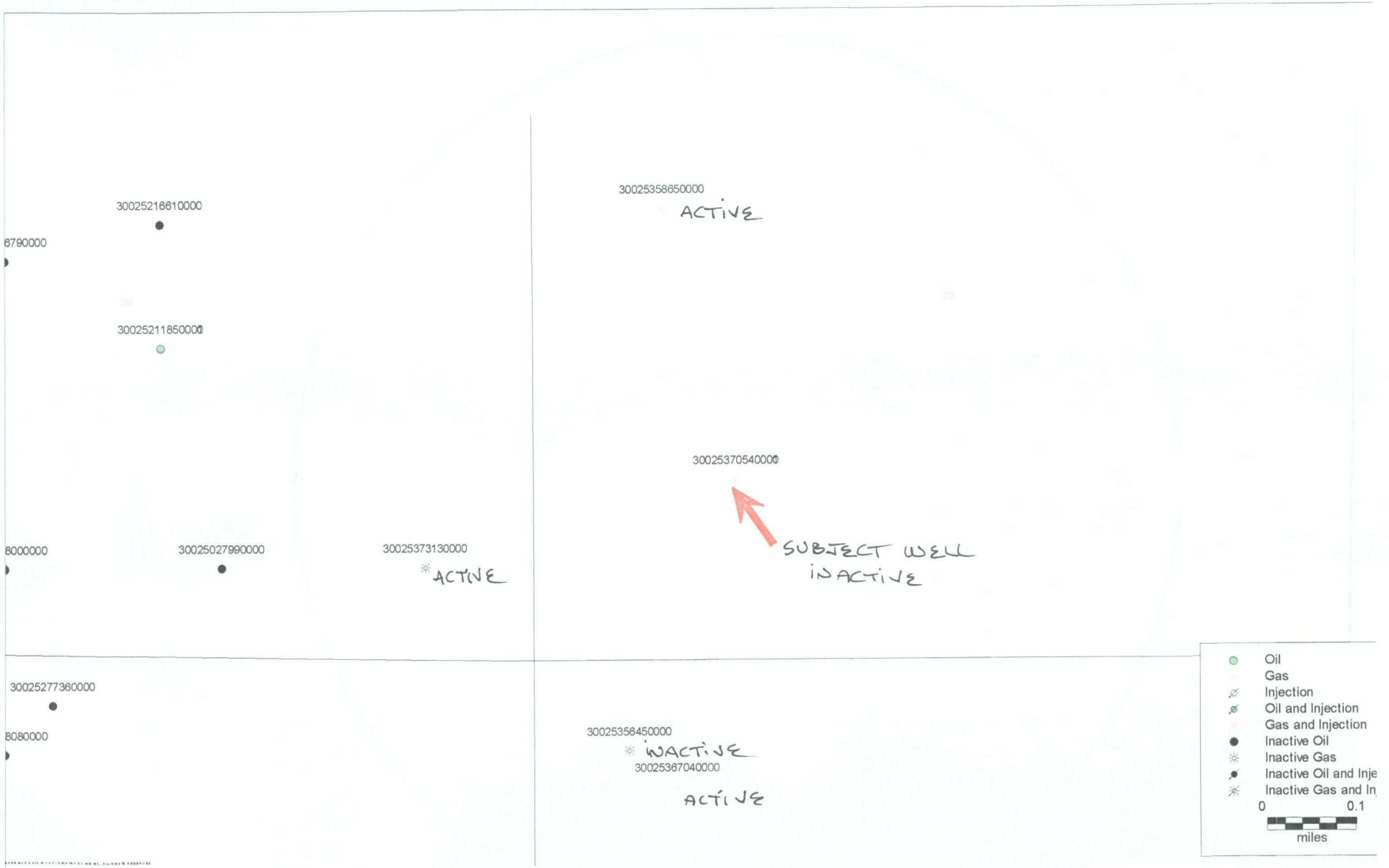

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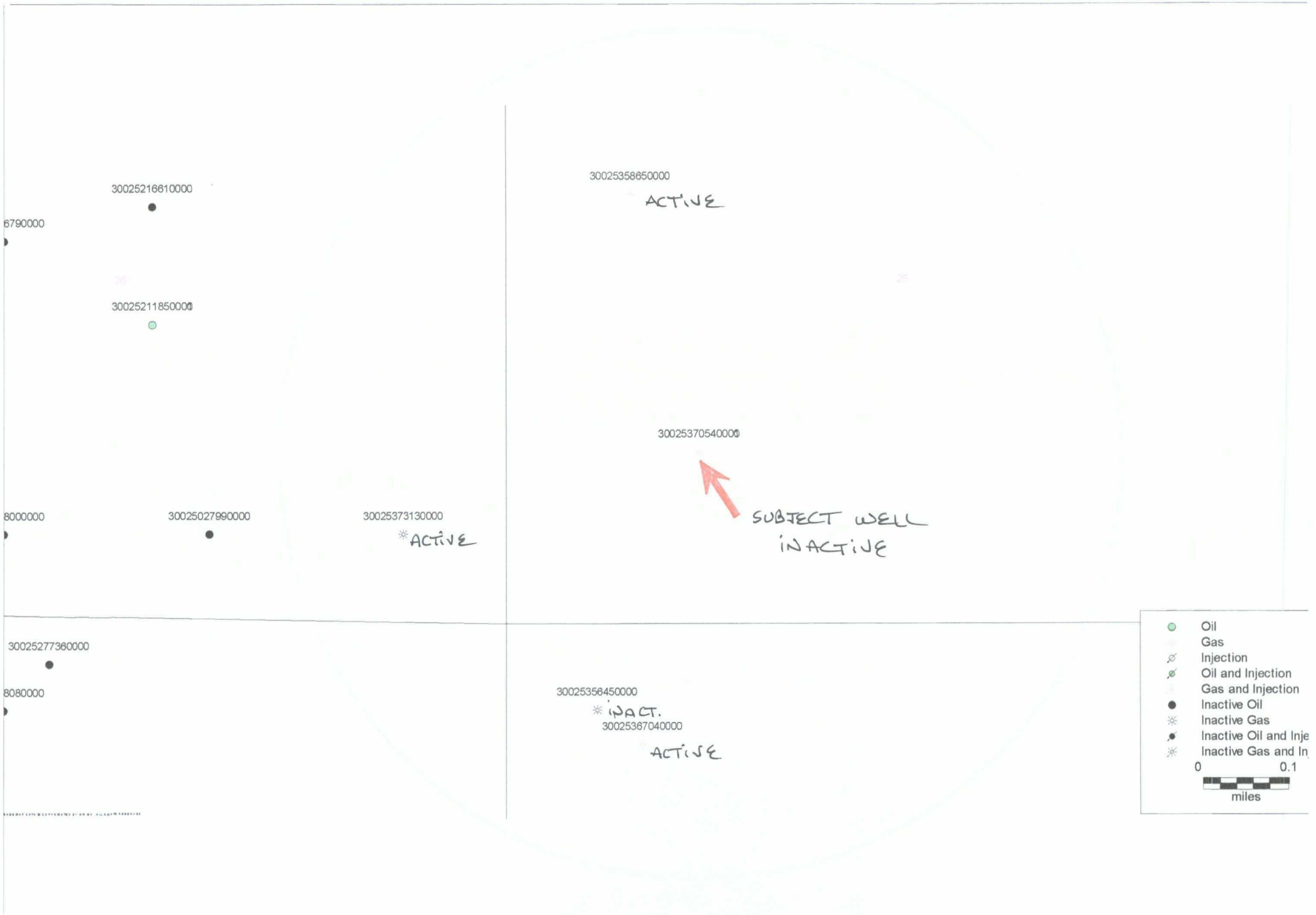

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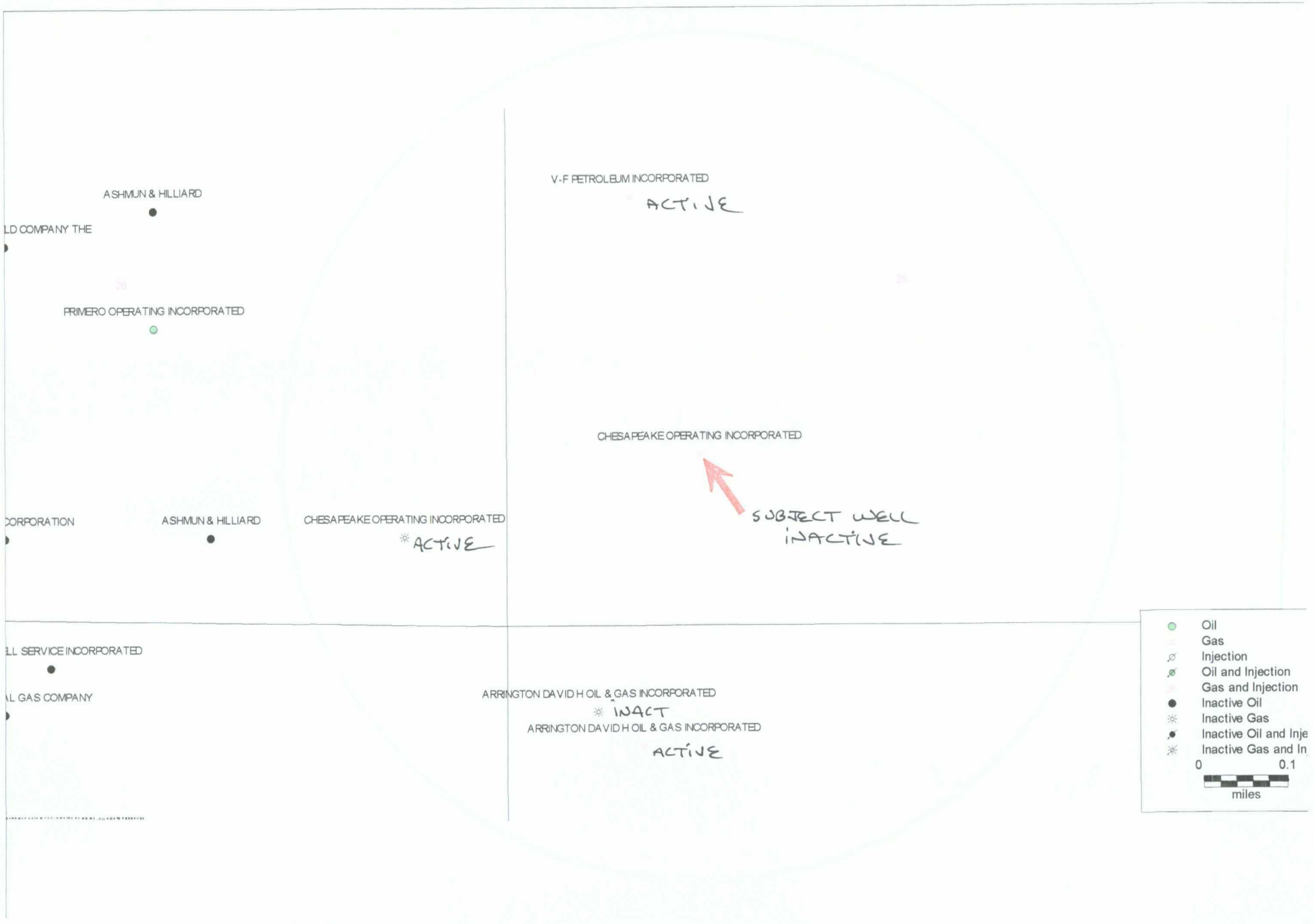

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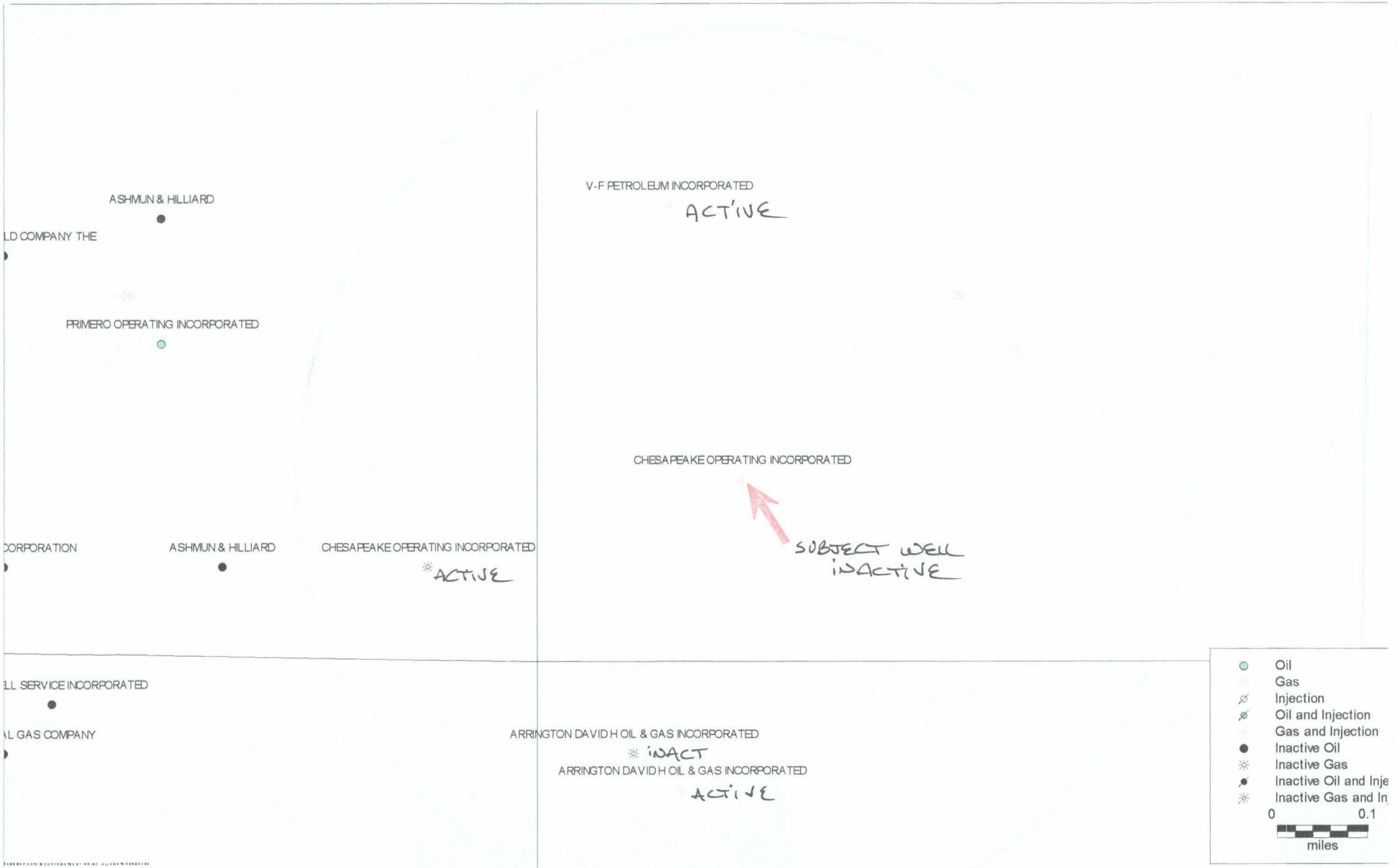

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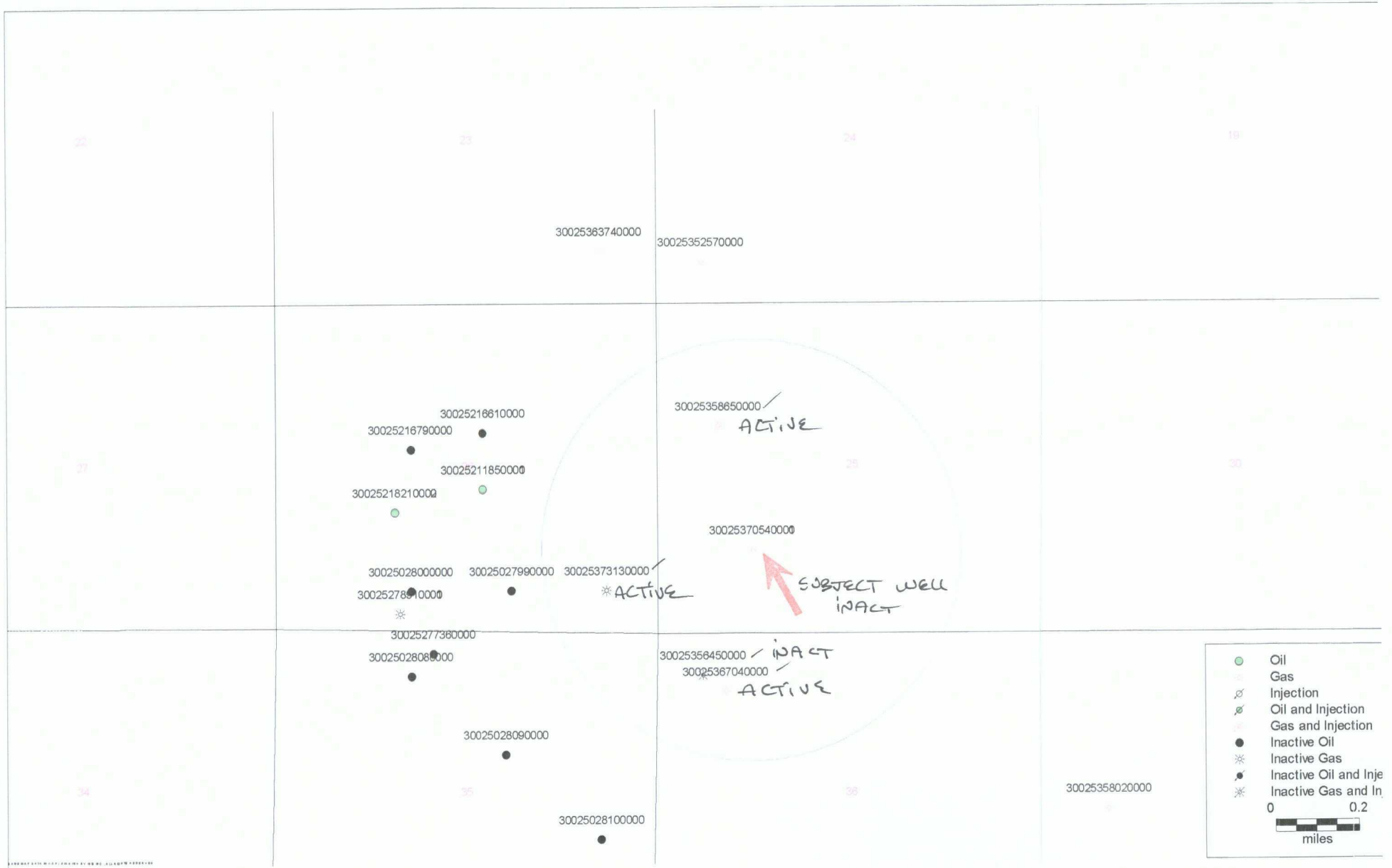

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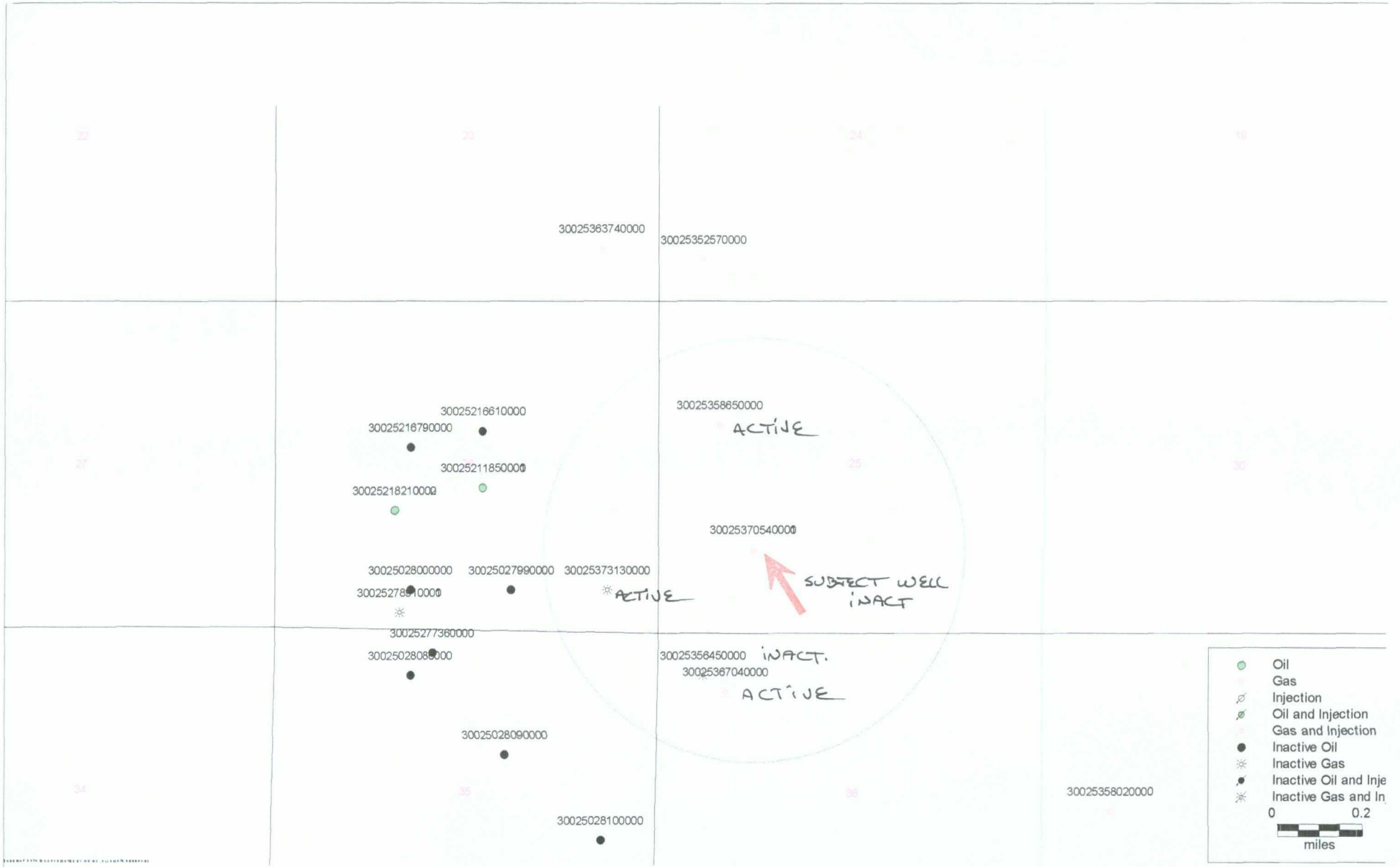


