

DATE IN 6/30/06	SUSPENSE 9/16/06	ENGINEER WILL JONES	LOGGED IN 7/3/06	TYPE SWD 1039	APP NO. PTDS0618451307
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



ADMINISTRATIVE APPLICATION CHECKLIST

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

Application Acronyms:

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

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply
- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

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

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

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

Print or Type Name

Signature

Title

Date

e-mail Address

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance X Disposal _____ Storage
Application qualifies for administrative approval? X Yes _____ No
- II. OPERATOR: Tipton Oil and Gas Acquisitions, Inc. Ogrid # 211128
ADDRESS: PO Box 1234 Lovinton, New Mexico 88260
CONTACT PARTY: Clay Tipton PHONE: 505-631-4121
- 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: Debbie Mckelvey for Clay Tipton, Principal TITLE: Agent

SIGNATURE: Debbie Mckelvey, Agent DATE: 6/2/06

E-MAIL ADDRESS: debmkelvey@earthlink.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

C108 Application for Authorization to Inject
Tipton Oil and Gas Acquisitions, Inc
Sun State # 1
API # 30-005-20558
660 FSL X 660 FWL
UL "M" Section 36,T7S,R30E
Chaves County, New Mexico

- I. The purpose of this application is to convert the Sun State # 1 from Cato, San Andres producer to Cato, San Andres Salt Water Disposal.
- II. Tipton Oil and Gas Acquisitions, Inc *Ogrid # 211128*
PO Box 1234
Lovington, New Mexico 88260
Clay Tipton 505-631-4121
- III. Well Data: See Attachment A
- IV. This is not an expansion of existing project
- V. See attached map, Attachment B
- VI. There are 3 wells identified in the 0.5 mile area of review that penetrate the proposed disposal interval. Two(2) of the wells are active Cato, San Andres producers and one(1) well was plugged and abandoned in 1976. Please see Attachment C for well diagrams and well data.
- VII.
 - 1.Proposed average daily injection volumes estimated at 150 BWPD
Maximum daily injection volume approximately 1000 BWPD
 - 2.This will be a closed system.
 - 3.Proposed average injection pressure 450psi
Maximum injection pressure 714psi
 - 4.Sources of disposed water would be produced water from the Cato Federal # 1 located in Section 35, T7S, R30E Chaves County,NM
 5. Please see attached water analysis of San Andres formation water
Please see attachment D
- VIII. Please see Attachment E.

Tipton Oil and Gas Acquisitions, Inc
Sun State # 1
API # 30-005-20558
660 FSL X 660 FWL
UL "M" Section 36,T7S,R30E
Chaves County, New Mexico

- IX. There are no plans to acidize the San Andres unless rates and pressures dictate
- X. Logs submitted by Harvey E. Yates in 1976
- XI. Underground water sources of drinking water are the alluvial fill from surface to 350ft. There are no water wells identified in the 1 mile area of review
- XII. Please see Attachment F
- XIII. Please see Proof of Notice Attachment G

C108 Application for Authority to Inject
Tipton Oil and Gas Acquisitions
Ogrid # 211128
Sun State # 1
API # 30-005-20558
660 FSL X 660 FWL
UL "M", Section 36, T7S, R30E
Chaves County, New Mexico

Well spudded 11/7/1976 as Cato San Andres oil well by Harvey E. Yates

8 5/8" 20# casing set at 327ft in 11" hole. Cemented with 125sack Class "C" cement.
Cement circulated.

4 1/2" 9.5# & 11.6# casing set at 3720ft in 7 7/8" hole. Cemented with 800sacks Class "C"
Poz-Mix and additives. Yield 1.35 cubic feet per sack. Top of cement calculated at 1350ft
using 50% fill.

Perforations

3480-3678 1SPF Cmt squeeze

3571-3574 1SPF

3576-3580 1SPF

3613-3615 1SPF

3617-3620 1SPF

Attachment A

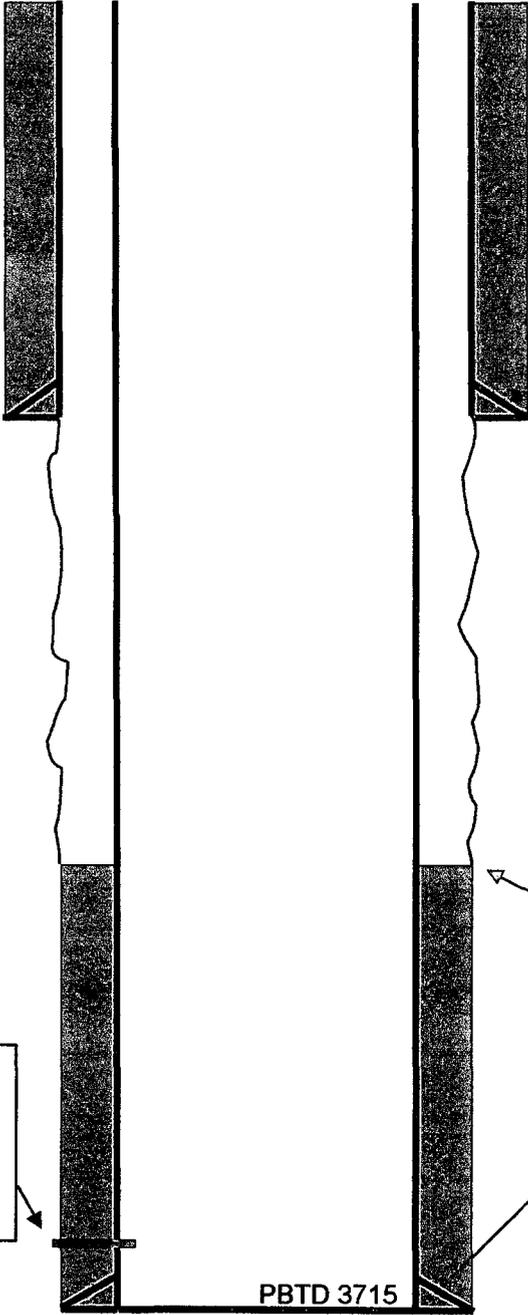
Sun State # 1
Api # 30-005-20558
UL "M", Sec.36, T7S,R30E
Chaves Cty,NM