	Production ID	Entity Type	Primary API	Lease Name	Well Num	Operator Name	Location
1	2300210253637485210	WELL	30025363740000	YELLOW FIN 23	2	EOG RESOURCES INCORPORATED	23P 16S 35E N2 SE SE
2	2300210253525786390	WELL	30025352570000	BLUE FIN 24	1	V-F PETROLEUM INCORPORATED	24M 16S 35E N2 SW SW
* 3	2300210253586586390	WELL	30025358650000	BLUE FIN 25	1	V-F PETROLEUM INCORPORATED	25E 16S 35E NE SW NW
* 4	2300210253705486390	WELL	30025370540000	ALBACORE 25 COM SUBJECT	1	CHESAPEAKE OPERATING INCORPORATED	25N 16S 35E NW SE SW
* 5	2300210253705485210	WELL	30025370540001	ALBACORE 25 COM WELL	1	CHESAPEAKE OPERATING INCORPORATED	25N 16S 35E NW SE SW
6	1300210250279956050	WELL	30025027990000	EIDSON B	3	ASHMUN & HILLIARD	26O 16S 35E
7	1300210250280055860	WELL	30025028000000	EIDSON A WN	2	SINCLAIR OIL CORPORATION	26N 16S 35E
8	1300210252118556290	WELL	30025211850000	EIDSON	1	PRIMERO OPERATING INCORPORATED	26J 16S 35E
9	1300210252118559800	WELL	30025211850001	EIDSON	1	PRIMERO OPERATING INCORPORATED	26J 16S 35E
10	1300210252166156050	WELL	30025216610000	J E STOKES ET AL	1	ASHMUN & HILLIARD	26G 16S 35E
11	1300210252166156290	WELL	30025216610000	J E STOKES ET AL	1	ASHMUN & HILLIARD	26G 16S 35E
12	1300210252167956050	WELL	30025216790000	EIDSON A	3	ATLANTIC RICHFIELD COMPANY THE	26F 16S 35E
13	1300210252182156290	WELL	30025218210000	EIDSON A WN	4	PRIMERO OPERATING INCORPORATED	26K 16S 35E NE SW
14	1300210252182156050	WELL	30025218210000	EIDSON A WN	4	DEVON ENERGY CORPORATION	26K 16S 35E NE SW
15	1300210252182159800	WELL	30025218210002	EIDSON A WN	4	PRIMERO OPERATING INCORPORATED	26K 16S 35E NE SW
16	2300210252789155860	WELL	30025278910000	TILLEY	1	PRIMERO OPERATING INCORPORATED	26N 16S 35E
17	2300210252789185210	WELL	30025278910001	TILLEY	1	PRIMERO OPERATING INCORPORATED	26N 16S 35E
* 18	2300210253731385215	WELL	30025373130000	SKIP JACK 26	1	CHESAPEAKE OPERATING INCORPORATED	26P 16S 35E C SE SE
* 19	2300210253731385210	WELL	30025373130000	SKIP JACK 26	1	CHESAPEAKE OPERATING INCORPORATED	26P 16S 35E C SE SE
20	2300210253580285213	WELL	30025358020000	DOUBLE HACKLE PEACOCK 31 STATE COM	1	ARRINGTON DAVID H OIL & GAS INCORPORATED	31 16S 36E SW
21	1300210250280855860	WELL	30025028080000	MILLARD EIDSON	1PI	WESTERN NATURAL GAS COMPANY	35C 16S 35E
22	1300210250280955860	WELL	30025028090000	EIDSON C WN	1	ATLANTIC RICHFIELD COMPANY THE	35G 16S 35E
23	1300210250281056050	WELL	30025028100000	STATE 43-35	2	YANCURA CHARLES E	35I 16S 35E NE SE
24	1300210252773655860	WELL	30025277360000	TILLY 758	1	CARR WELL SERVICE INCORPORATED	35C 16S 35E
* 25	2300210253564585210	WELL	30025356450000	DOUBLE HACKLE DRAKE 36 STATE	1	ARRINGTON DAVID H OIL & GAS INCORPORATED	36D 16S 35E C NW NW
* 26	2300210253670485210	WELL	30025367040000	DOUBLE HACKLE DRAKE 36 STATE	1	ARRINGTON DAVID H OIL & GAS INCORPORATED	36D 16S 35E SE NW NW
27							

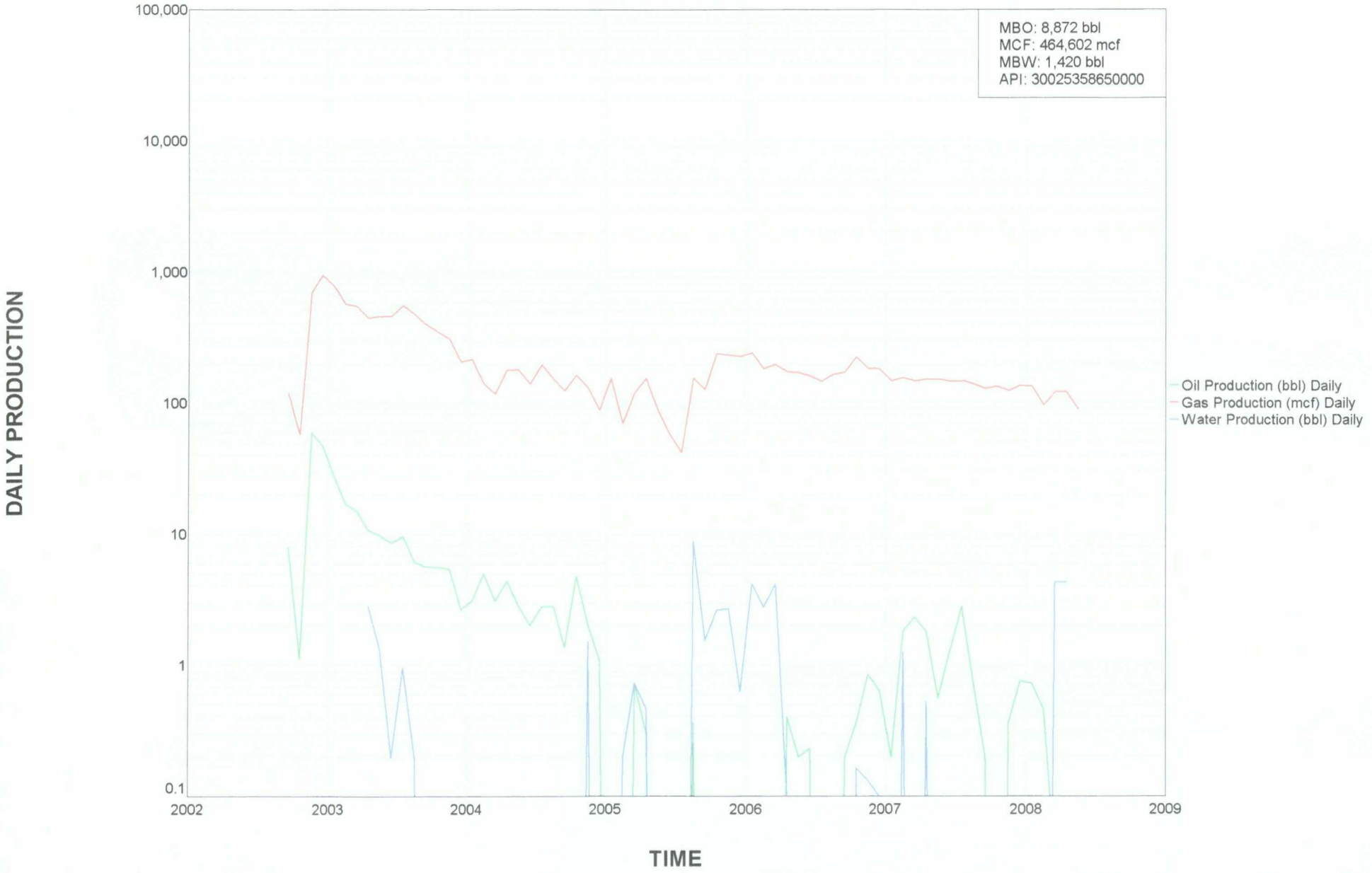
DENOTES WELLS INSIDE AREA of REVIEW

	Field Name	State	County Name	Status Code	Resv Onshore	Resv Offshore	Prod Zone Name	Lease Code	Oil Cum	Gas Cum	Wtr Cum	Oil YTD	Gas YTD	Wtr YTD
1	SHOE BAR	NM	LEA	ACT	ATOKA		ATOKA		3078	127883	429	131	7199	48
2	TOWNSEND NORTH	NM	LEA	ACT	MISSISSIPPIAN		MISSISSIPPIAN		41371	2121398	3407	357	55968	
3	TOWNSEND NORTH	NM	LEA	ACT	MISSISSIPPIAN		MISSISSIPPIAN		8872	464602	1420	37	17047	260
4	TOWNSEND NORTH	NM	LEA	INA	MISSISSIPPIAN		MISSISSIPPIAN		1701		2256			
5	SHOE BAR	NM	LEA	ACT	ATOKA		ATOKA		1855	36514	3301	34		
6	SHOE BAR	NM	LEA	INA	PENNSYLVANIAN		PENNSYLVANIAN	190360	2118	1111	134			
7	SHOE BAR	NM	LEA	INA	DEVONIAN		DEVONIAN	190220	274112		177996			
8	SHOE BAR	NM	LEA	INA	WOLFCAMP		WOLFCAMP	019948	89907	306735	30983			
9	TOWNSEND	NM	LEA	ACT	ABO		ABO /SH/	019948	15467	4139	31611	323		1164
10	SHOE BAR	NM	LEA	INA	PENNSYLVANIAN		PENNSYLVANIAN	806710	29353	61522	26405			
11	SHOE BAR	NM	LEA	INA	WOLFCAMP		WOLFCAMP	806710	7167					
12	SHOE BAR	NM	LEA	INA	PENNSYLVANIAN		PENNSYLVANIAN	190230	149806	335139	65871			
13	SHOE BAR	NM	LEA	ACT	WOLFCAMP		WOLFCAMP	019202	17432	165889	6754	2		331
14	SHOE BAR	NM	LEA	INA	PENNSYLVANIAN		PENNSYLVANIAN	003455	252454	535240	1428274			
15	TOWNSEND	NM	LEA	ACT	ABO		ABO /SH/	019202	40782	12903	6601	10		331
16	SHOE BAR	NM	LEA	INA	DEVONIAN		DEVONIAN	835030	71884	18872	177401			
17	SHOE BAR	NM	LEA	INA	ATOKA		ATOKA	022180	2952	28262	10710			
18	SHOE BAR	NM	LEA	ACT	MISS		MISSISSIPPIAN		4724	193407	1235	507	18420	173
19	SHOE BAR	NM	LEA	INA	ATOKA		ATOKA							
20	SHOE BAR	NM	LEA	ACT	CHESTER		CHESTER		11555	112862	7772	483	6055	735
21	SHOE BAR	NM	LEA	INA	DEVONIAN		DEVONIAN	190720	355880					
22	SHOE BAR	NM	LEA	INA	DEVONIAN		DEVONIAN	190380	210776		363070			
23	SHOE BAR	NM	LEA	INA	PENNSYLVANIAN		PENNSYLVANIAN	015514	65875	25975	9521			
24	SHOE BAR	NM	LEA	INA	DEVONIAN		DEVONIAN	835030	64077	18666	284863			
25	SHOE BAR	NM	LEA	INA	ATOKA		ATOKA		12151	570543	1362			
26	SHOE BAR	NM	LEA	ACT	ATOKA		ATOKA		16543	700121	2393	221	23262	178
27									**1751892**	**5841783**	**2643769**	**2105**	**127951**	**3220**

	Oil Latest Mo	Gas Latest Mo	Wtr Latest Mo	Active Num Wells	First Prod Date	Last Prod Date	TD	TVD	Upper Perf	Lower Perf	Oil Gatherer	Gas Gatherer	Latitude	Longitude	L&L Srce
1	17	1741	17	1	2003/10	2008/05	13000		11881	11993			32.90271	-103.42134	IH
2	52	12393		1	2001/09	2008/05							32.90219	-103.41704	IH
3		2702		1	2002/09	2008/05							32.89484	-103.41616	IH
4					2005/09	2006/06	12750						32.88920	-103.41475	IH
5	34			1	2005/10	2008/02	12750						32.88920	-103.41475	IH
6													32.88744	-103.42559	IH
7													32.88746	-103.42999	IH
8						1997/01							32.89198	-103.42668	IH
9	59		148	1	1997/02	2008/06	10500		8682	8796			32.89198	-103.42668	IH
10					1966/05	1970/04	10490		10478	10490			32.89467	-103.42669	IH
11					1966/05		10490		10282	10288			32.89467	-103.42669	IH
12					1966/02	1971/01	10442		10428	10442			32.89377	-103.42995	IH
13	1			1	1993/07	2008/05	10431		10148	10154			32.89109	-103.43071	IH
14					1966/08	1995/10	10431		10338	10417			32.89109	-103.43071	IH
15	2			1	1996/12	2008/06	10431		8662	8750			32.89109	-103.43071	IH
16					1982/11	2002/12	12558		12508	12558			32.88656	-103.43053	IH
17					1998/07	2001/02	12558		11430	11488			32.88656	-103.43053	IH
18	106	4207	18	1	2005/09	2008/05							32.88742	-103.42129	IH
19													32.88742	-103.42129	IH
20	55	1067	194	1	2002/09	2008/06							32.87761	-103.39892	IH
21													32.88383	-103.43001	IH
22					1955/08		12678		12582	12678			32.88018	-103.42565	IH
23						1988/09							32.87653	-103.42139	IH
24					1982/06	1985/10	13440		12512	12524			32.88473	-103.42893	IH
25					2004/09	2006/06							32.88378	-103.41700	IH
26		3368	9	1	2004/09	2008/06	12586						32.88299	-103.41599	IH
27	**326**	***25478***	***386***	***10***											

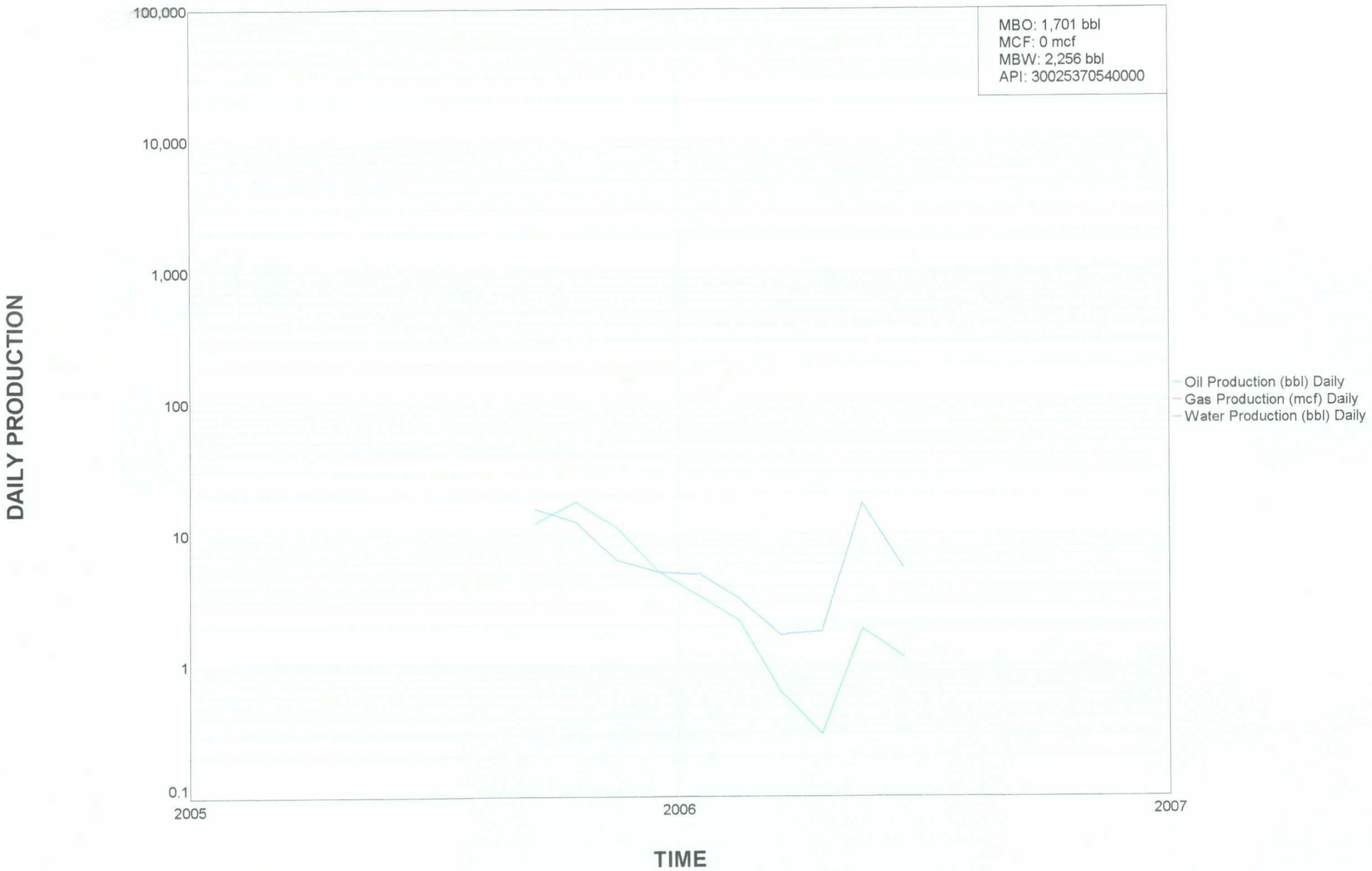
Lease Name: BLUE FIN 25
County, State: LEA, NM
Operator: V-F PETROLEUM INCORPORATED
Field: TOWNSEND NORTH
Reservoir: MISSISSIPPIAN
Location: 25 16S 35E NE SW NW

V-F PETROLEUM INCORPORATED: BLUE FIN 25 # 1 - MISSISSIPPIAN



Lease Name: ALBACORE 25 COM
County, State: LEA, NM
Operator: CHESAPEAKE OPERATING INCORPORATED
Field: TOWNSEND NORTH
Reservoir: MISSISSIPPIAN
Location: 25 16S 35E NW SE SW