Anhy 1175
Yates 1626
7 Rivers 1790
Queen 2284
San Andres 2764

8 5/8"20# csg set at 327ft in
11"hole. Cmt with 125sx
Class "C".
Cmt Circulated

Perfs
3571-3574
3576-3580
3613-3615
3617-3620

4 1/2" 9.5#&11.6# set at 3720ft
in 7 7/8" hole. Cmt with 800sx
Class "C" Poz-Mix. Yield 1.35 cu/sack.
Top of cmt calculated at
1350ft using 50% fill

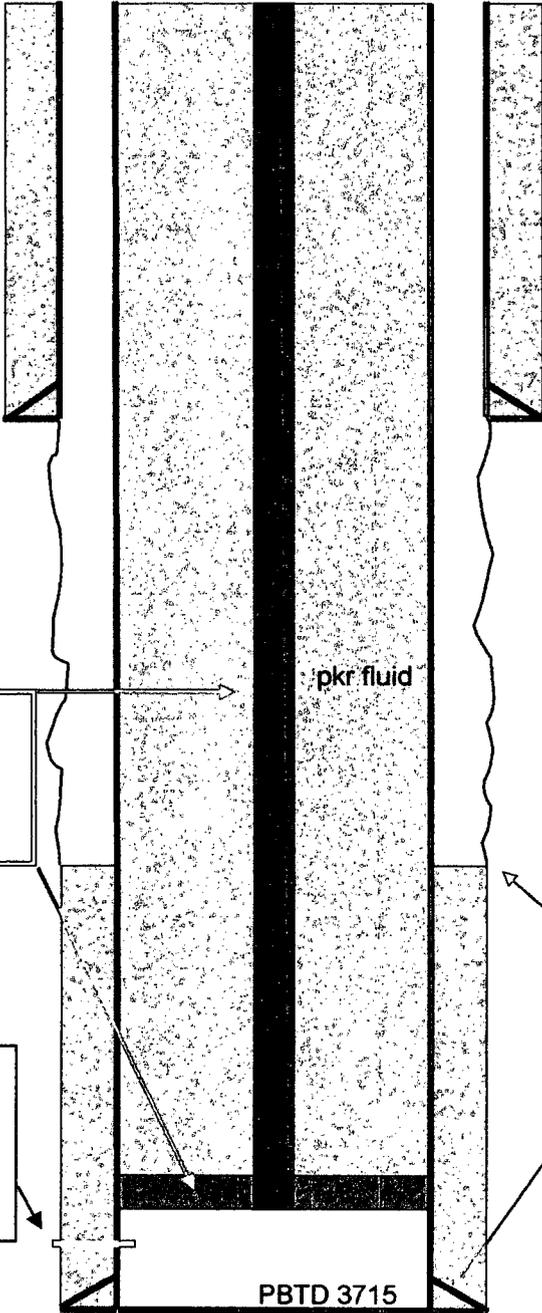


Attachment A

Sun State # 1
Api # 30-005-20558
UL "M", Sec.36, T7S,R30E
Chaves Cty,NM

After Conversion to SWD

Anhy 1175
Yates 1626
7 Rivers 1790
Queen 2284
San Andres 2764



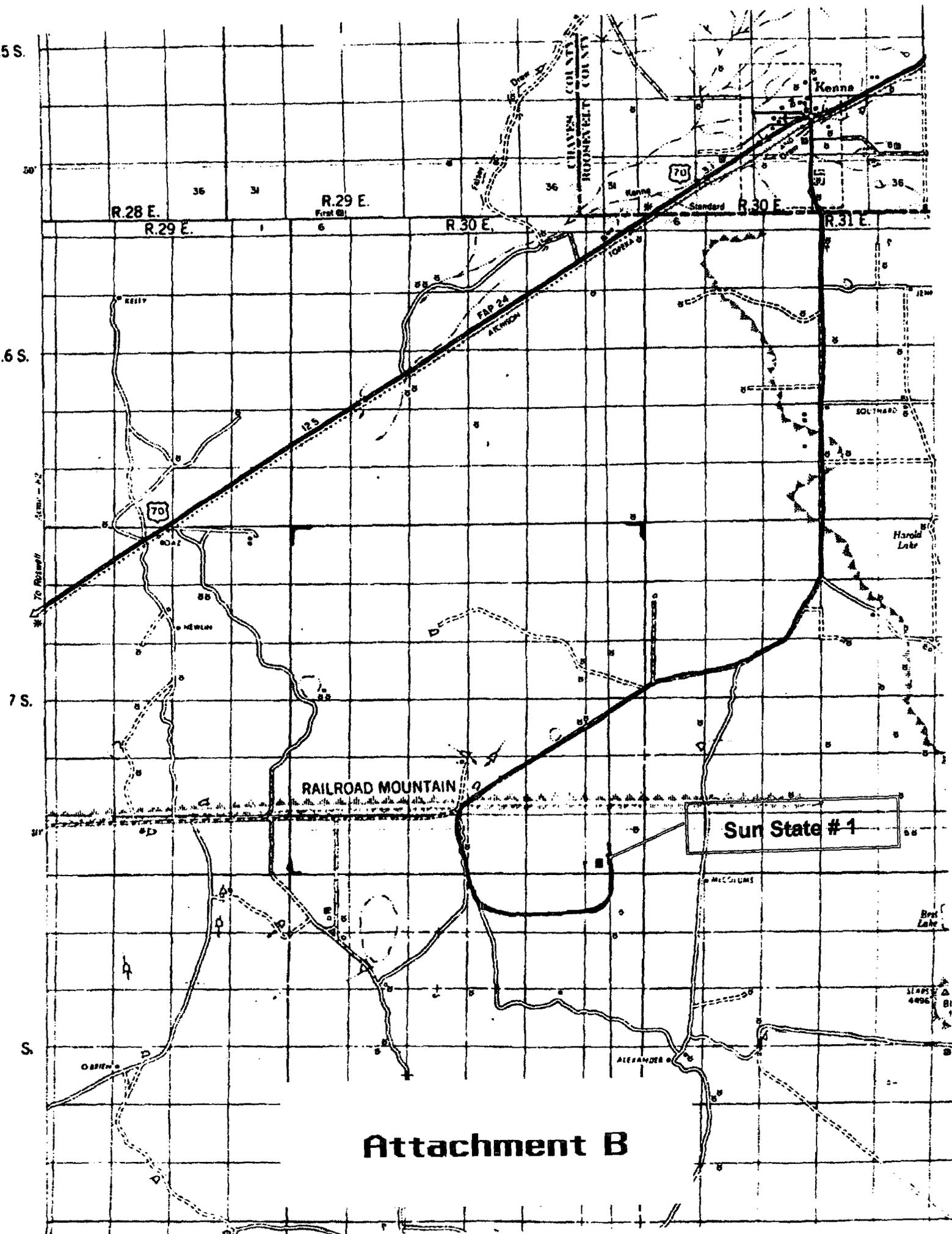
8 5/8" 20# csg set at 327ft in
11" hole. Cmt with 125sx
Class "C".
Cmt Circulated