CHESAPEAKE OPERATING INCORPORATED: ALBACORE 25 COM # 1 - MISSISSIPPIAN

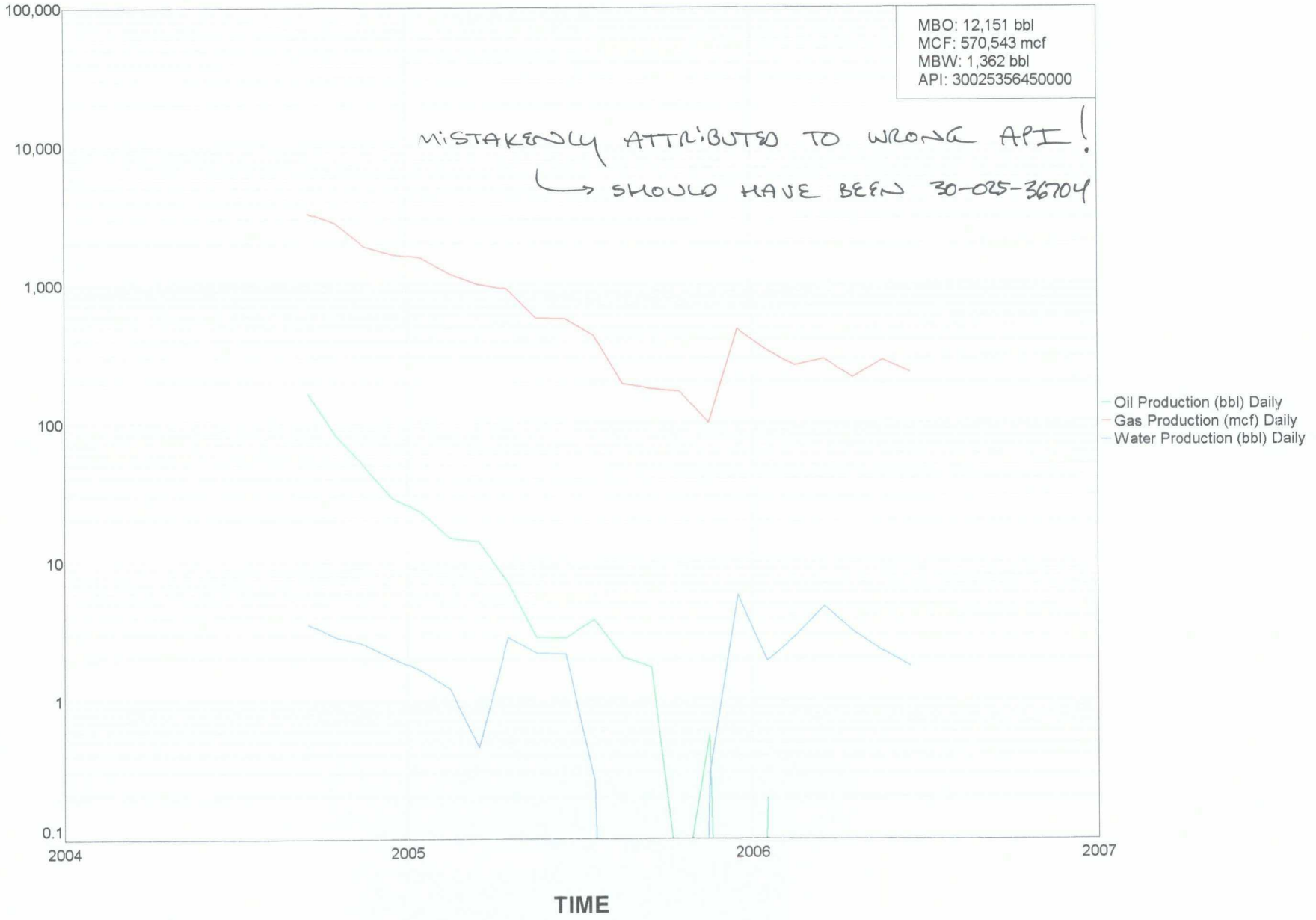


Lease Name: ALBACORE 25 COM
County, State: LEA, NM
Operator: CHESAPEAKE OPERATING INCORPORATED
Field: SHOE BAR
Reservoir: ATOKA
Location: 25 16S 35E NW SE SW

CHESAPEAKE OPERATING INCORPORATED: ALBACORE 25 COM # 1 - ATOKA

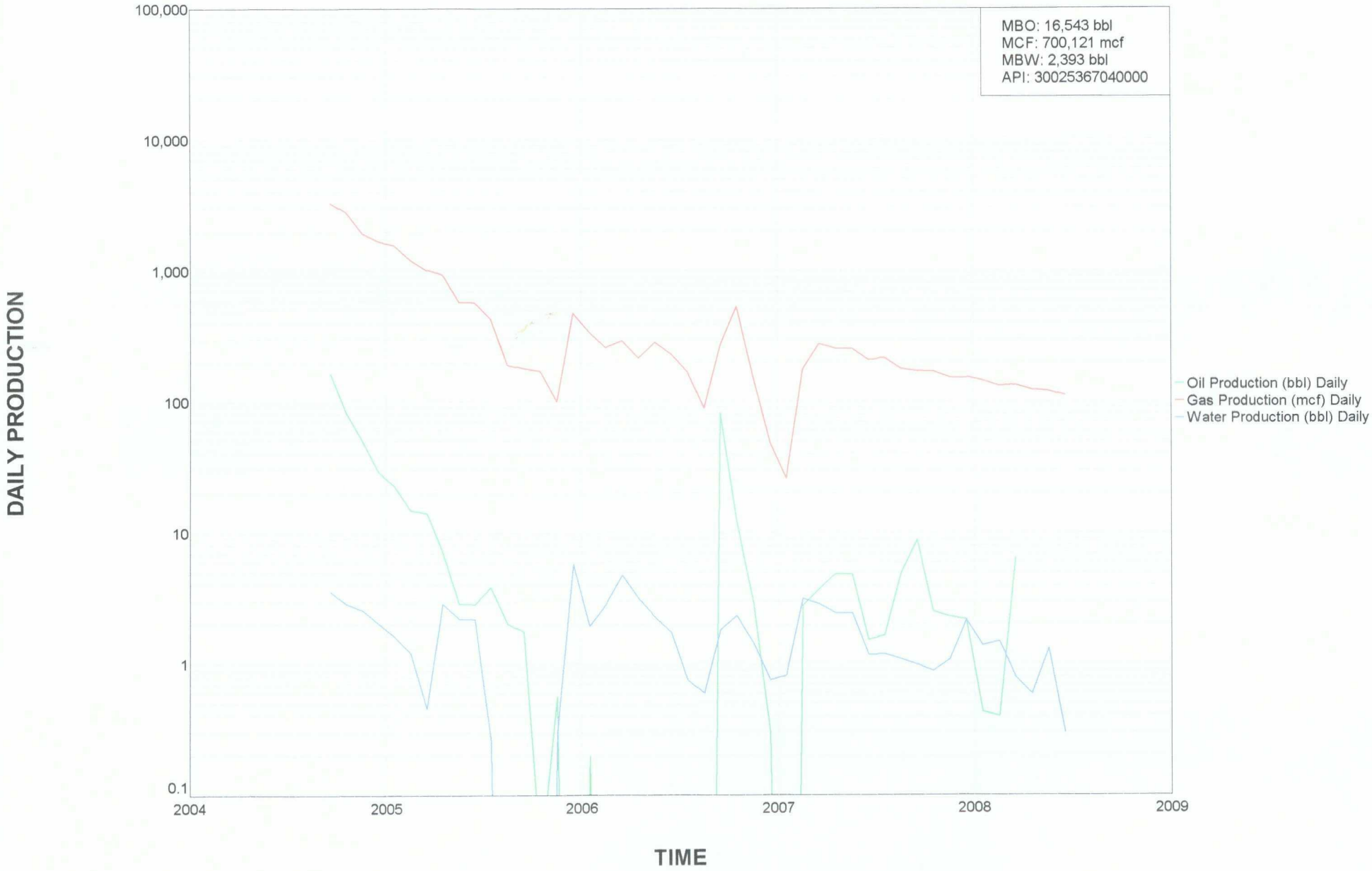
Lease Name: DOUBLE HACKLE DRAKE 36 STATE
County, State: LEA, NM
Operator: ARRINGTON DAVID H OIL & GAS INCORPOR
Field: SHOE BAR
Reservoir: ATOKA
Location: 36 16S 35E C NW NW

ARRINGTON DAVID H OIL & GAS INCORPOR: DOUBLE HACKLE DRAKE 36 STATE # 1 - ATOKA



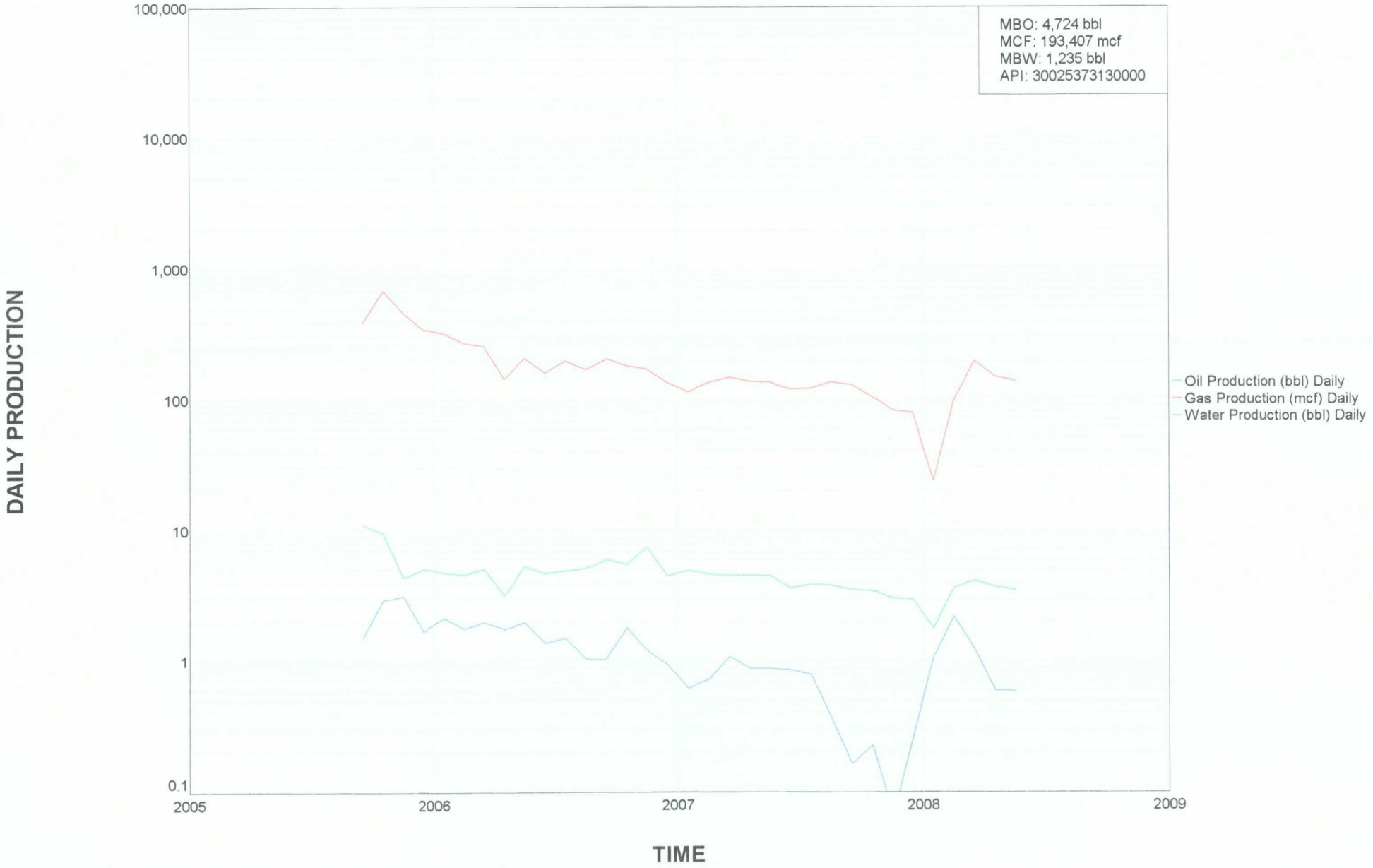
Lease Name: DOUBLE HACKLE DRAKE 36 STATE
County, State: LEA, NM
Operator: ARRINGTON DAVID H OIL & GAS INCORPOR
Field: SHOE BAR
Reservoir: ATOKA
Location: 36 16S 35E SE NW NW

ARRINGTON DAVID H OIL & GAS INCORPOR: DOUBLE HACKLE DRAKE 36 STATE # 1 - ATOKA



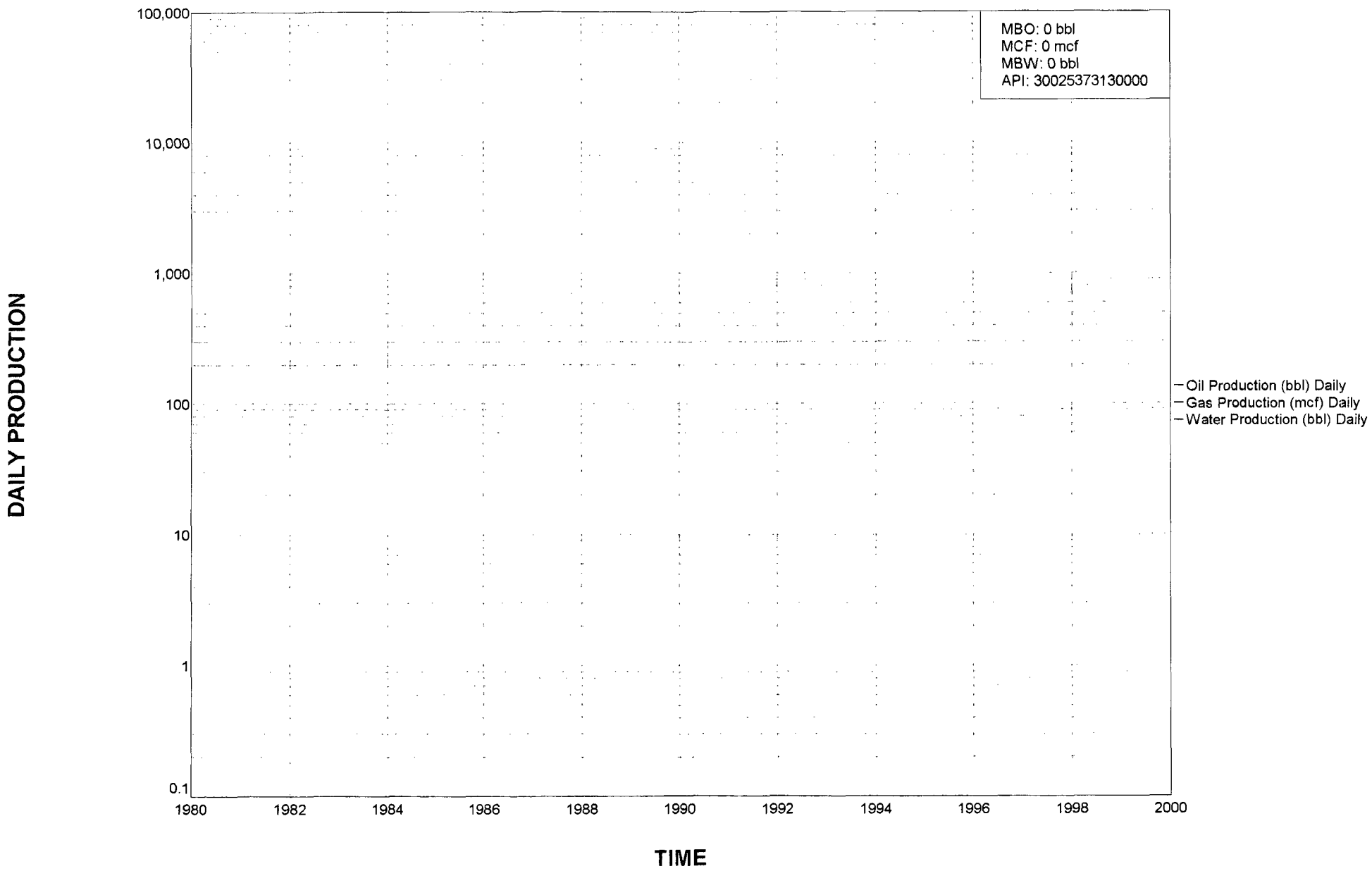
Lease Name: SKIP JACK 26
County, State: LEA, NM
Operator: CHESAPEAKE OPERATING INCORPORATED
Field: SHOE BAR
Reservoir: MISS
Location: 26 16S 35E C SE SE

CHESAPEAKE OPERATING INCORPORATED: SKIP JACK 26 # 1 - MISS



Lease Name: SKIP JACK 26
County, State: LEA, NM
Operator: CHESAPEAKE OPERATING INCORPORATED
Field: SHOE BAR
Reservoir: ATOKA
Location: 26 16S 35E C SE SE

CHESAPEAKE OPERATING INCORPORATED: SKIP JACK 26 # 1 - ATOKA



Gandy Corporation
Proposed SWD Well – Albacore 25 COM #1

Wellbore Construction Plans
An injection packer will be set within 100' of the permitted injection interval. Refer to proposed injection configuration diagram for details. The packer/casing integrity will be pressure tested to 1000 psi and chart recorded for 1-hour. Injection will then begin. If injection rates do not prove to be favorable the well will be stimulated with acid.

The nearest oil/gas zone immediately above the intended injection target is the Drinkard interval. There are no active Drinkard wells within the ½ mile AOR. The Atoka/Mississippian lies below the intended injection interval: Abo – Permo-Penn in this area. There are three active producers in this deeper interval within the ½ mile AOR. The production history curves are included with the application documents for inspection.

Injection Operations
The source of fluids to be injected into this disposal well will originate from nearby oil and gas operations. The fluids will typically be produced saltwater and non-hazardous approved oil field wastes from workover and drilling operations. The fluid handling system will be adjacent to the disposal well and will be "closed"; utilizing welded steel tanks for holding after being offloaded from transport trucks. The anticipated injection operating parameters are summarized in the table below.

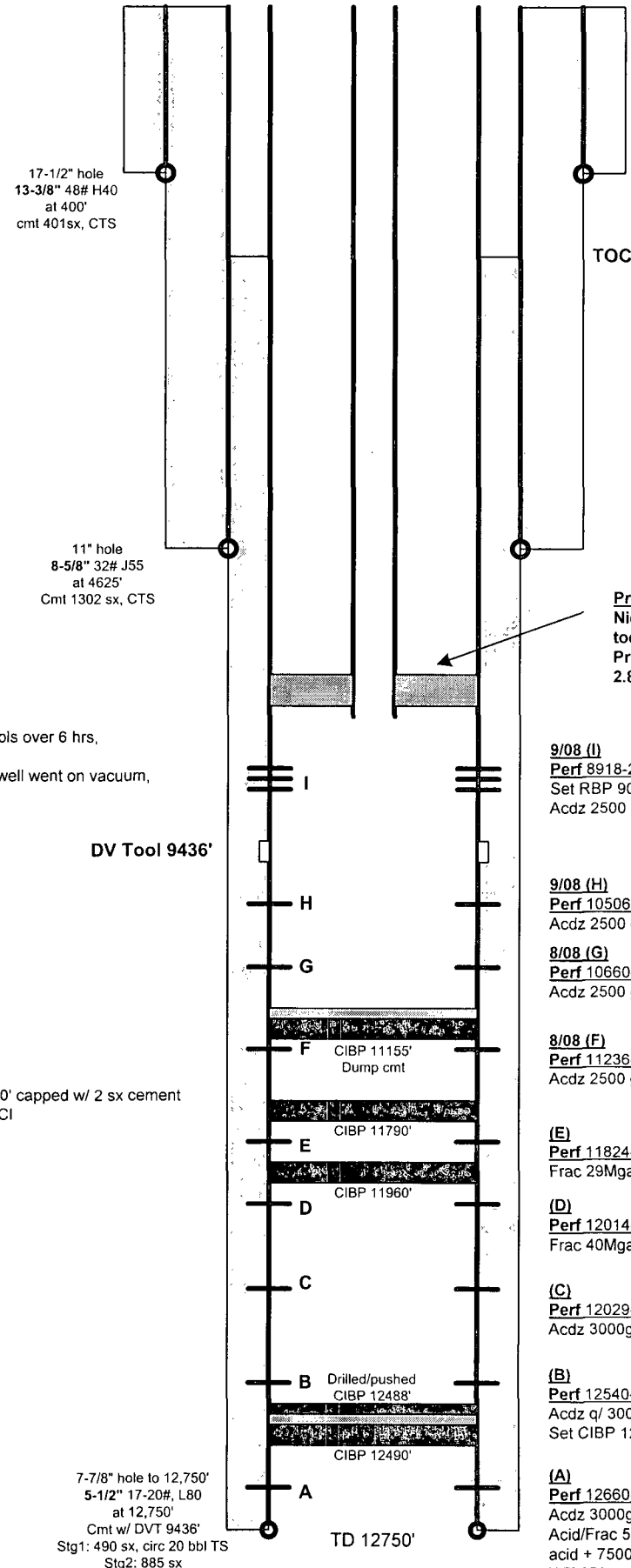
Parameter	Maximum	Average
Injection Rate (bbl/day)	5000	2500
Injection Pressure (psig)	2500	1500

Albacore 25 COM #1

API# 30-025-37054

Spud Feb 2005
3961' GL, Ref: KB xxxx' AGL

Proposed Injection Configuration



Proposed Injection String::
Nickel-coated Arrow-Set tension packer w/ On/Off tool above,
Profile nipples in On/Off tool and below packer
2.875" 6.5# 8RD N80 IPC tubing

9/08:
Gandy Corp - Injectivity Test:
Perfs 8118-8952' OA: injected 1000 bbls over 6 hrs, average 2.75 bpm on vacuum.
Drill out CIBP 10630', PBTD 11155', well went on vacuum, unable to gain returns at 4 bpm.

11/07:
TA Well: set CIBP 11790' capped w/ 2 sx cement
Displaced hole w/ 2% KCl
MIT 565 psi, OK

9/08 (I)
Perf 8918-22, 8926-32, 8936-46, 8948-52', 2 spf
Set RBP 9060'
Acdz 2500 gal 15%, Retrieve RBP, swab all water, good fluid entry

9/08 (H)
Perf 10506-12, 10514-22, 10526-32, 10534-42', 2 spf
Acdz 2500 gal 15%, swab all water, good fluid entry

8/08 (G)
Perf 10660-65, 10674-90', 2 spf
Acdz 2500 gal 15%, swab all water, good fluid entry

8/08 (F)
Perf 11236-46, 11266-74, 11306-10', 2 spf
Acdz 2500 gal 15%, swab dry w slight oil show

(E)
Perf 11824-836'
Frac 29Mgal 40# binary+26M# 18/40 UltraProp

(D)
Perf 12014-12022', 4 spf
Frac 40Mgal 40# binary+40M# 18/40 UltraProp

(C)
Perf 12029-052', 4 spf
Acdz 3000gal, 7.5%

(B)
Perf 12540-600', 2 SPF
Acdz q/ 3000 gal 15%
Set CIBP 12490', PT 3000 psi, OK

(A)
Perf 12660-672', 4 SPF
Acdz 3000gal 15%
Acid/Frac 5000gal 50Q CO2 20% gelled acid + 7500gal 50Q 20% xlinked acid
WT 856 mcfd but dropped like a rock...

Gandy Corporation
Proposed SWD Well – Albacore 25 COM #1

Geological

The objective disposal zone is the Abo and Permo-Penn formations. These formations are very thick deposits that have sporadic porosity development. Lateral porosity continuity is also limited and leads to compartmentalization. Oil/Water contacts are typically not uniform. Both have proven to be good reservoirs for SWD.

Abo Reef

Although this zone can be a prolific oil producer the nearest significant Abo production lies 4-5 miles to the south of this proposed SWD well. There, hydrocarbons are trapped on structurally and stratigraphically combined features. The vicinity of the proposed SWD well lies considerably lower in the stratigraphic column relative to these fields to the south. The three-well Townsend Abo field in Section 26, about ½ to ¾ miles west, have been marginal Abo producers, having accumulated a combined oil volume of less than 41 MBO since 1973. The Albacore 25 COM #1 recently tested 100% water from Abo perfs 8918-8952'. A subsequent injection test, that isolated the Abo zone from Wolfcamp perforations below, indicated good injectivity.

Permo-Penn

This interval encompasses the Wolfcamp and Pennsylvanian formations. These zones are prolific oil producers in the Townsend Field about 5 miles to the northwest of the Albacore 25 COM #1 location. Once again, as in the Abo formation, hydrocarbons are trapped on a structurally and stratigraphically combined features. There are smaller stratigraphically-controlled fields on the Shoe Bar field complex in the 1-mile radius surrounding the Albacore well. The eight-well Shoe Bar (Wolfcamp and Penn) field in Section 26, about ½ to ¾ miles west, has accumulated a combined oil volume of more than 1.3 million BO and 2.7 million BW since 1966. The Albacore well is 100-300 feet structurally low to these Shoe Bar producers. The Albacore 25 COM #1 recently tested 100% water from Permo-Penn perfs 10506-542' and 10660-690'. A subsequent injection test indicated additional injectivity, over and above the Abo, when the Permo-Penn perfs were also open to flow.

Albacore 25 COM #1 - Neutron/Density Porosity Log

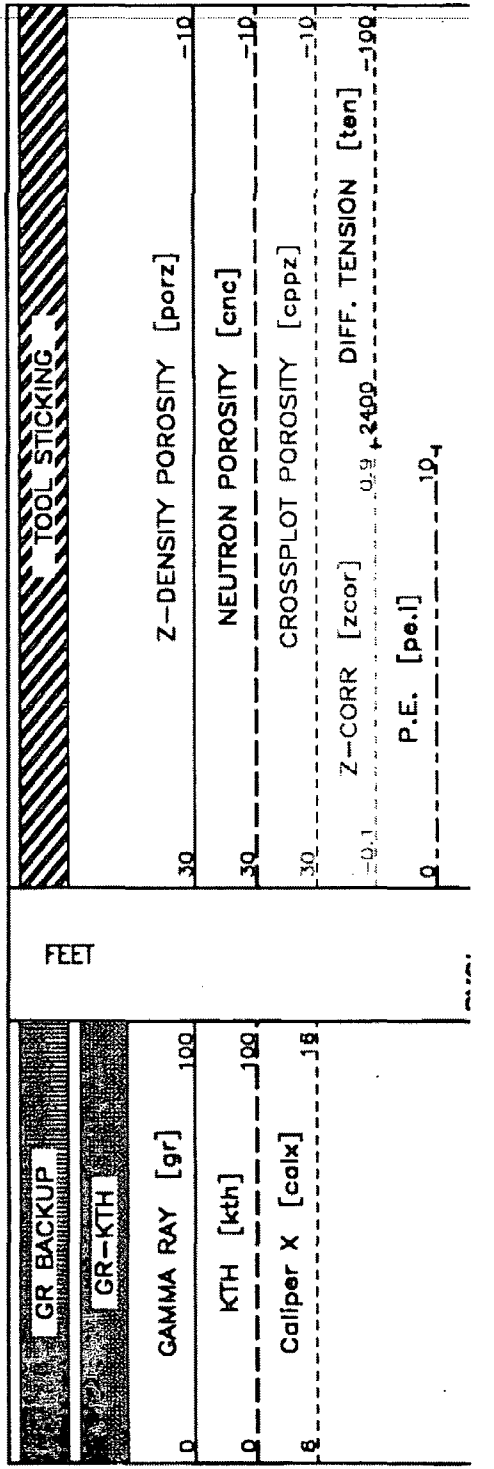
BAKER HUGHES

Baker Atlas

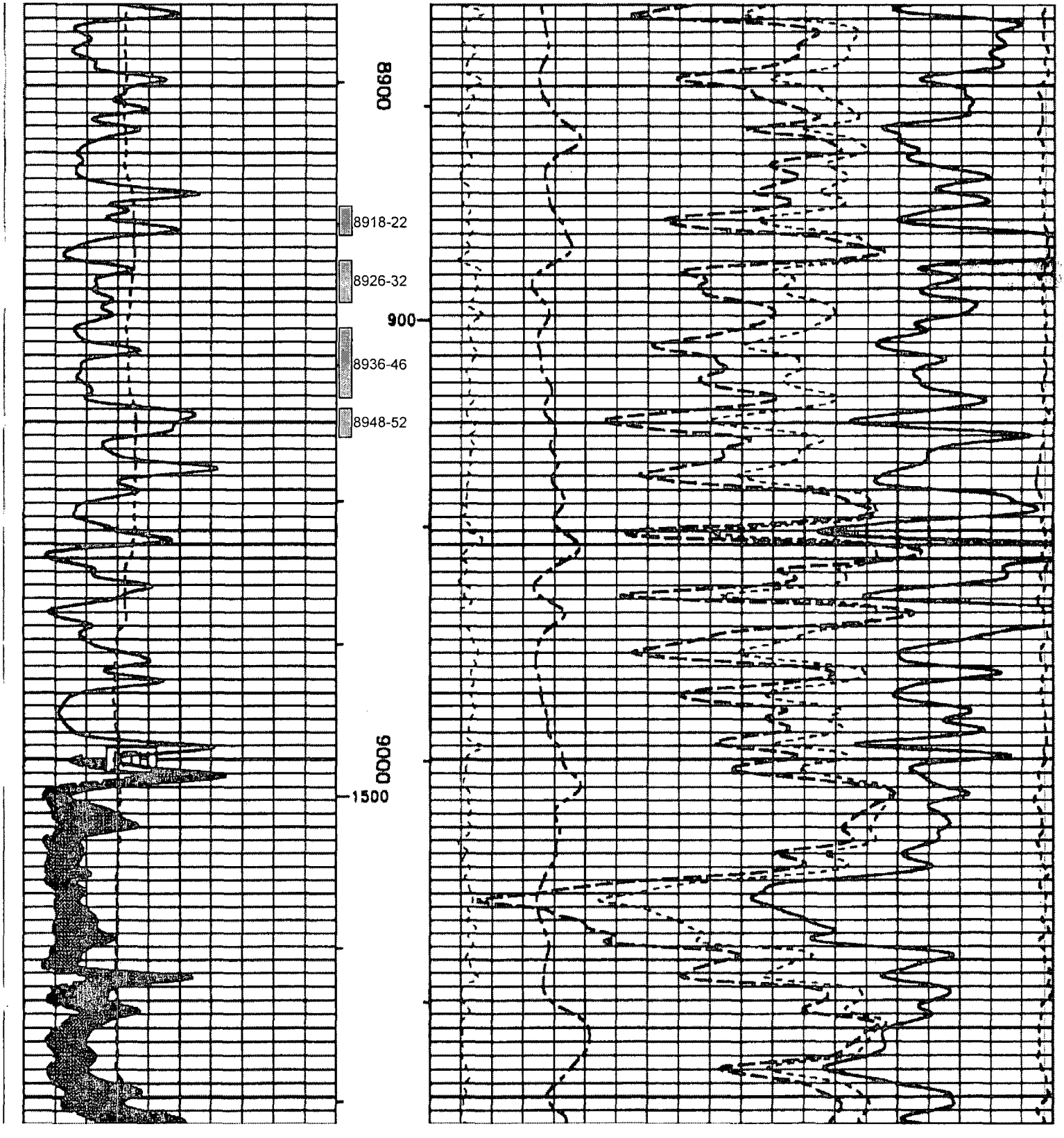
PLATFORM EXPRESS
ENHANCED FIELD
ENHANCED MUDS
ECLIPS SPECIALOG
ANNULAR LOG

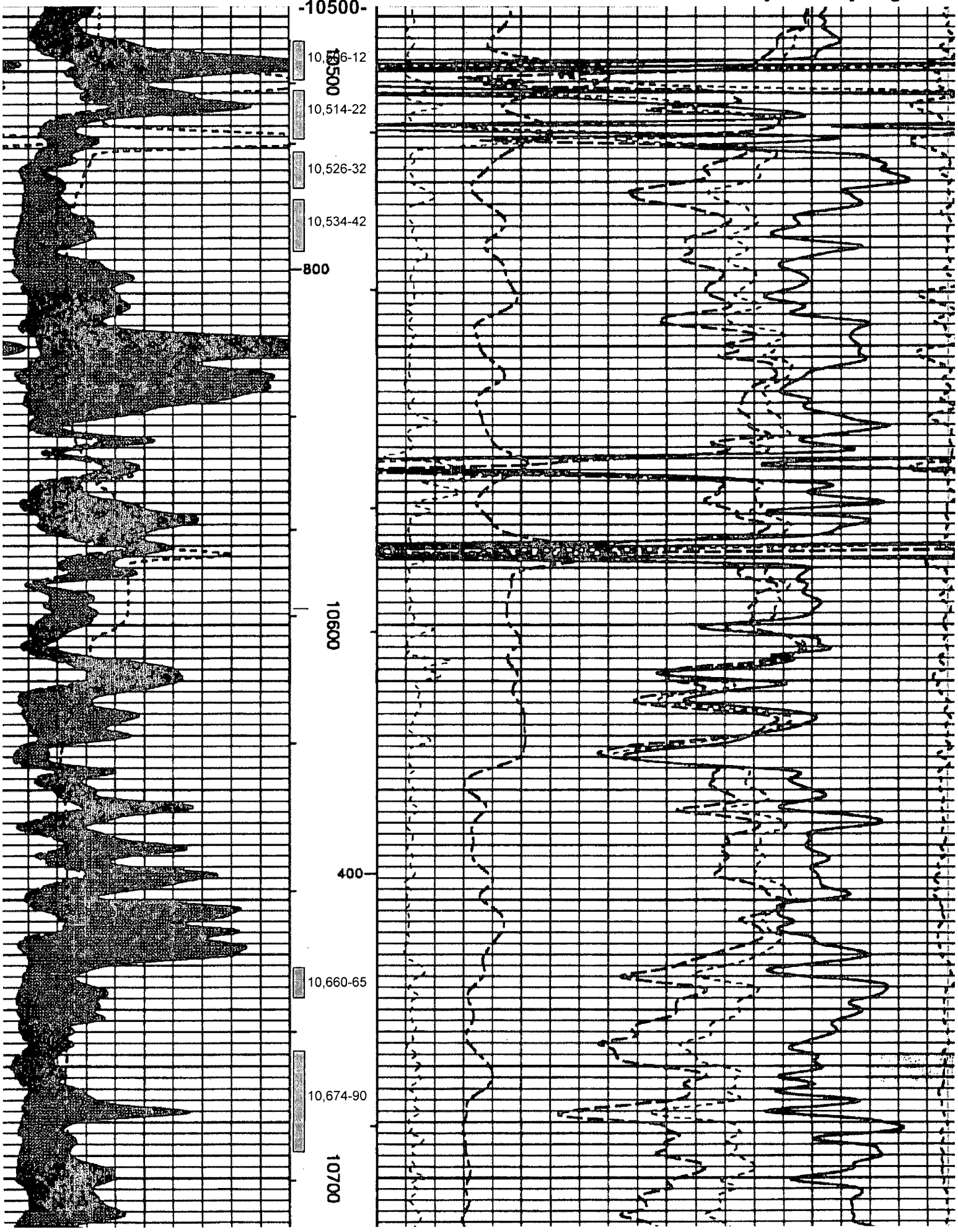
FILE NO: MD6069	COMPANY	CHESAPEAKE ENERGY
API NO: 30-025-37054	WELL	ALBACORE 25 #1
	FIELD	TOWNSEND
	COUNTY	LEA STATE NEW MEXICO
Ver. 3.87 FINAL PRINT	LOCATION: ~~1320'~~ 1310' FSL & ~~1150'~~ 1350' FWL; SEC 25 TWP 16S RGE 35E	OTHER SERVICES: DLL/MLL
PERMANENT DATUM G.L. ELEVATION 3960 FT		ELEVATIONS: KB 3975 FT
LOG MEASURED FROM K.B. 3975 FT ABOVE P.D.		DF 3974 FT
DRILL. MEAS. FROM K.B.		GL 3960 FT

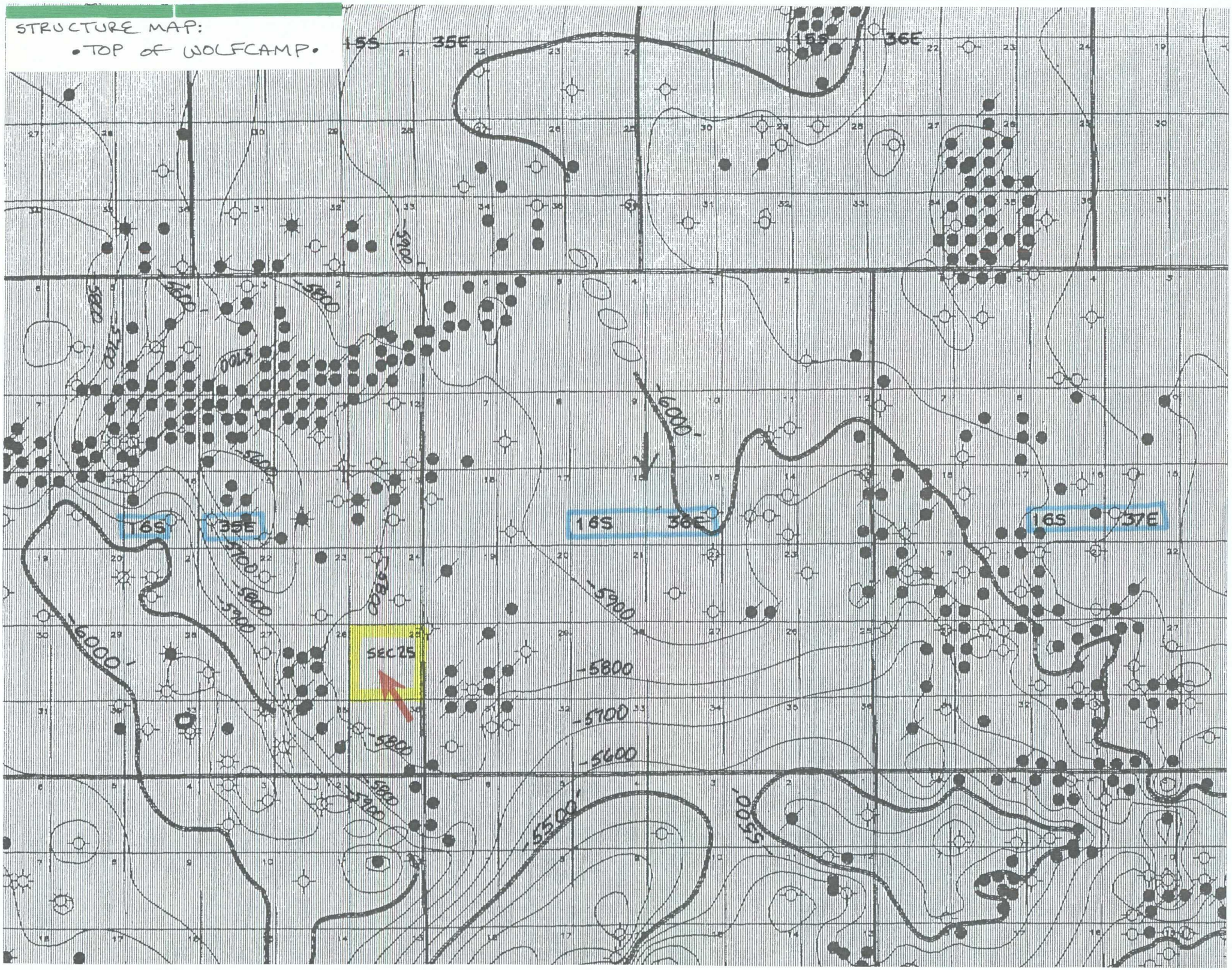
DATE		22-MAR-2005	
RUN	TRIP	1	1
SERVICE ORDER		454834	
DEPTH DRILLER		12750 FT	
DEPTH LOGGER		12752 FT	
BOTTOM LOGGED INTERVAL		12712 FT	
TOP LOGGED INTERVAL		SURFACE	
CASING DRILLER		8.625 IN @4625 FT	
CASING LOGGER		4626 FT	
BIT SIZE		7.875 IN	
TYPE OF FLUID IN HOLE		BRINE	
DENSITY	VISCOSITY	10.2 LB/G	38 S
PH	FLUID LOSS	10	10 C3
SOURCE OF SAMPLE		CIRCULATION TANK	
RM AT MEAS. TEMP.		0.039 OHMM @76 DEGF	
RMF AT MEAS. TEMP.		0.039 OHMM @76 DEGF	
RMC AT MEAS. TEMP.		— @—	
SOURCE OF RMF	RMC	MEASURED	—
RM AT BHT		0.018 OHMM @172 DEGF	
TIME SINCE CIRCULATION		10 HOURS	
MAX. RECORDED TEMP.		172 DEGF	
EQUIP. NO.	LOCATION	HL 6590	MIDLAND, TX
RECORDED BY		C. STOWE	
WITNESSED BY		JOHNNY GREENE	