2 3/8" IPC tubing
set at 3500ft w/
Plastic coated
Tension Packer

Perfs
3571-3574
3576-3580
3613-3615
3617-3620

4 1/2" 9.5#&11.6# set at 3720ft
in 7 7/8" hole. Cmt with 800sx
Class "C" Poz-Mix. Yield 1.35
cu/sack. Top of cmt calculated at
1350ft using 50% fill

Attachment A



R. 28 E.

R. 29 E.

R. 30 E.

R. 30 E.

R. 31 E.

R. 29 E.

70

FD 24

ATWOOD

SOUTHWARD

Harold Lake

RAILROAD MOUNTAIN

Sun State # 1

MCCUNE

4496

ALEXANDER

Attachment B

5 S.

6 S.

6 S.

7 S.

8 S.

8 S.

To Roter

To Roter

Bret Lake

OBLEN

Kenna

CHAVES COUNTY
ROOSEVELT COUNTY

First 6

Standard

36 31

36

31

36 31

36

36

58

58

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KELLY

NEWTON

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Well: NEW MEXICO J STATE No.: 001
Operator: REMUDA OPERATING CO
API: 3000520102 Township: 07.0S Range: 30E
Section: 36 Unit: K
Land Type: S County: Chaves True Vertical Depth: 3730

Anhy 1183
Yates 1646

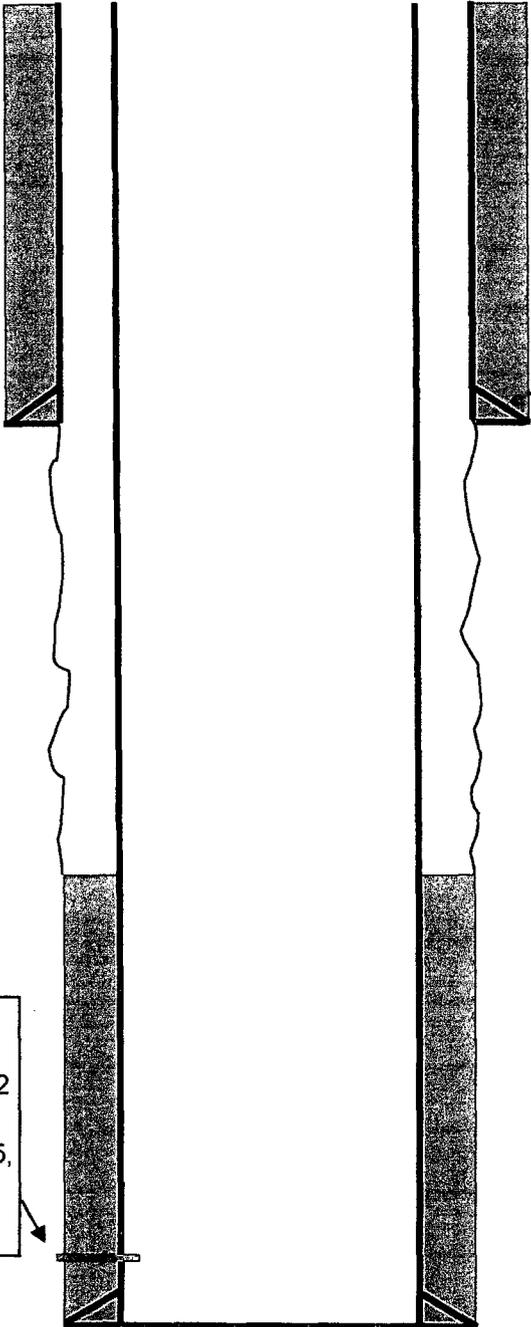
Spud 7/11/1967
Currently Cato, San Andres producer

San Andres 2770

8 5/8" 20# csg set at 281ft in
11" hole. Cmt with 225sx
Class "C".
Cmt Circulated

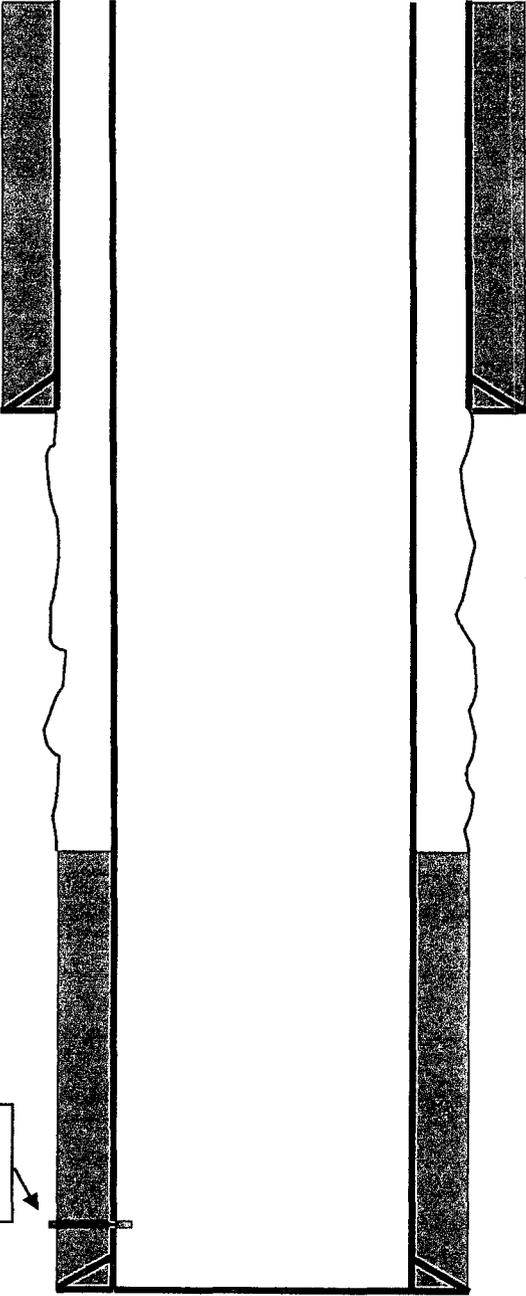
Perfs
3495, 96, 97, 98, 99
3501, 5, 8, 9, 10, 11, 12
13, 17, 18, 19
3591, 3659, 64, 68, 75,
87, 89