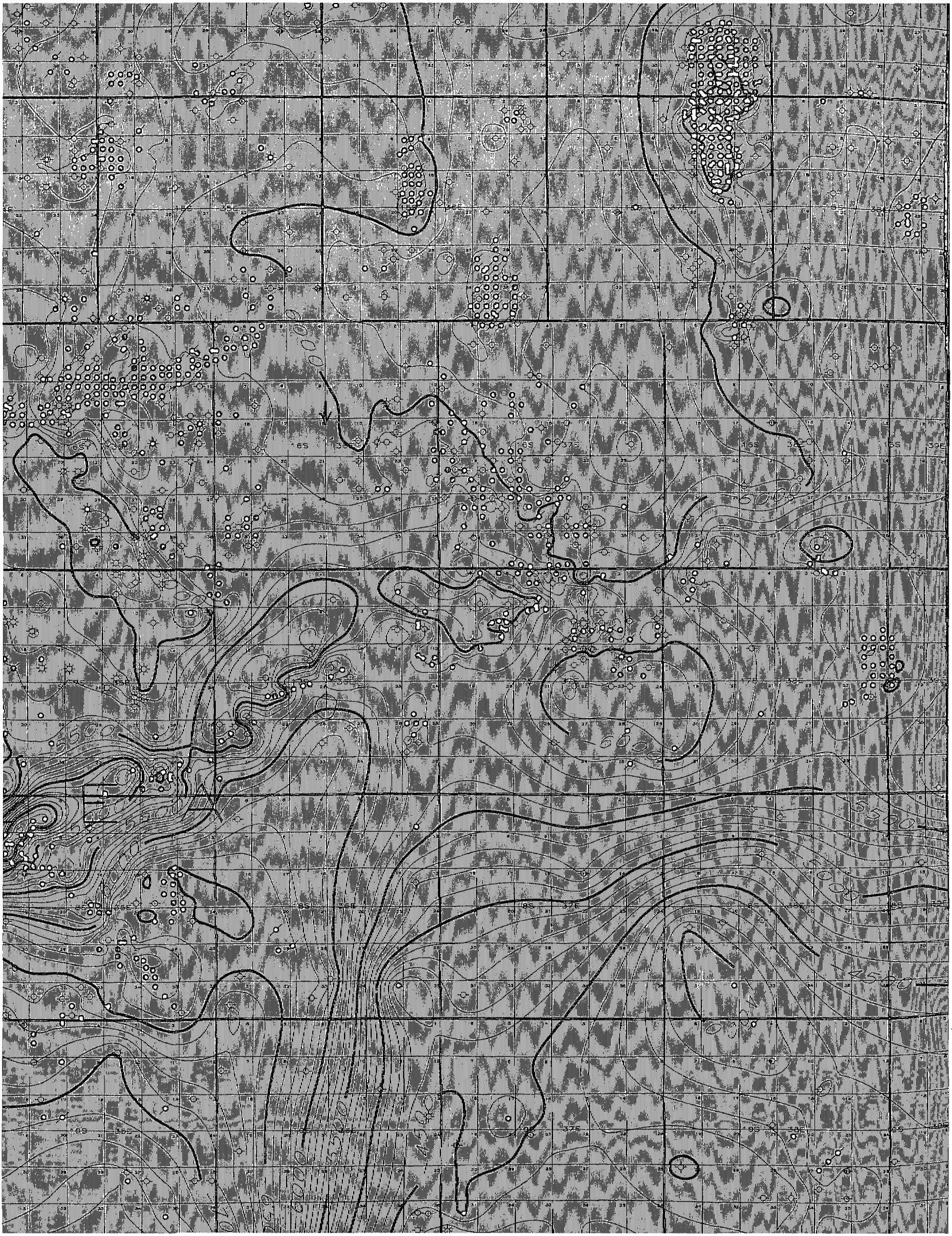


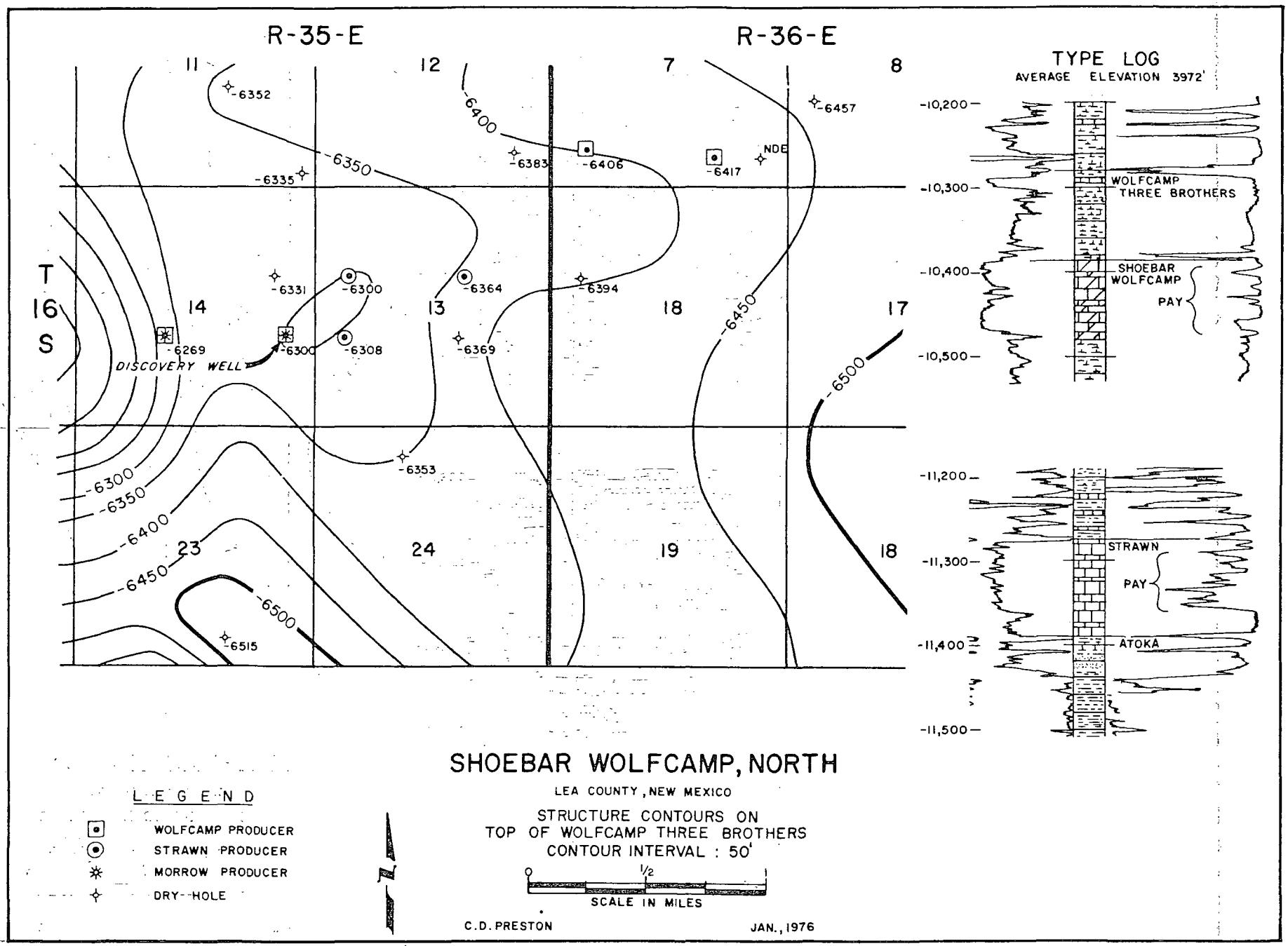
Albacore 25 COM #1 - Neutron/Density Porosity Log




Albacore 25 COM #1 - Neutron/Density Porosity Log
-10500-
10,506-12
10,514-22
10,526-32
10,534-42
800
10500
10600
400
10,660-65
10,674-90
10700


STRUCTURE MAP:
• TOP of WOLFCAMP •
15S 35E
15S 36E
16S 35E
16S 36E
16S 37E
SEC 25
-6000'
-5900'
-5800'
-5700'
-5600'
-5500'
-5400'
-5100'





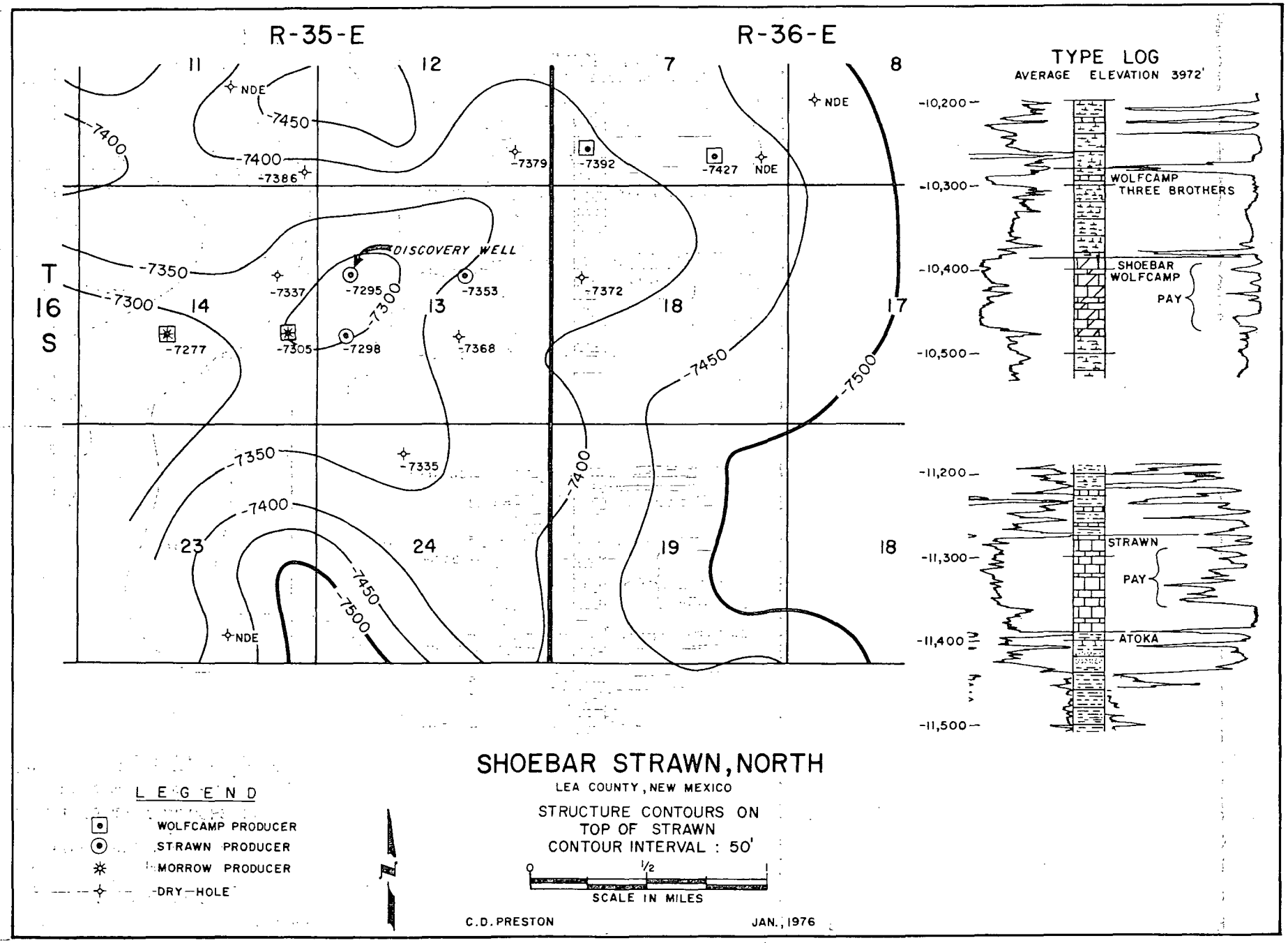
SHOEBAR WOLFCAMP, NORTH

LEA COUNTY, NEW MEXICO

STRUCTURE CONTOURS ON
TOP OF WOLFCAMP THREE BROTHERS
CONTOUR INTERVAL : 50'

C.D. PRESTON

JAN., 1976



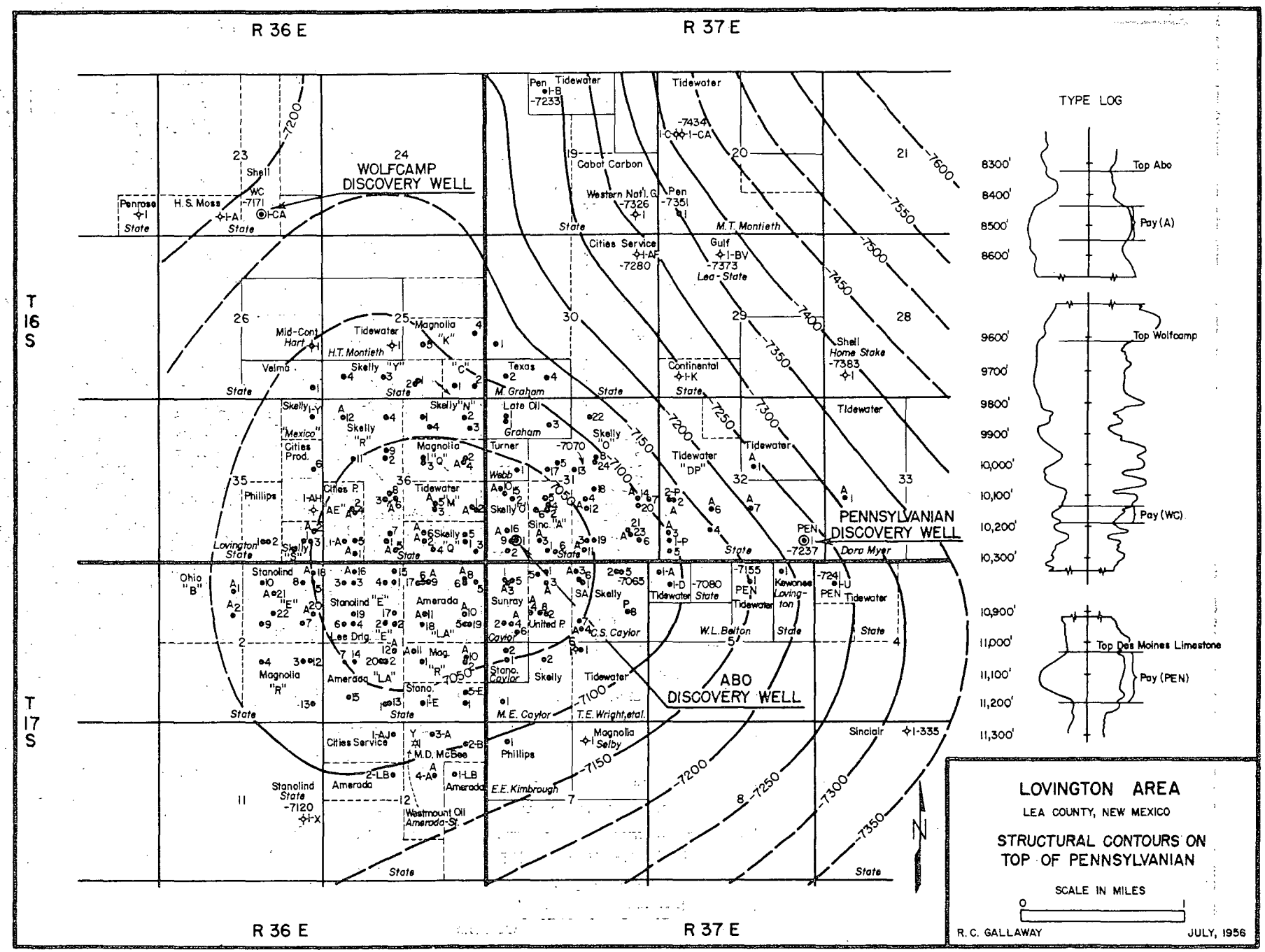
SHOEBAR STRAWN, NORTH

LEA COUNTY, NEW MEXICO

STRUCTURE CONTOURS ON
TOP OF STRAWN
CONTOUR INTERVAL : 50'

C.D. PRESTON

JAN., 1976


R 36 E
R 37 E
T 16 S
T 17 S
WOLFCAMP DISCOVERY WELL
PENNSYLVANIAN DISCOVERY WELL
ABO DISCOVERY WELL
TYPE LOG
Top Abo
Pay (A)
Top Wolfcamp
Pay (WC)
Top Des Moines Limestone
Pay (PEN)
8300'
8400'
8500'
8600'
9600'
9700'
9800'
9900'
10,000'
10,100'
10,200'
10,300'
10,900'
11,000'
11,100'
11,200'
11,300'
LOVINGTON AREA
LEA COUNTY, NEW MEXICO
STRUCTURAL CONTOURS ON TOP OF PENNSYLVANIAN
SCALE IN MILES
0
1
R. C. GALLAWAY
JULY, 1956

Date: 12/11/2008
Time: 2:08 PM

PI/Dwights PLUS on CD Map Report

REGIONAL ABO PRODUCERS

ABO PRODUCERS

12/11/2008

	Production ID	Entity Type	Primary API	Lease Name	Well Num		Operator Name	Location	Field Name	State	County Name
1	13002102502805598OO	WELL	30025028050002	EIDSON RANCH	1		HONDO OIL & GAS COMPANY	26E 16S 35E	TOWNSEND	NM	LEA
2	13002102521185598OO	WELL	30025211850001	EIDSON	1	✓	PRIMERO OPERATING INCORPORATED	26J 16S 35E	TOWNSEND	NM	LEA
3	13002102521821598OO	WELL	30025218210002	EIDSON A WN	4	✓	PRIMERO OPERATING INCORPORATED	26K 16S 35E NE SW	TOWNSEND	NM	LEA
4											

ABO PRODUCERS

	Status Code	Resv Onshore	Resv Offshore	Prod Zone Name	Lease Code	Oil Cum	Gas	Wtr Cum	Oil YTD	Gas	Wtr YTD	Oil Latest Mo	Gas Latest Mo	Wtr Latest Mo
1	INA	ABO		ABO /SH/	190760	76434	23572	95290						
2	ACT	ABO		ABO /SH/	019948	15538	4139	31804	394		1357	71		193
3	ACT	ABO		ABO /SH/	019202	40783	12903	6601	11		331	1		
4						**132755**	**40614**	**133695**	**405**	**0**	**1688**	**72**	**0**	**193**

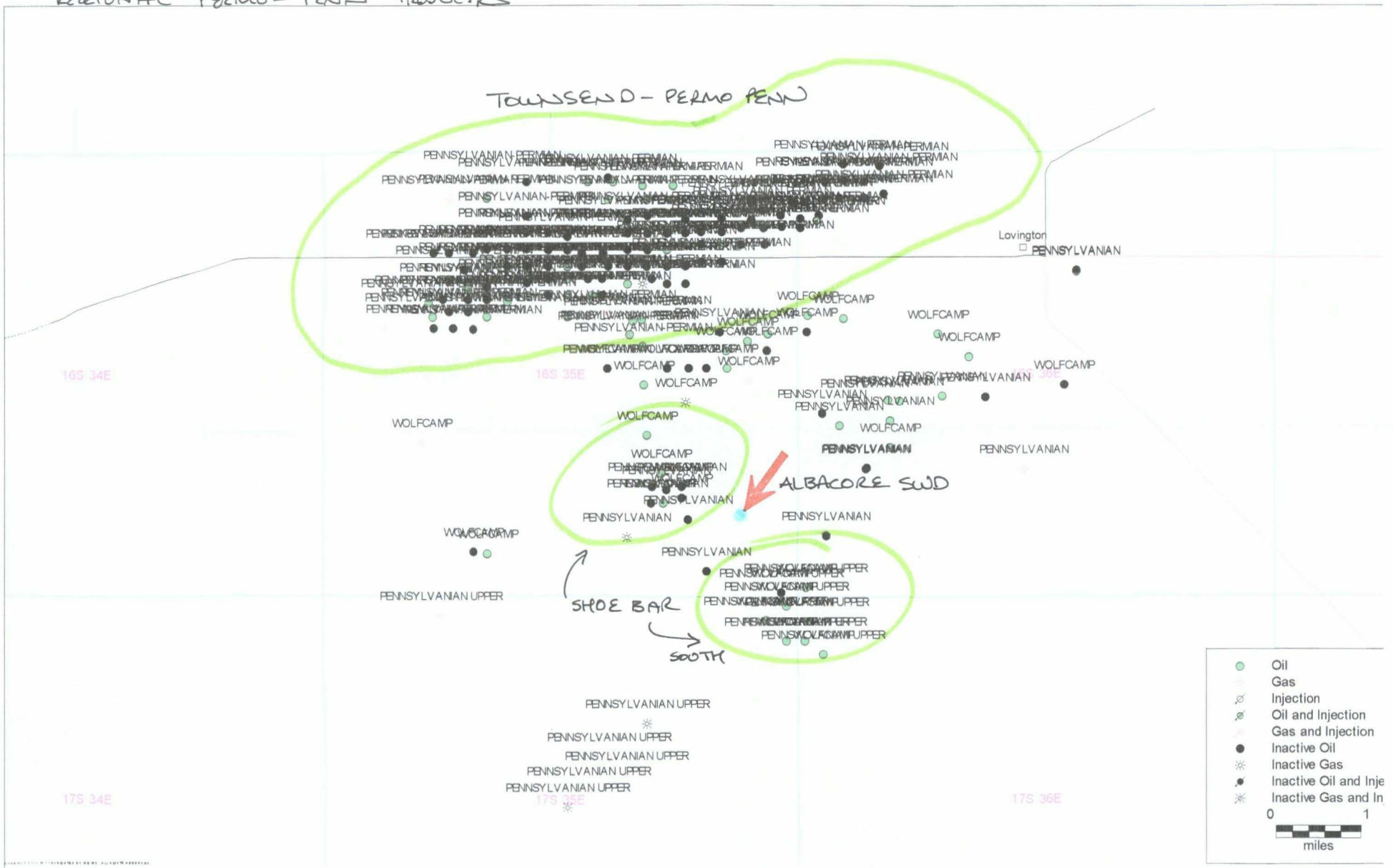
ABO PRODUCERS

	Active Num Wells	First Prod Date	Last Prod Date	TD	TVD	Upper Perf	Lower Perf	Oil Gatherer	Gas Gatherer	Latitude	Longitude	L&L Srce
1		1973/01	1990/09	12780		8724	8786			32.89468	-103.43317	IH
2	1	1997/02	2008/07	10500		8682	8796			32.89198	-103.42668	IH
3	1	1996/12	2008/07	10431		8662	8750			32.89109	-103.43071	IH
4	2											

Date: 12/11/2008
Time: 2:11 PM

PI/Dwights PLUS on CD Map Report

REGIONAL PERMO - PENN PRODUCERS



Date: 12/11/2008
Time: 2:21 PM

PI/Dwights PLUS on CD Map Report

PERMO-PENN PRODUCERS

Date: 12/11/2008
Time: 2:20 PM

PI/Dwights PLUS on CD Map Report

PERMO-PENN PRODUCTION

	Production ID	Entity Type	Primary API	Lease Name	Well Num	Operator Name	Location
1	1300210252883956295	WELL	30025288390000	MESA STATE COM	2	J & J SERVICE INCORPORATED	14M 16S 35E W2 SW SW
2	1300210252965340750	WELL	30025296530000	JACKSON	1	SPECTRUM 7 EXPLORATION COMPANY	19F 16S 36E SE NW
3	1300210253425040750	WELL	30025342500000	MAC 19	1	CHESAPEAKE OPERATING INCORPORATED	19G 16S 36E SW NE
4	1300210252954656300	WELL	30025295460000	LOVINGTON DEEP STATE	1	CHEVRON MIDCONTINENT LIMITED PARTNERSHIP	1A 17S 35E NE NE
5	1300210252954656285	WELL	30025295460001	LOVINGTON DEEP STATE	1	CHEVRON MIDCONTINENT LIMITED PARTNERSHIP	1A 17S 35E NE NE
6	2300210252685456295	WELL	30025268540001	LEAVELLE	1	GANDY CORPORATION	23B 16S 35E
7	1300210253406856290	WELL	30025340680000	EIDSON 23	1	V-F PETROLEUM INCORPORATED	23L 16S 35E
8	1300210253419656290	WELL	30025341960000	EIDSON 26	1	V-F PETROLEUM INCORPORATED	26C 16S 35E NE NW
9	1300210250280556050	WELL	30025028050000	EIDSON C WN	2	SINCLAIR OIL CORPORATION	26E 16S 35E
10	1300210252167956050	WELL	30025216790000	EIDSON A	3	ATLANTIC RICHFIELD COMPANY THE	26F 16S 35E
11	1300210252166156050	WELL	30025216610000	J E STOKES ET AL	1	ASHMUN & HILLIARD	26G 16S 35E
12	1300210252166156290	WELL	30025216610000	J E STOKES ET AL	1	ASHMUN & HILLIARD	26G 16S 35E
13	1300210252118556290	WELL	30025211850000	EIDSON	1	PRIMERO OPERATING INCORPORATED	26J 16S 35E
14	1300210252182156290	WELL	30025218210000	EIDSON A WN	4	PRIMERO OPERATING INCORPORATED	26K 16S 35E NE SW
15	1300210252182156050	WELL	30025218210000	EIDSON A WN	4	DEVON ENERGY CORPORATION	26K 16S 35E NE SW
16	1300210250279656050	WELL	30025027960000	EIDSON A WN	3	DEVON ENERGY (NEVADA)	26L 16S 35E
17	1300210250279956050	WELL	30025027990000	EIDSON B	3	ASHMUN & HILLIARD	26O 16S 35E
18	1300210253041056300	WELL	30025304100001	KRITI STATE 31	1	CHEVRON MIDCONTINENT LIMITED PARTNERSHIP	31 16S 36E SW SW
19	1300210252309256050	WELL	30025230920000	STATE B 2330	1	HAMMON JAKE L	31C 16S 36E
20	1300210253041056285	WELL	30025304100000	KRITI STATE 31	1	MOBIL PRODUCING TEXAS & NEW MEXICO INC	31M 16S 36E SW SW
21	2300210250280785240	WELL	30025028070000	GRAMBLING STATE WN	1	SINCLAIR OIL CORPORATION	34A 16S 35E
22	1300210250281056050	WELL	30025028100000	STATE 43-35	2	YANCURA CHARLES E	35I 16S 35E NE SE
23	1300210252970256285	WELL	30025297020001	LOVINGTON DEEP YATES STATE	1	MOBIL PRODUCING TEXAS & NEW MEXICO INC	36P 16S 35E SE SE
24	1300210252970256300	WELL	30025297020002	LOVINGTON DEEP YATES STATE	1	MOBIL PRODUCING TEXAS & NEW MEXICO INC	36P 16S 35E SE SE
25							

PERMO - PENN PRODUCTION

	Field Name	State	County Name	Status Code	Resv Onshore	Resv Offshore	Prod Zone Name	Lease Code	Oil Cum	Gas Cum	Wtr Cum	Oil YTD
1	SHOE BAR NORTH	NM	LEA	ACT	WOLFCAMP		WOLFCAMP	024721	37383	14786		1534
2	LOVINGTON WEST	NM	LEA	INA	PENNSYLVANIAN		PENNSYLVANIAN	356200	1202		1035	
3	LOVINGTON WEST	NM	LEA	ACT	PENNSYLVANIAN		PENNSYLVANIAN	022205	259219	810840	6935	675
4	SHOE BAR SOUTH	NM	LEA	ACT	WOLFCAMP		WOLFCAMP	019998	5178	21925	2997	191
5	SHOE BAR SOUTH	NM	LEA	ACT	UPPER PENNSYLVANIAN		PENNSYLVANIAN UPPER	019998	68025	226166	14718	715
6	SHOE BAR NORTH	NM	LEA	INA	WOLFCAMP		WOLFCAMP	004459	621	1132	2037	
7	SHOE BAR	NM	LEA	ACT	WOLFCAMP		WOLFCAMP	021102	57024	310880	2158	513
8	SHOE BAR	NM	LEA	ACT	WOLFCAMP		WOLFCAMP	022082	58471	321261	2061	1168
9	SHOE BAR	NM	LEA	INA	PENNSYLVANIAN		PENNSYLVANIAN	190380	13756	13389	4322	
10	SHOE BAR	NM	LEA	INA	PENNSYLVANIAN		PENNSYLVANIAN	190230	149806	335139	65871	
11	SHOE BAR	NM	LEA	INA	PENNSYLVANIAN		PENNSYLVANIAN	806710	29353	61522	26405	
12	SHOE BAR	NM	LEA	INA	WOLFCAMP		WOLFCAMP	806710	7167			
13	SHOE BAR	NM	LEA	INA	WOLFCAMP		WOLFCAMP	019948	89907	306735	30983	
14	SHOE BAR	NM	LEA	ACT	WOLFCAMP		WOLFCAMP	019202	17432	165889	6754	2
15	SHOE BAR	NM	LEA	INA	PENNSYLVANIAN		PENNSYLVANIAN	003455	252454	535240	1428274	
16	SHOE BAR	NM	LEA	INA	PENNSYLVANIAN		PENNSYLVANIAN	003455	543772	996582	1146248	
17	SHOE BAR	NM	LEA	INA	PENNSYLVANIAN		PENNSYLVANIAN	190360	2118	1111	134	
18	SHOE BAR SOUTH	NM	LEA	ACT	WOLFCAMP		WOLFCAMP	019996	82430	243108	172353	1497
19	SHOE BAR	NM	LEA	INA	PENNSYLVANIAN		PENNSYLVANIAN	742040	483	894		
20	SHOE BAR SOUTH	NM	LEA	INA	UPPER PENNSYLVANIAN		PENNSYLVANIAN UPPER	397659	24674	45456	45687	
21	SHOE BAR	NM	LEA	INA	PENNSYLVANIAN		PENNSYLVANIAN	269130	16866	880814		
22	SHOE BAR	NM	LEA	INA	PENNSYLVANIAN		PENNSYLVANIAN	015514	65875	25975	9521	
23	SHOE BAR SOUTH	NM	LEA	INA	UPPER PENNSYLVANIAN		PENNSYLVANIAN UPPER	445317	6018	3879	306	
24	SHOE BAR SOUTH	NM	LEA	INA	WOLFCAMP		WOLFCAMP	008033	13450	14222	2677	
25									**1802684**	**5336945**	**2971476**	**6295**

PERMO-PENN PRODUCTION

12/11/2008

	Gas	Wtr YTD	Oil Latest Mo	Gas Latest Mo	Wtr Latest Mo	Active Num Wells	First Prod Date	Last Prod Date	TD	TVD	Upper Perf	Lower Perf	Oil Gatherer	Gas Gatherer	Latitude
1	2548		99	232		1	1984/10	2008/05	10469		10332	10352			32.91642
2							1986/05	1986/07	11700		11400	11465			32.91012
3	3219	284	39	230	35	1	1998/02	2008/06	11674		11398	11543			32.90772
4	346	114	106	132	61	1	1995/10	2008/06	12825		12589	12641	(DEVONIAN)		32.86880
5	1382	426	398	526	228	1	1989/05	2008/06	12825		10128	10765			32.86880
6							1983/03	1983/12	12160		10298	10308			32.91279
7	3879	140	69	673		1	1997/09	2008/06	11890		10206	10214			32.90557
8	4305		201	703		1	1998/01	2008/06	11769		10244	10258			32.89740
9									12780		UNPRODUCTIVE IN PERMO-PENN				32.89468
10							1966/02	1971/01	10442		10428	10442			32.89377
11							1966/05	1970/04	10490		10478	10490			32.89467
12							1966/05		10490		10282	10288			32.89467
13								1997/01	10500		10264	10269			32.89198
14		331	1			1	1993/07	2008/05	10431		10148	10154			32.89109
15							1966/08	1995/10	10431		10338	10417			32.89109
16								1994/09	12675		10160	10288			32.89110
17									12802		9835	10117			32.88744
18	5586	3735	227	985	603	1	1991/08	2008/06	10930		10290	10432			32.87288
19							1969/06		13055		10300	10338			32.88408
20							1988/10	1991/07	10930		10833	10859			32.87288
21											? 9880	? 10150			32.88387
22								1988/09			10440	10505			32.87653
23							1991/05	1992/03	12685		10540	10700			32.87197
24							1991/11	1995/01	12685		10150	10174			32.87197
25	**21265**	**5030**	**1140**	**3481**	**927**	**8**									

Gandy Corporation
Proposed SWD Well – Albacore 25 COM #1

Hydrology

The Ogallala formation is the principal source of groundwater in the vicinity of this proposed SWD site. There are no useable quality drinking water zones below the Wolfcamp formation.

Information from the NM WAIDS website shows a number of samples from Section 25, T16S, R35E. The Ogallala is 42 to 84 deep in this area. The closest Ogallala water samples were taken from a well located in Section 26. Three samples taken in 1979, 1984 and 1990 show slightly increasing chloride concentrations of 50, 55 and 65 mg/l respectively during that 11-year time frame. A fresh water well on the Eidson Ranch, within ½ mile of the proposed disposal site, was sampled and analyzed on 12-15-2008. The chloride content was 104 mg/l and TDS 553 mg/l. There is no apparent contamination of the freshwater in the area.

Water samples/analysis from Devonian, Permo-Penn and Abo formation produced waters are included with this application. These are representative of the type waters that will be transported to this commercial facility for disposal. None of the waters exhibit scaling tendencies for any problematic minerals other than calcite (CaCO3), which is acid soluble.

The NM WAIDS website was used to mix various representative water samples and determine the scaling tendencies using the Stiff-Davis method. Three mixes were evaluated: Devonian/Abo, Devonian/Permo-Penn and Permo-Penn/Abo; all at a volume ratio of 1:1. All of the water mixing calculations shows no problematic scaling tendencies from the injectant into the Albacore 25 SWD well. The slight scaling tendency for calcite can be eradicated with periodic acid treatments.

Based on the available geologic and engineering data we find no evidence of open faults or any other hydrologic connection between the intended disposal zone and any underground sources of drinking water.

New Mexico Office of the State Engineer
POD Reports and Downloads

Township: 16S Range: 35E Sections: 25

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) ○ Non-Domestic ○ Domestic ◉ All

POD / Surface Data Report | Avg Depth to Water Report | Water Column Report

Clear Form | iWATERS Menu | Help

* DEPTH TO FRESH WATER

AVERAGE DEPTH OF WATER REPORT 12/05/2008

								(Depth Water in Feet)		
Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	Min	Max	Avg
L	16S	35E	25				6	42	84	54

Record Count: 6

New Mexico Office of the State Engineer
POD Reports and Downloads

Township: 16S Range: 35E Sections: 25

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) ○ Non-Domestic ○ Domestic ◉ All

POD / Surface Data Report | Avg Depth to Water Report | Water Column Report

Clear Form | iWATERS Menu | Help

WATER COLUMN REPORT 12/05/2008

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are biggest to smallest)

POD Number	Tws	Rng	Sec	q	q	q	Zone	X	Y	Depth Well	Depth Water	Water Column (in
L 08978	16S	35E	25	1	1					120	48	72
L 07128	16S	35E	25	2	1	1				100	42	58
L 09434	16S	35E	25	2	1	4				80		
L 09480	16S	35E	25	2	1	4				60		
L 09479	16S	35E	25	2	1	4				60		
L 11704	16S	35E	25	2	2					160		
L 09124	16S	35E	25	2	2	4				126	84	42
L 06543	16S	35E	25	2	3	1				55	42	13
L 07035	16S	35E	25	2	3	3				120	50	70
L 06128	16S	35E	25	2	4					115	60	55
L 08247	16S	35E	25	3	1					116		

Record Count: 11

NM WAIDS

* OGALLALA QUALITY *

DATA MAPS HOME SCALE COR

Water Samples for Sect 26 Township 16 South Range 35 East Formation OGALLALA

Instructions:

The number represents the number of water samples of certain well. Click the number if you want to download the data.

3 records are available.

	# of samples	S	T	R	Formation	Date	Chlorides (mg/L)	Location (qtr/qtr)	DEPTH
☐	1 sample	26	16S	35E	OGALLALA	10/4/1979	50	16S.35E.26.21111	76 FT
☐	1 sample	26	16S	35E	OGALLALA	9/19/1984	55	16S.35E.26.21111	76
☐	1 sample	26	16S	35E	OGALLALA	7/17/1990	65	16S.35E.26.21111	76

☐ SELECT/DESELECT ALL

Submit

New Mexico Tech

FRESH WATER WELL SAMPLE

CARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
GANDY CORPORATION
ATTN: DONNY COLLINS
PO BOX 2140
LOVINGTON, NM 88260
FAX TO: (575) 396-0797

Receiving Date: 12/16/08
Reporting Date: 12/16/08
Project Number: NOT GIVEN
Project Name: NOT GIVEN
Project Location: NOT GIVEN

Sampling Date: NOT GIVEN
Sample Type: WATER
Sample Condition: INTACT
Sample Received By: ML
Analyzed By: TR

LAB NUMBER	SAMPLE ID	Na (mg/L)	Ca (mg/L)	Mg (mg/L)	K (mg/L)	Conductivity (uS/cm)	T-Alkalinity (mgCaCO3/L)
ANALYSIS DATE:		12/15/08	12/16/08	12/16/08	12/16/08	12/15/08	12/15/08
H16516-1	BRINE WATER Wasserfrutz	104,000	1,080	5,130	3,440	370,000	90
→ H16516-2	FRESH WATER	71	101	15.6	2.3	850	240
Windmill - Close proximity to Albaugh well.							
Quality Control		NR	48.1	51.0	2.89	1,421	NR
True Value QC		NR	50.0	50.0	3.00	1,413	NR
% Recovery		NR	96.2	102	96.9	101	NR
Relative Percent Difference		NR	<0.1	<0.1	3.5	1.0	NR
METHODS:			SM3500-Ca-D	3500-Mg E	8049	120.1	310.1

LAB NUMBER	SAMPLE ID	Cl (mg/L)	SO_4 (mg/L)	CO_3 (mg/L)	HCO_3 (mg/L)	pH (s.u.)	TDS (mg/L)
ANALYSIS DATE:		12/16/08	12/16/08	12/15/08	12/15/08	12/16/08	12/15/08
H16516-1	BRINE WATER	176,000	6,870	0	110	6.35	309,000
H16516-2	FRESH WATER	104	84.6	0	293	7.55	553
Quality Control		490	43.6	NR	1000	7.04	NR
True Value QC		500	40.0	NR	1000	7.00	NR
% Recovery		98.0	109	NR	100	101	NR
Relative Percent Difference		2.0	0.7	NR	<0.1	<0.1	NR
METHODS:		SM4500-Cl-B	375.4	310.1	310.1	150.1	160.1

Chemist

12-17-08
Date

ABO WATER SAMPLE

Catalyst Oilfield Services
11999 E Hwy 158
Gardendale, TX 79758
(432) 563-0727
Fax: (432) 224-1038

Water Analysis Report

Customer:	Everquest	Sample #:	11636
Area:	Lovington	Analysis ID #:	1304
Lease:	Generic		
Location:	Location 0		
Sample Point:	Wellhead		

Sampling Date:	1/13/2009
Analysis Date:	1/16/2009
Analyst:	Mitchell
TDS (mg/l or g/m3):	231837.4
Density (g/cm3):	1.161
Hydrogen Sulfide:	
Carbon Dioxide:	
Comments:	
Primero Eidson #1 ABO	

Anions	mg/l	meq/l
Chloride:	**142156.2**	**4009.71**
Bicarbonate:	**48.9**	**0.8**
Carbonate:	**0.0**	**0.**
Sulfate:	**420.0**	**8.74**

pH at time of sampling:	6.48
pH at time of analysis:	
pH used in Calculation:	**6.48**
Temperature @ lab conditions (F):	**75**

Cations	mg/l	meq/l
Sodium:	**77500.5**	**3371.08**
Magnesium:	**1971.5**	**162.18**
Calcium:	**9736.4**	**485.85**
Strontium:		
Barium:		
Iron:	**3.6**	**0.13**
Manganese:	**0.320**	**0.01**

Conductivity (micro-ohms/cm):	**235600**
Resistivity (ohm meter):	**.0424**

Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl

Temp	Calcite $CaCO_3$		Gypsum $CaSO_4*2H_2O$		Anhydrite $CaSO_4$		Celestite $SrSO_4$		Barite $BaSO_4$	
°F	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount
80	-0.04	0.00	-0.48	0.00	-0.44	0.00	0.00	0.00	0.00	0.00
100	0.03	0.00	-0.57	0.00	-0.46	0.00	0.00	0.00	0.00	0.00
120	0.09	0.56	-0.64	0.00	-0.45	0.00	0.00	0.00	0.00	0.00
140	0.15	0.84	-0.70	0.00	-0.42	0.00	0.00	0.00	0.00	0.00

PERMO-PENN WATER SAMPLE

CATALYST
Oilfield Services

Catalyst Oilfield Services
11999 E Hwy 158
Gardendale, TX 79758
(432) 563-0727
Fax: (432) 224-1038

Water Analysis Report

Customer:	Everquest	Sample #:	11635
Area:	Lovington	Analysis ID #:	1302
Lease:	Generic		
Location:	Location 0		
Sample Point:	Wellhead		

Sampling Date:	1/14/2009
Analysis Date:	1/16/2009
Analyst:	Mitchell
TDS (mg/l or g/m3):	187323.6
Density (g/cm3):	1.13
Hydrogen Sulfide:	
Carbon Dioxide:	
Comments:	
Lovington Deep State #1 PERMO-PENN	

Anions	mg/l	meq/l
Chloride:	**113124.3**	**3190.82**
Bicarbonate:	**171.1**	**2.8**
Carbonate:	**0.0**	**0.**
Sulfate:	**1380.0**	**28.73**

pH at time of sampling:	6.67
pH at time of analysis:	
pH used in Calculation:	**6.67**
Temperature @ lab conditions (F):	**75**

Cations	mg/l	meq/l
Sodium:	**66874.1**	**2908.86**
Magnesium:	**785.7**	**64.63**
Calcium:	**4984.8**	**248.74**
Strontium:		
Barium:		
Iron:	**3.0**	**0.11**
Manganese:	**0.580**	**0.02**

Conductivity (micro-ohms/cm):	**212200**
Resistivity (ohm meter):	**.0471**

Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl

Temp	Calcite $CaCO_3$		Gypsum $CaSO_4*2H_2O$		Anhydrite $CaSO_4$		Celestite $SrSO_4$		Barite $BaSO_4$	
°F	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount
80	0.37	6.73	-0.22	0.00	-0.20	0.00	0.00	0.00	0.00	0.00
100	0.43	8.48	-0.29	0.00	-0.21	0.00	0.00	0.00	0.00	0.00
120	0.49	10.23	-0.36	0.00	-0.19	0.00	0.00	0.00	0.00	0.00
140	0.55	11.99	-0.41	0.00	-0.16	0.00	0.00	0.00	0.00	0.00

PERMO-PENN WATER SAMPLE

Catalyst Oilfield Services
11999 E Hwy 158
Gardendale, TX 79758
(432) 563-0727
Fax: (432) 224-1038

Water Analysis Report

Customer:	Everquest	Sample #:	11634
Area:	Lovington	Analysis ID #:	1303
Lease:	Generic		
Location:	Location 0		
Sample Point:	Wellhead		

Sampling Date:	1/14/2009
Analysis Date:	1/16/2009
Analyst:	Mitchell
TDS (mg/l or g/m3):	173202.7
Density (g/cm3):	1.12
Hydrogen Sulfide:	0
Carbon Dioxide:	
Comments:	
~~Kplith~~ State 31 #1 PERMO-PENN KRITI	

Anions	mg/l	meq/l
Chloride:	**106116.6**	**2993.16**
Bicarbonate:	**97.8**	**1.6**
Carbonate:		
Sulfate:	**585.0**	**12.18**

Cations	mg/l	meq/l
Sodium:	**56342.0**	**2450.74**
Magnesium:	**1673.8**	**137.7**
Calcium:	**8385.7**	**418.45**
Strontium:		
Barium:		
Iron:	**1.6**	**0.06**
Manganese:	**0.230**	**0.01**

pH at time of sampling:	6.54
pH at time of analysis:	
pH used in Calculation:	**6.54**
Temperature @ lab conditions (F):	**75**
Conductivity (micro-ohms/cm):	**197000**
Resistivity (ohm meter):	**.0508**

Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl

Temp	Calcite $CaCO_3$		Gypsum $CaSO_4*2H_2O$		Anhydrite $CaSO_4$		Celestite $SrSO_4$		Barite $BaSO_4$	
°F	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount
80	0.15	1.78	-0.39	0.00	-0.38	0.00	0.00	0.00	0.00	0.00
100	0.23	2.67	-0.46	0.00	-0.38	0.00	0.00	0.00	0.00	0.00
120	0.30	3.85	-0.52	0.00	-0.36	0.00	0.00	0.00	0.00	0.00
140	0.38	5.04	-0.56	0.00	-0.31	0.00	0.00	0.00	0.00	0.00

DEVONIAN WATER SAMPLE

North Permian Basin Region
P.O. Box 740
Sundown, TX 79372-0740
(806) 229-8121
Lab Team Leader - Sheila Hernandez
(432) 495-7240

Water Analysis Report by Baker Petrolite

Company:	EVERQUEST ENERGY	Sales RDT:	33517
Region:	PERMIAN BASIN	Account Manager:	CURRY PRUIT (505) 910-9388
Area:	HOBBS, NM	Sample #:	331857
Lease/Platform:	MOBIL COM	Analysis ID #:	48796
Entity (or well #):	1	Analysis Cost:	$40.00
Formation:	UNKNOWN		
Sample Point:	GUN BARREL		

Summary	
Sampling Date:	2/15/05
Analysis Date:	2/22/05
Analyst:	SALLY MOORE
TDS (mg/l or g/m3):	32092
Density (g/cm3, tonne/m3):	1.023
Anion/Cation Ratio:	0.9999999
Carbon Dioxide:	40 PPM
Oxygen:	
Comments:	DEVONIAN

Analysis of Sample 331857 @ 75 °F

Anions	mg/l	meq/l
Chloride:	**18074.0**	**509.8**
Bicarbonate:	**488.0**	**8.**
Carbonate:	**0.0**	**0.**
Sulfate:	**1270.0**	**26.44**
Phosphate:		
Borate:		
Silicate:		
Hydrogen Sulfide:		35 PPM
pH at time of sampling:		
pH at time of analysis:		→ 7.37
pH used in Calculation:		**7.37**

Cations	mg/l	meq/l
Sodium:	**10362.5**	**450.74**
Magnesium:	**223.0**	**18.34**
Calcium:	**1332.0**	**66.47**
Strontium:	**40.0**	**0.91**
Barium:	**0.5**	**0.01**
Iron:	**4.0**	**0.14**
Potassium:	298.0	7.62
Aluminum:		
Chromium:		
Copper:		
Lead:		
Manganese:		
Nickel:		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite $CaCO_3$		Gypsum $CaSO_4*2H_2O$		Anhydrite $CaSO_4$		Celestite $SrSO_4$		Barite $BaSO_4$		CO_2 Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	0.96	46.17	-0.37	0.00	-0.43	0.00	-0.12	0.00	1.10	0.34	0.2
100	0	1.03	52.96	-0.40	0.00	-0.39	0.00	-0.11	0.00	0.94	0.34	0.28
120	0	1.11	60.09	-0.41	0.00	-0.32	0.00	-0.10	0.00	0.80	0.34	0.38
140	0	1.18	67.90	-0.42	0.00	-0.23	0.00	-0.08	0.00	0.68	0.34	0.51

Note 1: When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered.