4 1/2" 9.5# set at 3730ft
in 7 7/8" hole. Cmt with 280sx
Trinity Lite
TOC 2498ft by TS



Attachment C

Well: NEW MEXICO J STATE No.: 003
Operator: REMUDA OPERATING CO
API: 3000521110 Township: 07.0S Range: 30E
Section: 36 Unit: E
Land Type: S County: Chaves True Vertical Depth: 3750



Spud 4/28/1992
Currently Cato, San Andres producer

8 5/8" 24# csg set at 330ft. Cmt
with 225sx
Class "C".
Cmt Circulated

Perfs
3561-3692
16 holes

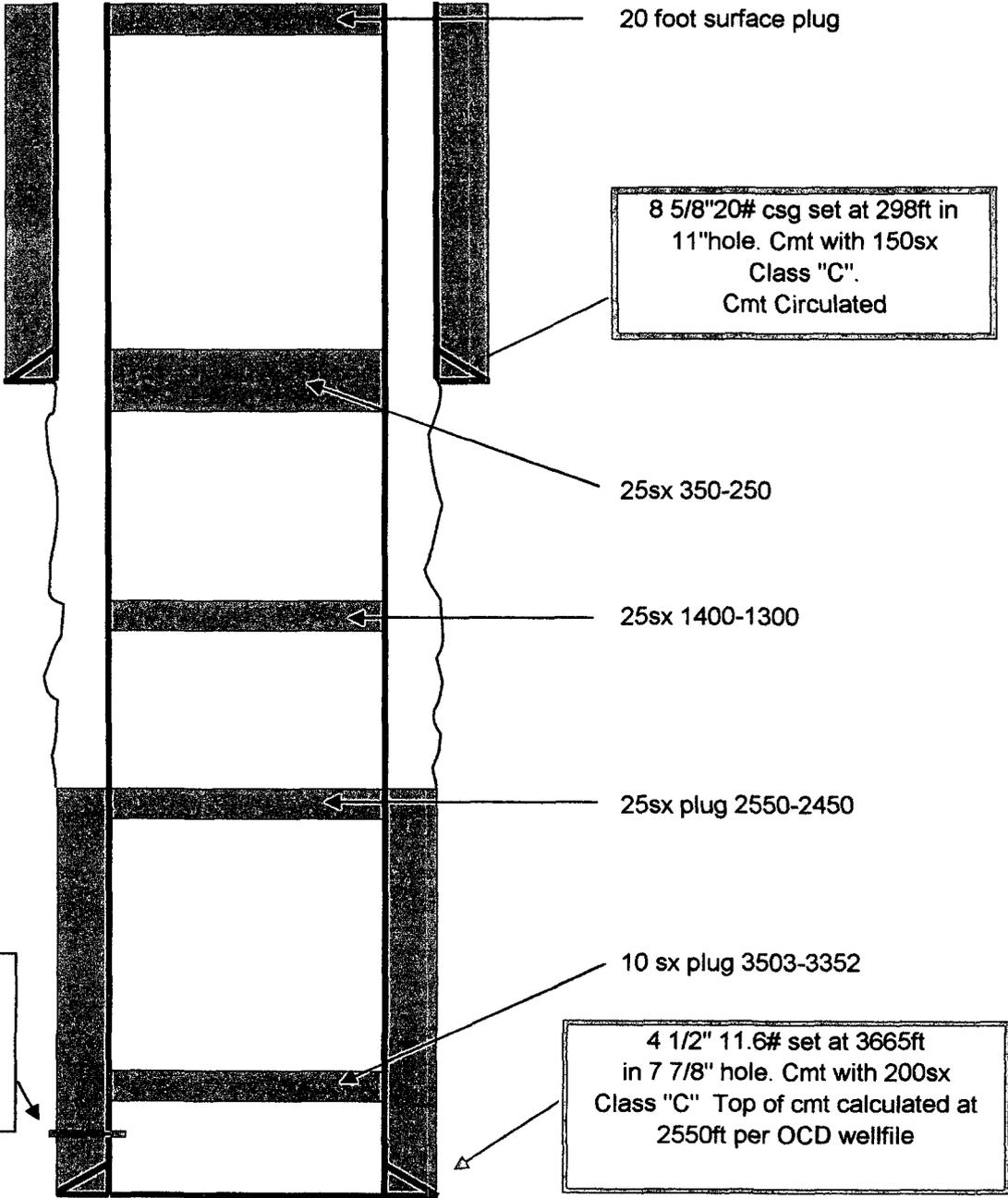
4 1/2" 10.5# set at 3750ft
in 7 7/8" hole. Cmt with 400sx
Class "C"
TOC est 1996ft by OCD wellfile

Attachment C

Marie Trust # 1
API # 30-005-20542
UL "P", Sec 35, T7S, R30E
Chaves Cty, NM

Plugged and Abandoned 1976

Anhy 1144
Yates 1594
7 Rivers 1760
Bowers 2078
Queen 2250
SA 2730



Attachment C

NM WAIDS



Water Samples for Well CATO 001

API = 3000510520

Formation = SA

Field = CATO

Instructions:

Click For general information about this sample.

Click For scale calculation pages (Stiff-Davis or Oddo Tomson methods).

Click To select **this water sample** for water mixing. It will lead to the main page, and add the sample mixing table.

Click 664 Click the hyperlinked sample number to make a .csv for that sample, or select several check boxes and click Submit for multiple samples

The ions are in (mg/L) units.