Note 2: Precipitation of each scale is considered separately. Total scale will be less than the sum of the amounts of the five scales.

Note 3: The reported CO2 pressure is actually the calculated CO2 fugacity. It is usually nearly the same as the CO2 partial pressure.

NM WAIDS

DATA MAPS HOME SCALE COR

Water Sample Mix

Water Sample 1: Ions & Dissolved Gases (mg/L) DEVONIAN

Ca^{++}	1332	Mg^{++}	223	Na^{+}	10363	Ba^{++}	.5	Fe^{++}	4	Sr^{++}
CO_3=	0	$HCO3^{-}$	488	SO_4=	1270	Cl^{-}	18074	OH^{-}	0	
H_2S	35	O_2	0	CO_2	40					

pH 7.4 Temperature (F) 75 Volume 1 (L) 100

Water Sample 2: Ions & Dissolved Gases (mg/L) ABO

Ca^{++}	9736	Mg^{++}	1972	Na^{+}	77501	Ba^{++}	0	Fe^{++}	3.6	Sr^{++}
CO_3=	0	HCO_3^{-}	49	SO_4=	420	Cl^{-}	142156	OH^{-}	0	
H_2S	0	O_2	0	CO_2	0					

pH 6.5 Temperature (F) 75 Volume 2 (L) 100

Instructions:

There are two types of mixing available:

Mix by Ratio: Insert Temperatures and Ratios for each sample and the Total Volume.

Mix by Volume: Insert Temperatures and Volumes for each sample.

Then click Mix.

Mix Water by Ratio* ○ Total Volume (L)
*You must enter a total volume to use this method.

Mix Water By Volume ◉

Mix

This will give you a mixed sample, which you can then use to calculate scaling tendencies by clicking the Ca Scale button. You will be taken to the Calculate Scale page and can choose the method you want.

Mixing Water

1:1 DEVONIAN/ABO MIX

Ca^{++}	5534	Mg^{++}	1097.5	Na^{+}	43932	Ba^{++}	0.25	Fe^{++}	3.8	Sr^{++}
CO_3=	0	HCO_3^-	268.5	SO_4=	845	Cl^-	80115	OH^-	0	
H_2S	17.5	O_2	0	CO_2	20					

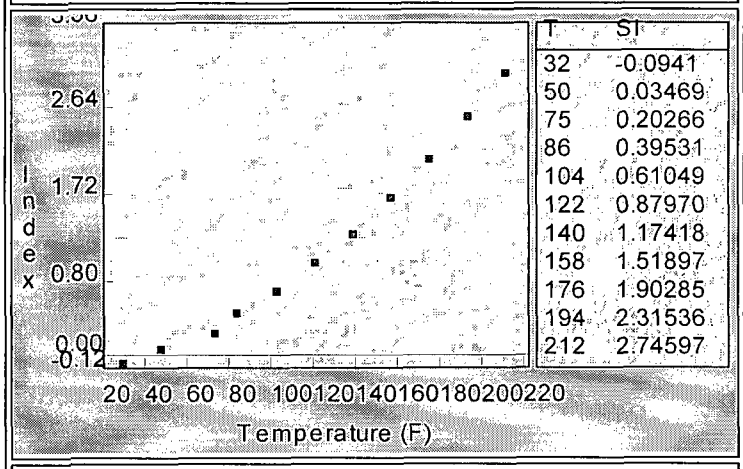
Temperature 75 **Ionic Strength** 2.47 **pH** 6.75

Calculate Scale

TDS 87,884

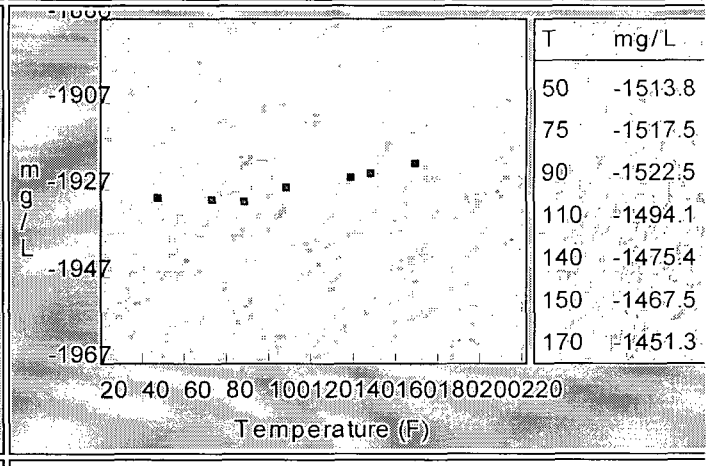
Stiff Davis Method 1:1 DEVONIAN/ABO MIX

CaCO3 Saturation Index



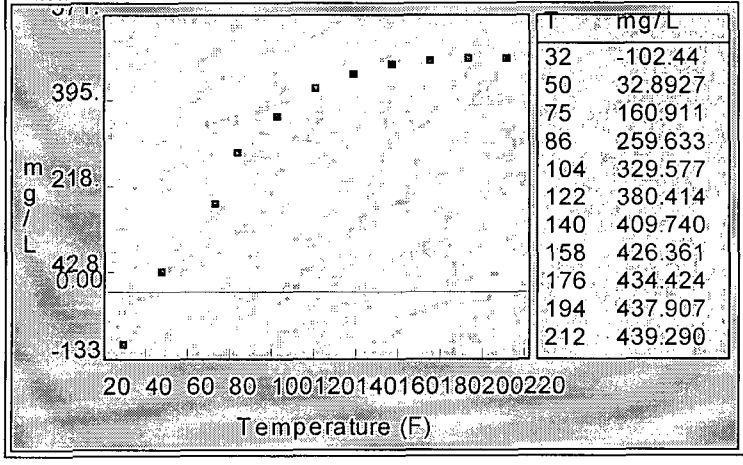
T	SI
32	-0.0941
50	0.03469
75	0.20266
86	0.39531
104	0.61049
122	0.87970
140	1.17418
158	1.51897
176	1.90285
194	2.31536
212	2.74597

Total Possible CaSO4 scale (mg/L)



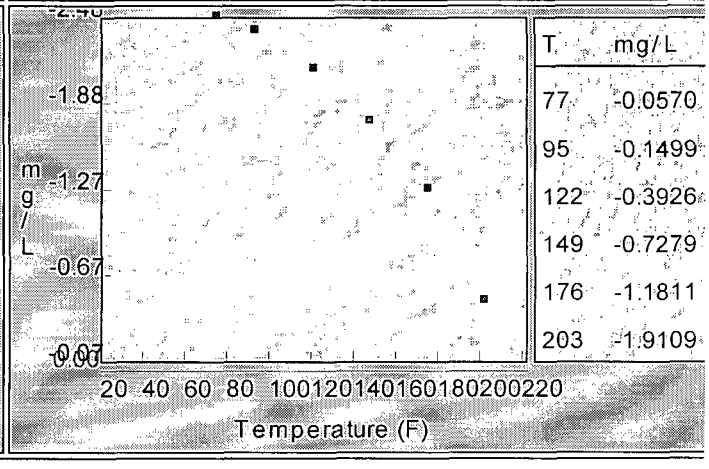
T	mg/L
50	-1513.8
75	-1517.5
90	-1522.5
110	-1494.1
140	-1475.4
150	-1467.5
170	-1451.3

Total Possible CaCO3 scale (mg/L)



T	mg/L
32	-102.44
50	32.8927
75	160.911
86	259.633
104	329.577
122	380.414
140	409.740
158	426.361
176	434.424
194	437.907
212	439.290

Total Possible BaSO4 scale (mg/L)



T	mg/L
77	-0.0570
95	-0.1499
122	-0.3926
149	-0.7279
176	-1.1811
203	-1.9109

If you are using Internet Explorer and do not see any graphs, then go to Tools > Internet Options > Advanced > Java (Sun) > 'Uncheck' Use Java 2 v1.4.2_03 for <applet>.

NM WAIDS

DATA MAPS HOME SCALE COR

Water Sample Mix

Water Sample 1: Ions & Dissolved Gases (mg/L) DEVONIAN

Ca^{++}	1332	Mg^{++}	223	Na^{+}	10362	Ba^{++}	.5	Fe^{++}	4	Sr^{++}
CO_3=	0	$HCO3^{-}$	488	SO_4=	1270	Cl^{-}	18074	OH^{-}	0	
H_2S	35	O_2	0	CO_2	40					

pH 7.4 Temperature (F) 75 Ratio 1 ? 100

Water Sample 2: Ions & Dissolved Gases (mg/L) PERMO-PENN

Ca^{++}	4985	Mg^{++}	786	Na^{+}	66874	Ba^{++}	0	Fe^{++}	3	Sr^{++}
CO_3=	0	HCO_3^{-}	171	SO_4=	1380	Cl^{-}	113124	OH^{-}	0	
H_2S	0	O_2	0	CO_2	0					

pH 6.7 Temperature (F) 75 Ratio 2 100

Instructions:

There are two types of mixing available:

Mix by Ratio: Insert Temperatures and Ratios for each sample and the Total Volume.

Mix by Volume: Insert Temperatures and Volumes for each sample.

Then click Mix.

Mix Water by Ratio* ○ Total Volume (L)
*You must enter a total volume to use this method.

Mix Water By Volume ◉

Mix

This will give you a mixed sample, which you can then use to calculate scaling tendencies by clicking the Ca Scale button. You will be taken to the Calculate Scale page and can choose the method you want.

Mixing Water

1:1 DEVONIAN/PERMO-PENN MIX

Ca^{++}	3158.5	Mg^{++}	504.5	Na^{+}	38618	Ba^{++}	0.25	Fe^{++}	3.5	Sr^{++}
CO_3=	0	HCO_3^-	329.5	SO_4=	1325	Cl^-	65599	OH^-	0	
H_2S	17.5	O_2	0	CO_2	20					

Temperature 75 **Ionic Strength** 2 **pH** 6.92

Calculate Scale

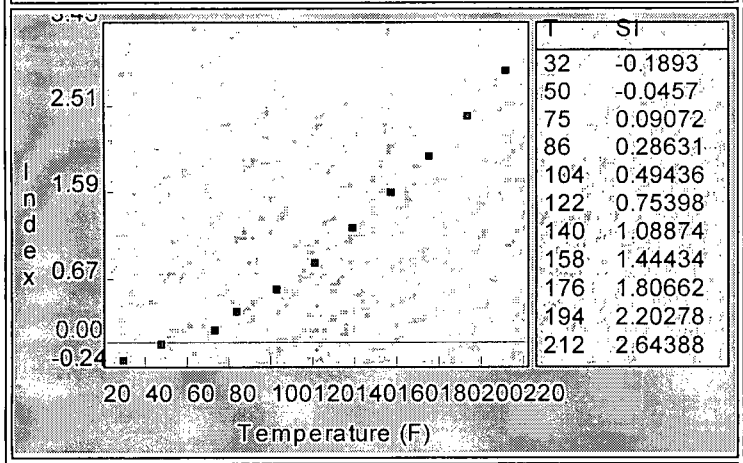
TDS 70,940

New Mexico Tech

PRRI

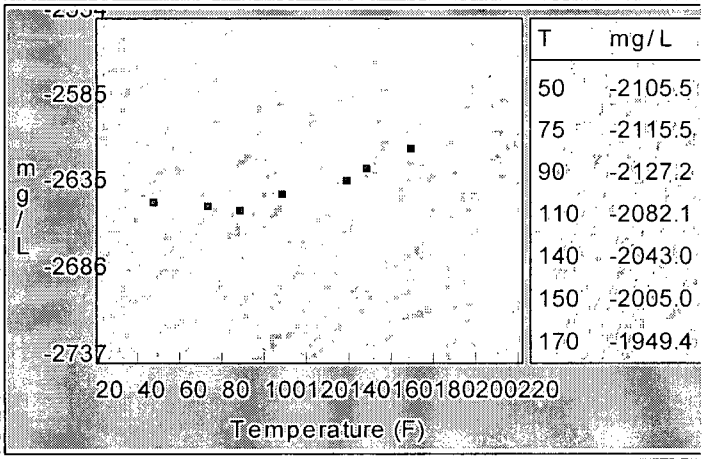
Stiff Davis Method 1:1 DEVONIAN / PERMO-PENN MIX

CaCO3 Saturation Index



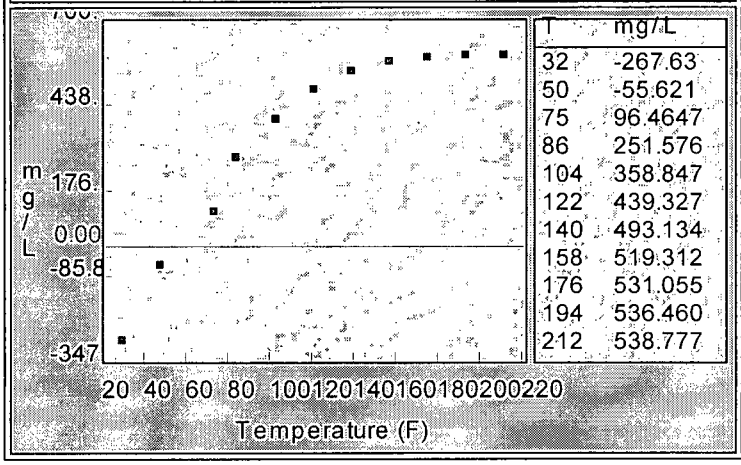
T	SI
32	-0.1893
50	-0.0457
75	0.09072
86	0.28631
104	0.49436
122	0.75398
140	1.08874
158	1.44434
176	1.80662
194	2.20278
212	2.64388

Total Possible CaSO4 scale (mg/L)



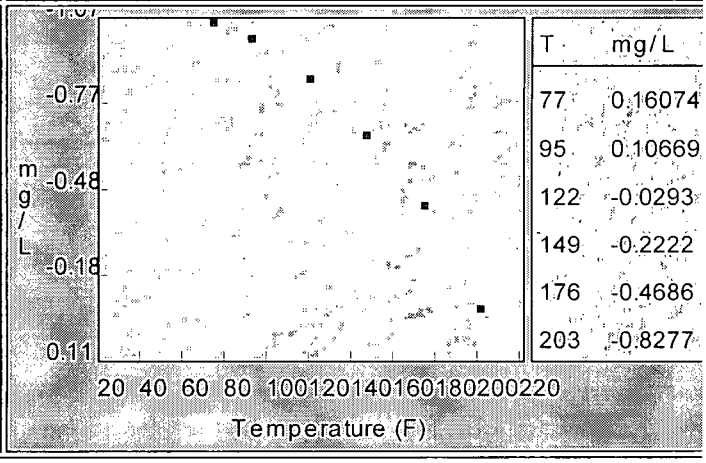
T	mg/L
50	-2105.5
75	-2115.5
90	-2127.2
110	-2082.1
140	-2043.0
150	-2005.0
170	-1949.4

Total Possible CaCO3 scale (mg/L)



T	mg/L
32	-267.63
50	-55.621
75	96.4647
86	251.576
104	358.847
122	439.327
140	493.134
158	519.312
176	531.055
194	536.460
212	538.777

Total Possible BaSO4 scale (mg/L)



T	mg/L
77	0.16074
95	0.10669
122	-0.0293
149	-0.2222
176	-0.4686
203	-0.8277

If you are using Internet Explorer and do not see any graphs, then go to Tools > Internet Options > Advanced > Java (Sun) > 'Uncheck' Use Java 2 v1.4.2_03 for <applet>.

NM WAIDS

DATA MAPS HOME SCALE COR

Water Sample Mix

Water Sample 1: Ions & Dissolved Gases (mg/L) PERMO-PENN

Ca^{++}	4985	Mg^{++}	786	Na^{+}	66874	Ba^{++}	0	Fe^{++}	3	Sr^{++}
CO_3=	0	$HCO3^{-}$	171	SO_4=	1380	Cl^{-}	113124	OH^{-}	0	
H_2S	0	O_2	0	CO_2	0					

pH 6.7 Temperature (F) 75 Volume 1 (L) 100

Water Sample 2: Ions & Dissolved Gases (mg/L) ABO

Ca^{++}	9736	Mg^{++}	1972	Na^{+}	77501	Ba^{++}	0	Fe^{++}	3.6	Sr^{++}
CO_3=	0	HCO_3^{-}	49	SO_4=	420	Cl^{-}	142156	OH^{-}	0	
H_2S	0	O_2	0	CO_2	0					

pH 6.5 Temperature (F) 75 Volume 2 (L) 100

Instructions:

There are two types of mixing available:

Mix by Ratio: Insert Temperatures and Ratios for each sample and the Total Volume.

Mix by Volume: Insert Temperatures and Volumes for each sample.

Then click Mix.

Mix Water by Ratio* ○ Total Volume (L)
*You must enter a total volume to use this method.

Mix Water By Volume ◉

Mix

This will give you a mixed sample, which you can then use to calculate scaling tendencies by clicking the Ca Scale button. You will be taken to the Calculate Scale page and can choose the method you want.