	SampleID	T	R	S	SO4	CL	CO3	HCO3	K	Na	Ca	Mg
<input type="checkbox"/>	<u>5746</u>											
		08S	30E	03	330	167000	null	521	null	null	null	null
<input type="checkbox"/>	<u>5672</u>											
		08S	30E	03	330	167000	null	521	null	null	null	null

SELECT/DESELECT ALL

Submit



Attachment D

C108 Application for Authorization to Inject
Tipton Oil and Gas Acquisitions, Inc
Sun State # 1
API # 30-005-20558
660 FSL X 660 FWL
UL "M" Section 36, T7S, R30E
Chaves County, New Mexico

VIII

The proposed disposal interval is the San Andres, The San Andres is a carbonate reservoir of Permian Age.

Immediately above the San Andres is the Queen and immediately below the San Andres is the Glorieta

There is no known fresh water strata underlying the San Andres formation.

Based on information from the New Mexico State Engineer web page, there is no active water wells with in the 1 mile area of review. Fresh water is in the alluvial fill from surface to a depth of 350ft

Attachment E

**Tipton Oil and Gas Acquisitions, Inc
C108 Application for Authorization to Inject
Sun State #1
API # 30-005-20558
Unit Letter "M", Section 36, T7S, R30E
Chaves County, New Mexico**

Available engineering and geological data have been examined and no evidence of open faults of hydrological connection between the disposal zone and any underground sources of drinking water have been found.

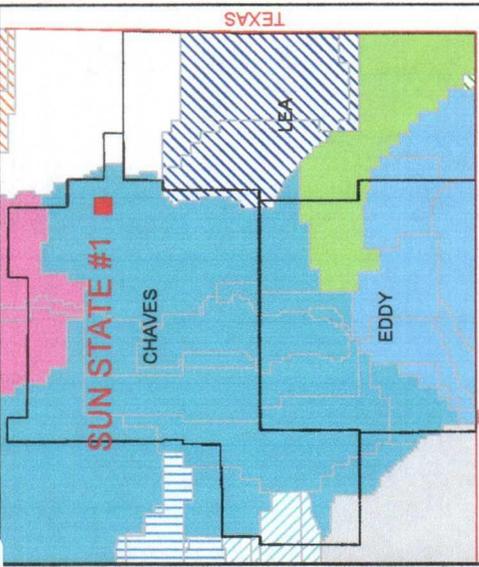
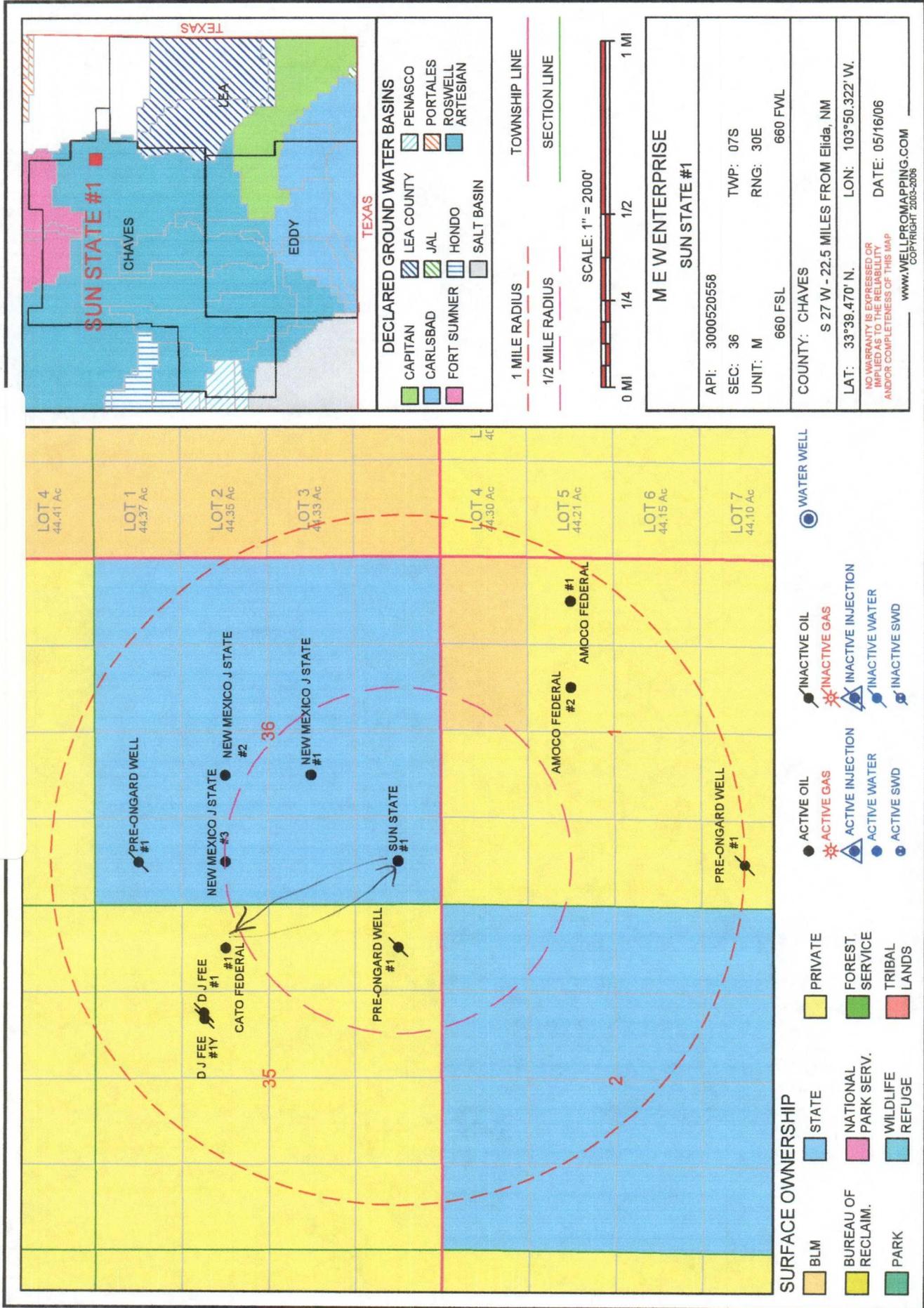


**Clay Tipton
Tipton Oil and Gas Acquisitions, Inc**



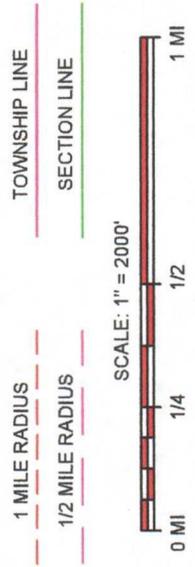
Date

Attachment B



DECLARED GROUND WATER BASINS

CAPITAN	LEA COUNTY	PENASCO
CARLSBAD	JAL	PORTALES
FORT SUMMER	HONDO	ROSWELL
	SALT BASIN	ARTESIAN



M E WENTERPRISE	
SUN STATE #1	
API: 3000520558	TWP: 07S
SEC: 36	RNG: 30E
UNIT: M	660 FSL
COUNTY: CHAVES	
S 27 W - 22.5 MILES FROM Elida, NM	
LAT: 33°39.470' N.	LON: 103°50.322' W.
NO WARRANTY IS EXPRESSED OR IMPLIED AS TO THE RELIABILITY AND/OR COMPLETENESS OF THIS MAP	
DATE: 05/16/06	
WWW.WELLFROMAPPING.COM	
COPYRIGHT 2005-2006	

Tipton Oil and Gas Acquisitions, Inc
C108 (Application for Authority to Inject)
Sun State # 1
API # 30-005-20558

Surface Owner
State of New Mexico
New Mexico State Land Office
Oil and Gas Division
PO Box 1148
Santa Fe, New Mexico 87504

Surface Lessee
Ganada Inc.
PO Box 9
Sudan, Tx 79371

Mineral Lessee
KERR-MCGEE O/G ONSHORE, LP
LAND DEPARTMENT
5735 PINELAND DRIVE, SUITE 300
DALLAS, TX U.S.A.
75231

Offset Operator in Area of Review
Remuda Operating Company
301 North Colorado, Ste 150
Midland, Tx 79701

AFFIDAVIT OF PUBLICATION
STATE OF NEW MEXICO

I, Fran Saunders
Legal Clerk

Of the Roswell Daily Record, a daily newspaper published at Roswell, New Mexico do solemnly swear that the clipping hereto attached was published in the regular and entire issue of said paper and not in a supplement thereof for a period of:

one time

beginning with the issue dated

June 7th 2006

and ending with the issue dated

June 7th 2006

Fran Saunders

Clerk

Sworn and subscribed to before me
this 9th day of June 2006

Marylon S. Shipper

Notary Public

My Commission expires
July 25, 2006

(SEAL)

Publish June 7, 2006

LEGAL NOTICE

Tipton Oil and Gas Acquisitions, Inc. PO Box 1234, Lovington, New Mexico 88260 has filed form C-108 (Application for Authorization to Inject with the New Mexico Oil Conservation Division seeking administrative approval for a salt water disposal well. The proposed well is the Sun State # 1 API # 30-005-20558 located 660 FSL X 660 FWL of Section 36, Township 7 South, Range 30 East of Chaves County, New Mexico. Produced waters from the Cato Federal #1 a Cato, San Andres pool well will be disposed in the Cato, San Andres formation from 3571-3620 feet with a maximum injection pressure of 714 psi and maximum rate of 1000 BWPD.

All interested parties opposing the aforementioned must file objections with the New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within 15 days. Addition information can be obtained by contacting Clay Tipton at 505-631-4121.

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

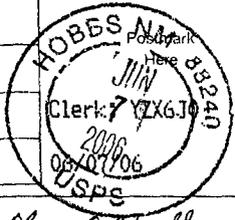
7000 1670 0009 8290 5514

SANTA FE, NM 87504

Postage	\$ 1.11	UNIT ID: 0640
Certified Fee	2.40	
Return Receipt Fee (Endorsement Required)	1.85	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 5.36	

Sent To
 New Mexico St. Land. Ofc., Oil & Gas Div.
 Street, Apt. No., or PO Box No.
 P.O. Box 1148
 City, State, ZIP+4
 Santa Fe, NM 87504

PS Form 3800, May 2000 See Reverse for Instructions



CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

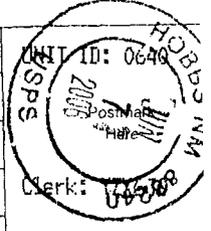
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MIDLAND, TX 79701

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Certified Fee	2.40	
Return Receipt Fee (Endorsement Required)	1.85	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 5.36	

Sent To
 Remuda Operating
 Street, Apt. No., or PO Box No.
 381 N. Colorado St. 150
 City, State, ZIP+4
 Midland, TX 79701

PS Form 3800, May 2000 See Reverse for Instructions



U.S. Postal Service
CERTIFIED MAIL RECEIPT
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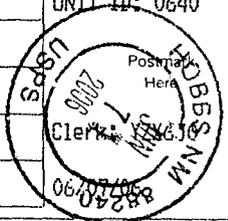
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SUDAN, TX 79371

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Certified Fee	2.40	
Return Receipt Fee (Endorsement Required)	1.85	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 5.36	

Sent To
 Granada, Inc.
 Street, Apt. No., or PO Box No.
 P.O. Box 9
 City, State, ZIP+4
 Sudan, TX 79371

PS Form 3800, May 2000 See Reverse for Instructions



U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

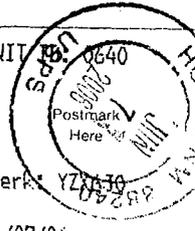
7000 1670 0009 8290 5507

DALLAS, TX 75231

Postage	\$ 1.11	UNIT ID: 0640
Certified Fee	2.40	
Return Receipt Fee (Endorsement Required)	1.85	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 5.36	

Sent To
 Ken Mc Gee O/G Onshore LP
 Street, Apt. No., or PO Box No.
 5735 Piveland Dr. Suite 300
 City, State, ZIP+4
 Dallas, TX 75231

PS Form 3800, May 2000 See Reverse for Instructions



To: William Jones

Re: Sun State #1

30-005-20558

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <input type="checkbox"/> Date of Delivery</p>
<p>1. Article Addressed to:</p> <p>MEW Enterprises P.O. Box 39 Roswell, NM 88202</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below <input type="checkbox"/> No</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Transfer from service label) 7099 3220 0002 3948 0259</p>	
<p>PS Form 3811, February 2004 Domestic Return Receipt 102599/02-11-1840</p>	