Mixing Water

 1:1 PERMO-PENN/ABO MIX

Ca^{++}	7360.5	Mg^{++}	1379	Na^{+}	72187.5	Ba^{++}	0	Fe^{++}	3.3	Sr^{++}
CO_3=	0	HCO_3^-	110	SO_4=	900	Cl^-	127640	OH^-	0	
H_2S	0	O_2	0	CO_2	0					

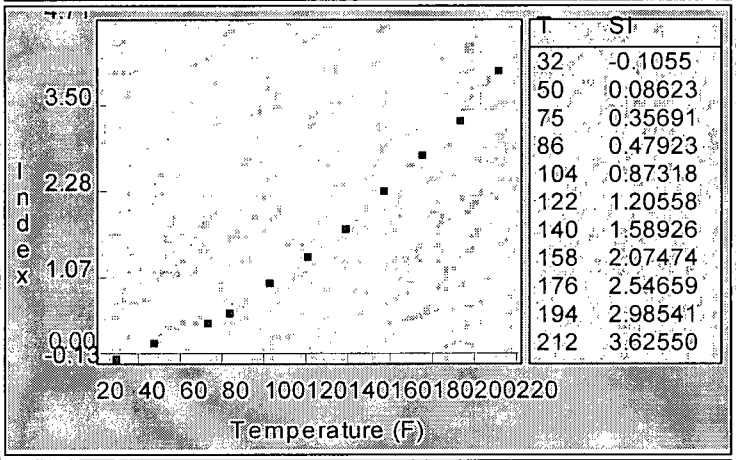
Temperature 75 **Ionic Strength** 3.87 **pH** 6.59

Calculate Scale

TDS 137,393

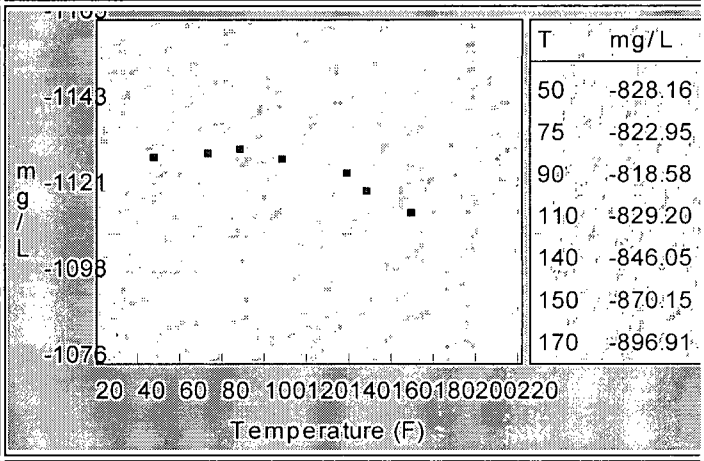
Stiff Davis Method K.1 PERMO-PENN / ABO MIX

CaCO3 Saturation Index



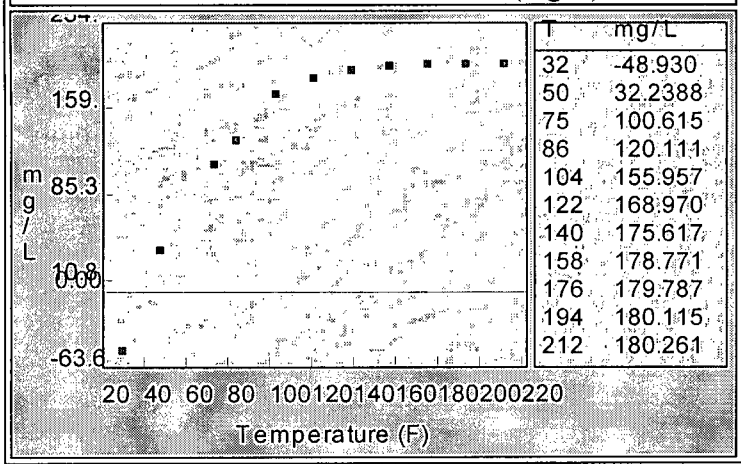
T	SI
32	-0.1055
50	0.08623
75	0.35691
86	0.47923
104	0.87318
122	1.20558
140	1.58926
158	2.07474
176	2.54659
194	2.98541
212	3.62550

Total Possible CaSO4 scale (mg/L)



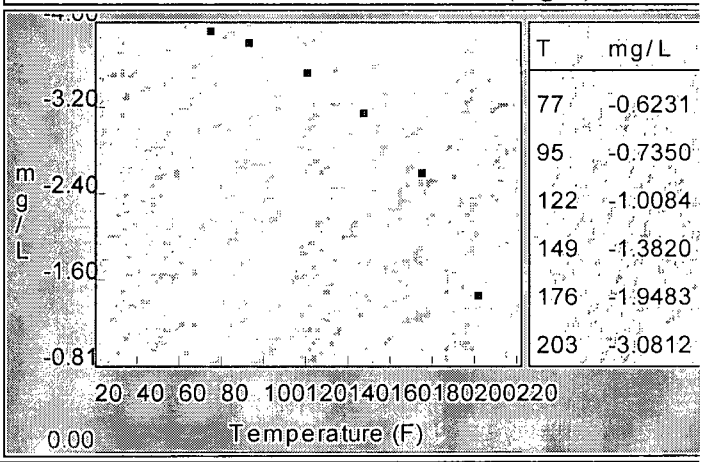
T	mg/L
50	-828.16
75	-822.95
90	-818.58
110	-829.20
140	-846.05
150	-870.15
170	-896.91

Total Possible CaCO3 scale (mg/L)



T	mg/L
32	-48.930
50	32.2388
75	100.615
86	120.111
104	155.957
122	168.970
140	175.617
158	178.771
176	179.787
194	180.115
212	180.261

Total Possible BaSO4 scale (mg/L)



T	mg/L
77	-0.6231
95	-0.7350
122	-1.0084
149	-1.3820
176	-1.9483
203	-3.0812

If you are using Internet Explorer and do not see any graphs, then go to Tools > Internet Options > Advanced > Java (Sun) > 'Uncheck' Use Java 2 v1.4.2_03 for <applet>.

EverQuest
Energy Corporation

10 Desta Drive, Suite 300E
Midland, Texas 79705
432-686-9790

Begin the Climb...

January 2009

RE: NOTIFICATION OF SALTWATER DISPOSAL APPLICATION
Gandy Corporation – Albacore 25 COM #1

To Potentially Affected Parties:

EverQuest Energy Corporation, as Agent for Gandy Corporation, is coordinating a saltwater disposal permit application for **COMMERCIAL** disposal into the Townsend field **Abo-Penn** interval from 8900 to 11000 feet, overall. *Deeper zones (Chester, Atoka and Strawn) were previously tested and deterermined to be uneconomic following the drilling of this well in 2005. The well was temporarily abandoned in November 2007. These proposed disposal zones were production tested by Primero Operating during 2008. Each interval was determined to be non-productive of oil/gas as they produced 100% water only.*

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 25, T16S, R35E, Unit N
Lea County, New Mexico
1310' FSL and 1350' FWL
API# 30-025-37054

The injection interval being permitted with the enclosed Form C-108 is penetrated by 5 other wells inside the 1/2-mile radius area of review (AOR) surrounding the proposed disposal well. None of these wells are producing in the proposed injection interval.

Abo: although this zone can be a prolific oil producer the nearest significant Abo production lies 4-5 miles to the south of this proposed SWD well. The three-well Townsend Abo field in Section 26, about ½ to ¾ miles west, have been marginal Abo producers, having accumulated a combined oil volume of less than 41 MBO since 1973. The Albacore 25 COM #1 recently tested 100% water from Abo perfs 8918-8952'. A subsequent injection test, that isolated the Abo zone from Wolfcamp perforations below, indicated good injectivity.

Permo-Penn: This interval encompasses the Wolfcamp and Pennsylvanian formations. These zones are prolific oil producers in the Townsend Field about 5 miles to the northwest of the Albacore 25 COM #1 location. The eight-well Shoe Bar (Wolfcamp and Penn) field in Section 26, about ½ to ¾ miles west, has accumulated a combined oil volume of more than 1.3 million BO and 2.7 million BW since 1966. The Albacore 25 COM #1 recently tested 100% water from Permo-Penn perfs 10506-542' and 10660-690'. A subsequent injection test indicated additional injectivity, over and above the Abo, when the Permo-Penn perfs were also open to flow.

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,

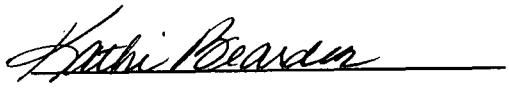
Terry M. Duffey
Agent – Gandy Corporation

Affidavit of Publication

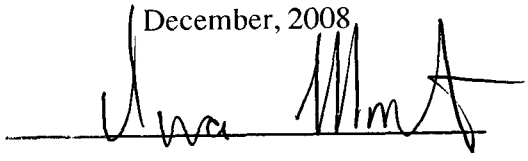
State of New Mexico,
County of Lea.

I, KATHI BEARDEN
PUBLISHER
of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period

of 1 issue(s).
Beginning with the issue dated
December 05, 2008
and ending with the issue dated
December 05, 2008



PUBLISHER
Sworn and subscribed to before me
this 5th day of
December, 2008



Notary Public

My commission expires
February 07, 2009
(Seal)

OFFICIAL SEAL
DORA MONTZ
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: _____

This newspaper is duly qualified to publish legal notices or advertisments within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said publication has been made.

Legal Notice
December 5, 2008

Gandy Corporation, 1008 W. Braodway, Hobbs, NM 88240 is filing form C-108 (Application for Authorization to Inject with the New Mexico Oil Conservation Division seeking administrative approval for a commercial saltwater disposal well. The proposed well, Albacore 25 COM #1, API 30-025-37054, is located 1310 feet FSL and 1350 feet FWL of Section 25, Township 16S, Range 35E of Lea County NM. Produced water and typical oilfield fluids will be disposed into the Permo-Penn formations at depths from 8,000 to 11,000' feet at a maximum surface injection pressure of 2000 psi and a maximum rate of 6000 BWPD. Any affected party who has an objection to this application must give written notice to the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, NM 87505 within 15-days of this notice publication date. Additional information can be obtained by contacting Terry M. Duffey at (432) 686-9790.
#24577

02107761 00022301

TERRY M. DUFFEY
EVERQUEST ENERGY CORPORATION
10 DESTA DR.,STE. 300-E
MIDLAND, TX 79705

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Date: 12/03/2008
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AFF2 Affidavits (Legals)					6.00
BLIP Blind Box Pickup					10.00

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Legal Notice
December 5, 2008

Gandy Corporation, 1008 W. Braodway, Hobbs, NM 88240, is filing form C-108 (Application for Authorization to Inject) with the New Mexico Oil Conservation Division seeking administrative approval for a commercial saltwater disposal well. The proposed well, Albacore 25 COM #1, API# 30-025-37054, is located 1310 feet FSL and 1350 feet FWL of Section 25, Township 16S, Range 35E of Lea County, NM. Produced water and typical oilfield fluids will be disposed into the Permo-Penn formations at depths from 8,000 to 11,000' feet at a maximum surface injection pressure of 2000 psi and a maximum rate of 6000 BWPD. Any affected party who has an objection to this application must give written notice to the Oil Conservation

Payment Reference:

Total:	45.35
Tax:	3.03
Net:	48.38
Prepaid:	0.00
Total Due	48.38

Gandy Corporation
Albacore 25 COM #1 SWD
Sect 25, T16S, R35E
Lea County, NM

Area of Review - Affected Parties
Gandy Corporation
Albacore 25 COM #1 - SWD Application

Notifications within 1/2 mile Area of Review

Name	Address	City	State	Zip	Type	Lease	Oper#	Ph#
V-F Petroleum	PO Box 1889	Midland	TX	79702	WI	Sec25, N/2		
Harle, Inc.	22230 SW Taylors Drive	Tualatin	OR	97062-7041	WI	Sec25, N/2		
Chesapeake Expl. & Operating LLC	PO Box 18496	Oklahoma City	OK	73154-0496	WI	Sec25, S/2		
Primero Operating, Inc	PO Box 1433	Roswell	NM	88202-1433	Lessee	Sec25, SW/4		
TLW Investments, Inc.	PO Box 54525	Oklahoma City	OK	73154-1525	WI	Sec25, SW/4		
Madeline Stokes	PO Box 1115	Ozona	TX	76943	MinOwn	Sec26, NE/4		
Erma Stokes Hamilton-Life Estate	PO Box 1470	Big Springs	TX	79721	MinOwn	Sec26, NE/4		
Tom Stokes	PO Box 932	Ozona	TX	76943	MinOwn	Sec26, NE/4		
John David Stokes	PO Box 1739	Ozona	TX	76943	MinOwn	Sec26, NE/4		
Brazos Limited Partnership	PO Box 911	Breckenridge	TX	76424	WI	Sec35, NE/4		
BBL Ltd.	PO Box 911	Breckenridge	TX	76424	WI	Sec35, NE/4		
Branex Resources, Inc.	PO Box 2990	Ruidoso	NM	88355	WI	Sec35, NE/4		
EMG Oil Properties, Inc.	1000 W. Fourth Street	Roswell	NM	88201	WI	Sec35, NE/4		
Casa Blanca, Inc.	#1 Hillcrest	Roswell	NM	88201	WI	Sec35, NE/4		
Slash Four Enterprises, Inc.	PO Box 1433	Roswell	NM	88202	WI	Sec35, NE/4		
Pabo Oil & Gas	PO Box 1675	Roswell	NM	88202	WI	Sec35, NE/4		
J. Phelps White III	PO Box 874	Roswell	NM	88202	WI	Sec35, NE/4		
David R. Gannaway (Cene)	PO Box 2791	Roswell	NM	88202	WI	Sec35, NE/4		
Sperry Exploration, Inc.	100 W. Marcy Street	Santa Fe	NM	87501	WI	Sec35, NE/4		
Judith A. White Revocable Trust	2709 Chrysler Drive	Roswell	NM	88201	WI	Sec35, NE/4		
Whiting 1988 Prod. Partn. Ltd.	1700 Broadway, Ste 2300	Denver	CO	80202	WI	Sec35, NE/4		
Silver State Resources, Inc.	410 17th Street, Ste 1210	Denver	CO	80202	WI	Sec35, NE/4		
Harry A. Rider	135 S. Illinois Street	Indianapolis	IN	46225	WI	Sec35, NE/4		
Plymouth Energy Associates	13 Marconi Lane - Tower Bldg	Marion	MA	02738	WI	Sec35, NE/4		
David H. Arrington Oil & Gas, Inc.	PO Box 2071	Midland	TX	79702	WI	Sec36, N/2		

All Fee tracts were researched at the Lea County courthouse in Lovington by a qualified Landman. All known operators and/or lessees or mineral owners, in the absence of an operator or lessee, were notified of the Gandy SWD application. Written conveyance documents either of record or known to the applicant or researcher as of the date of this application were used to determine the affected parties that became the subject of notification via Certified Mail through the United States Postal Service.

Certified: _____
Terry M. Duffey
Agent for Gandy Corporation

Date: 1-22-09

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1000 W. Fourth Street
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PS Form 3800

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Pabo Oil & Gas
PO Box 1675
Roswell, NM 88202

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Denver, CO 80202

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PS Form 3800

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Judith A. White Revocable Trust
2709 Chrysler Drive
Roswell, NM 88201

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135 S. Illinois Street
Indianapolis, IN 46225

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Chesapeake Expl. & Operating LLC
PO Box 18496
Oklahoma City, OK 73154-0496

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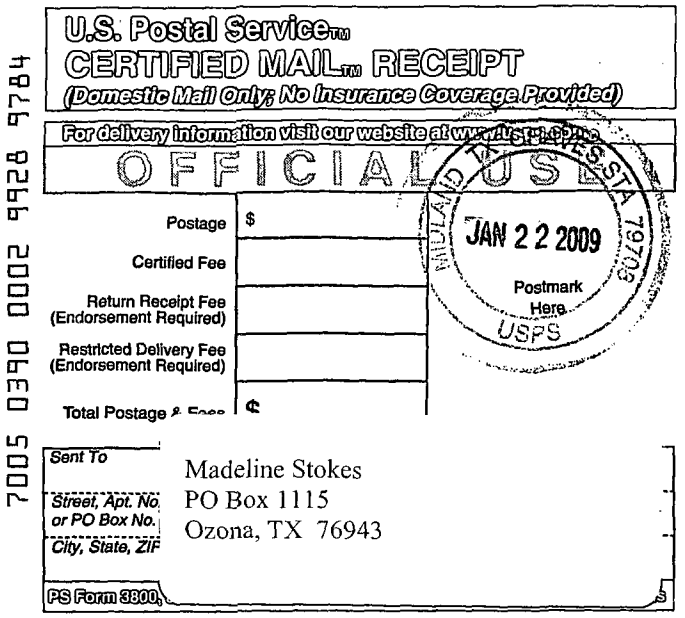
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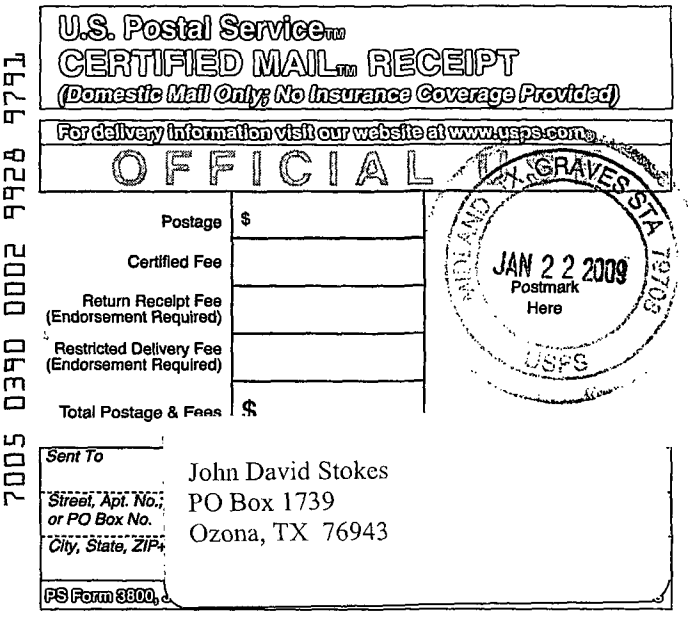
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Ozona, TX 76943
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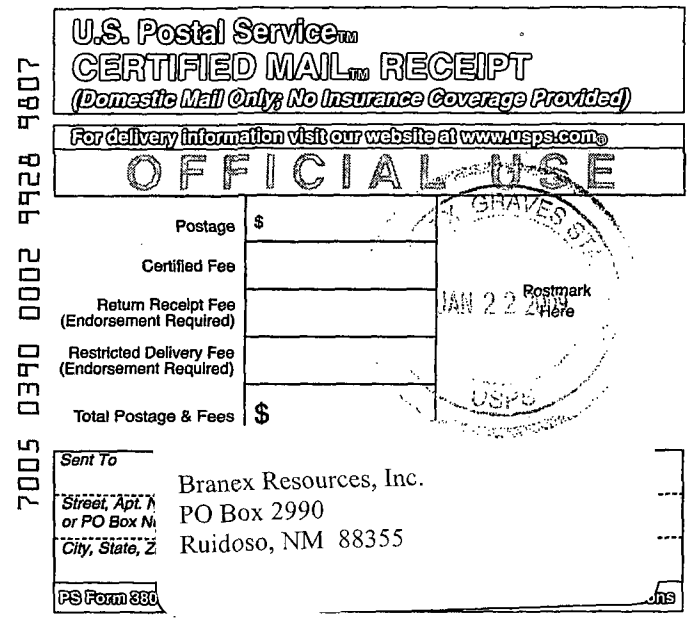
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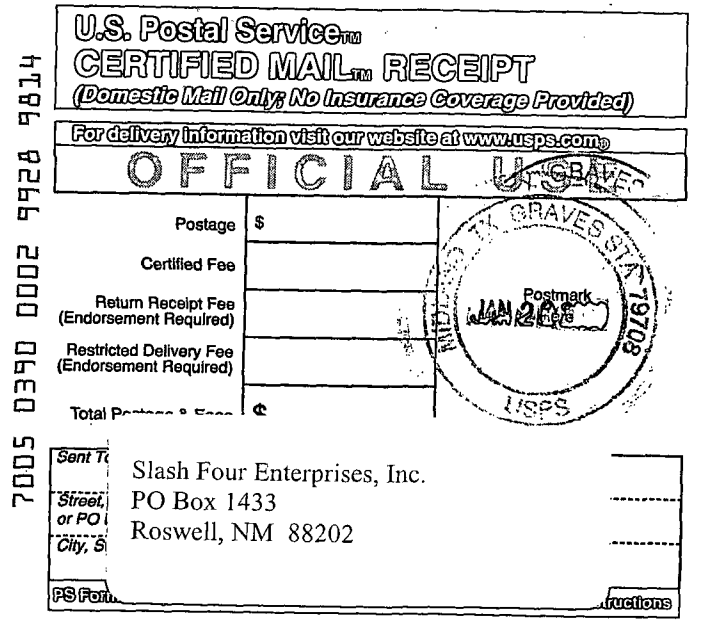
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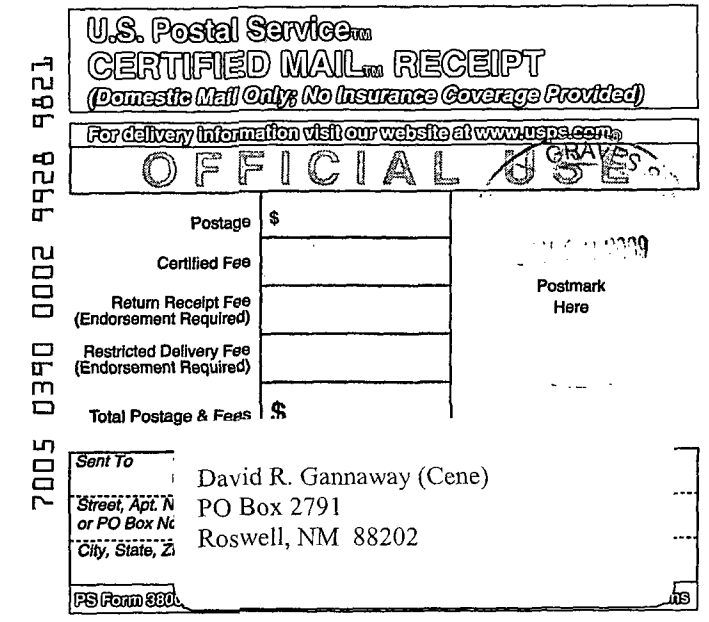
PO Box 1433
Roswell, NM 88202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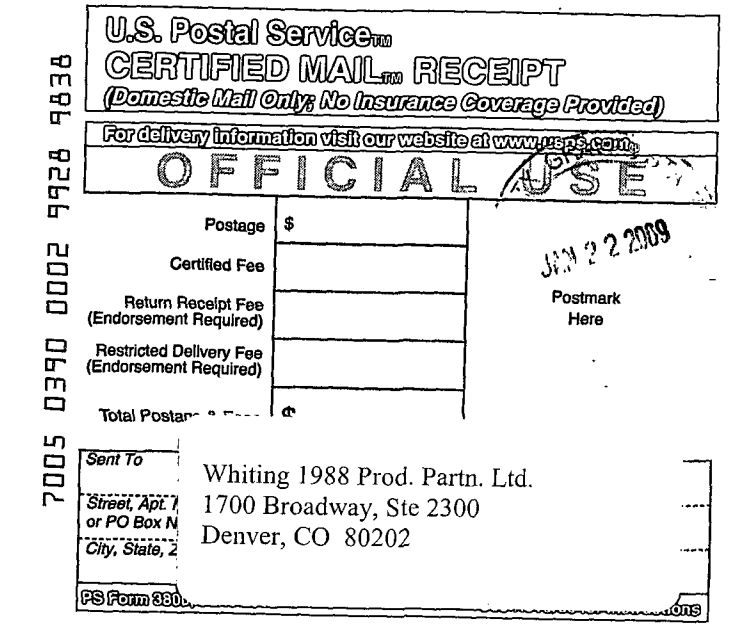
Roswell, NM 88202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