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)		Receipt										
Article Sent To:	Amount (In Numbers) 5.36											
<table border="1"> <tr><td>Postage</td><td>\$</td></tr> <tr><td>Certified Fee</td><td></td></tr> <tr><td>Return Receipt Fee (Endorsement Required)</td><td></td></tr> <tr><td>Restricted Delivery Fee (Endorsement Required)</td><td></td></tr> <tr><td>Total Postage & Fees</td><td>\$</td></tr> </table>	Postage	\$	Certified Fee		Return Receipt Fee (Endorsement Required)		Restricted Delivery Fee (Endorsement Required)		Total Postage & Fees	\$		 <p>Big stamps equal the</p>
Postage	\$											
Certified Fee												
Return Receipt Fee (Endorsement Required)												
Restricted Delivery Fee (Endorsement Required)												
Total Postage & Fees	\$											
<p>Name (Please Print Clearly) (To be completed by mailer) MEW Enterprises Street, Apt. No., or PO Box No. P.O. Box 39 City, State, ZIP+4 Roswell, NM 88202</p>	<p>29-2006</p>											
PS Form 3800, July 1999		See Reverse for Instructions										

Tipton Oil and Gas Acquisitions, Inc
PO Box 1234
Lovinton, NM 88260

May 20, 2006

State of New Mexico
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, New Mexico 87504

Mr. William V. Jones

Please find enclosed a copy of NMOCD form C108 (Application for Authority to Inject) for the Sun State # 1, API # 30-005-20558, located in Unit Letter "M", Section 36, T7S, R30E NMPM Chaves County, New Mexico.

The attached C108 is for disposing of produced water from the Cato Federal #1 located in Section 35, T7S, R30E Chaves County, New Mexico to the Sun State # 1 in the San Andres formation from 3571-3620 feet.

Should you have any questions, please feel free to contact Clay Tipton at 505-631-4121

Sincerely,



Clay Tipton
Tipton Oil and Gas Acquisitions, Inc

2006 JUN 30 PM 1 00

Inactive Well List

Total Well Count:262 Inactive Well Count:1 Since:6/4/2005

Printed On: Monday, August 28 2006

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	Days in TA
2	30-005-61199	J P WHITE #002	P-18-10S-28E	P	211128	TIPTON OIL & GAS ACQUISITIONS, INC.	P	O	05/2005			

WHERE Ogrid:211128, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15

9/14/06 release
after MEW NOTICE

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Monday, August 28, 2006 11:31 AM
To: 'Debbie McKelvey'
Cc: Ezeanyim, Richard, EMNRD
Subject: RE: SWD Application for Tipton Oil and Gas: Sun State Well No. 1 API No. 30-005-20558 (South of Kenna, NM)

Debbie:
I talked with our Rule 40 attorney concerning this.

Since Tipton is applying for a permit to the OCD concerning someone else's well without themselves being the operator of record - please send a copy of this complete application by certified mail to MEW Enterprises (or whomever is now the current operator of record for this well) and send a copy of the returned receipt to this office. I must then wait the 15 days to release the permit.

Thank You,

Will Jones

From: Debbie McKelvey [mailto:debmckelvey@earthlink.net]
Sent: Monday, August 21, 2006 11:57 AM
To: Jones, William V., EMNRD
Subject: RE: SWD Application for Tipton Oil and Gas: Sun State Well No. 1 API No. 30-005-20558 (South of Kenna, NM)

William,

About the Change of Operator on the referenced well, the Change of Operator is contingent upon the SWD application being approved. Thus, if the SWD application is denied, the Change of Operator will not take place.

The evaluation by the Petroleum Engineer has been mailed to you.

Let me know if you need anything else.

Thanks.
Debbie McKelvey, Agent
for Tipton Oil & Gas

-----Original Message-----
From: "Jones, William V., EMNRD"
Sent: Aug 16, 2006 11:03 AM
To: Debbie McKelvey
Subject: RE: SWD Application for Tipton Oil and Gas: Sun State Well No. 1 API No. 30-005-20558 (South of Kenna, NM)

Yes, I will
Thanks,

8/28/2006

Give me a day or two to get with the parties involved and I will get back to you.

Deb

-----Original Message-----

From: "Jones, William V., EMNRD"

Sent: Jul 24, 2006 1:44 PM

To: debmckelvey@earthlink.net

Cc: "Arrant, Bryan, EMNRD" , "Ezeanyim, Richard, EMNRD"

Subject: SWD Application for Tipton Oil and Gas: Sun State Well No. 1 API No. 30-005-20558 (South of Kenna, NM)

Hello Ms. McKelvey

We received your application on behalf of Tipton Oil and Gas and have the following questions:

- 1) The OCD still lists MEW Enterprises as the operator of this well. When is a "Change of Operator" going to occur? Would you please send a quick statement concerning the latest agreement between MEW and Tipton?
- 2) The offsetting two producing wells also produce in the San Andres. Is the proposed injection interval exactly the same as the producing interval in offset wells? ie the ones operated by Remuda Operating? If so, please send a petroleum engineering statement evaluating the risk to this production by injection of salt waters.
- 3) Please send the formation tops of the P-1, P-2, P-3, etc in the San Andres.

Please reply as soon as possible with the best answers you have for these questions.

Regards,

William V. Jones

Engineering Bureau

Oil Conservation Division

Santa Fe

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.

RECEIVED

TIPTON OIL & GAS ACQUISITIONS

P.O. BOX 1234
LOVINGTON, NM 88260
505-396-8753 FAX 392-2656

AUG 23 2006

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

August 21, 2006

Attention William Jones
Engineering Bureau
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Sun State Well No. 1
Application to Convert Producing Well to SWD

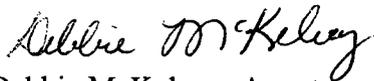
Dear Mr. Jones:

As you requested, attached is an evaluation by James O'Briant, P.E., which evaluates the perforation intervals and any potential for harm to the San Andres due to injection in the referenced well.

Also, Remuda Operating's copy of the SWD application was returned unopened. We have obtained a new address, and the application was remailed to Remuda on August 17, 2006.

If you have any questions, please do not hesitate to call me at 505-392-3575.

Sincerely,



Debbie McKelvey, Agent
For Tipton Oil & Gas Acquisitions

O'Briant & Associates, Inc.
P. O. Box 10487
Midland, Texas 79702
Ph: 432-683-5511

cobriant@apex2000.net

Ms. Debbi McKelvey
32 Regency Square
Hobbs, New Mexico 88242

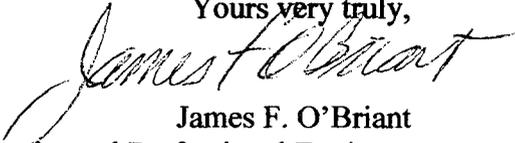
Re: Application to Convert Producing Well to SWD
Tipton Oil and Gas
Sun State Well No. 1 (API # 30-005-20558)
Chaves County, New Mexico

Dear Ms. McKelvey

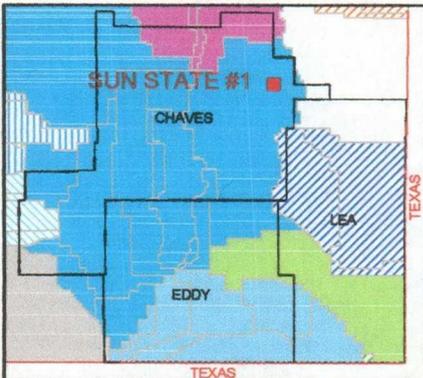
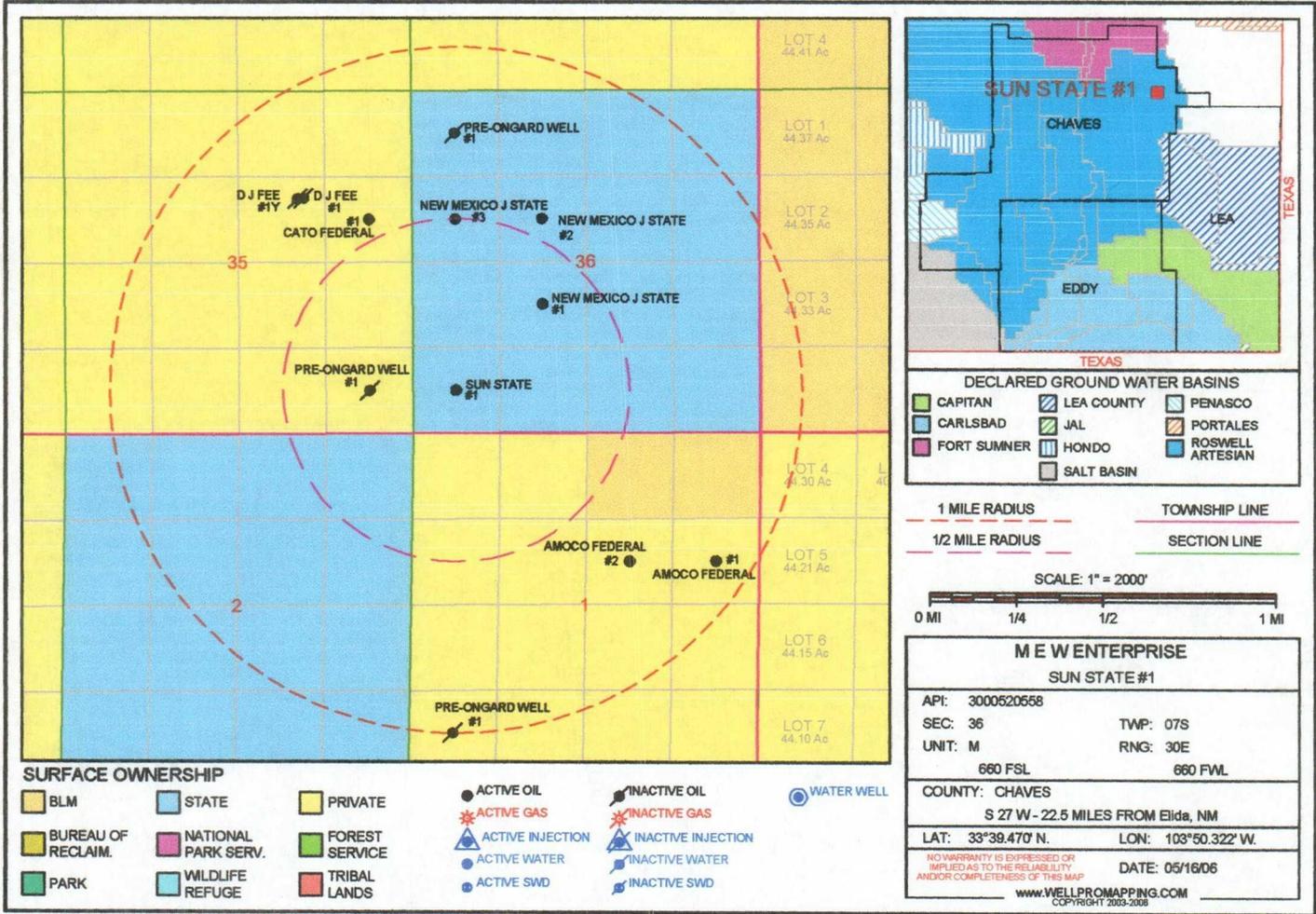
Tipton Oil and Gas has asked me to evaluate the risk to off set producing wells from converting this well to injection. The San Andres formation appears to be the producing interval for the CATO Field. I have attached the information supplied to me; I do not have additional knowledge of the producing zones and or aerial extent other than that indicated by the attachments. Following are my conclusions:

1. The risk to offset producing wells should be minimal. The wells do not appear to be on the general fracture/permeability orientation for this area (WNW-ESE). This information was derived by talking to operating personnel in the area and other San Andres Fields in the Permian Basin area.
2. Limiting injection rates and surface injection pressures should alleviate the problems associated with opening/extending fractures.
3. Top of cement behind producing casings appears to be adequate to prevent vertical migration above the TOC. Step rate testing should be undertaken early in the life of the well to be sure fracturing is not occurring.
4. Modification of the injection profiles could require modification later (cement, gel treatments, etc.).
5. Tracer survey(s) could help with vertical delineation after the initial filling of the well bore area.

Yours very truly,

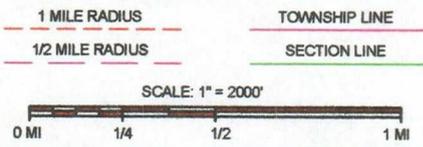

James F. O'Briant
Registered Professional Engineer

Attachments
Exhibits A – F (6 pages)



DECLARED GROUND WATER BASINS

CAPITAN	LEA COUNTY	PENASCO
CARLSBAD	JAL	PORTALES
FORT SUMNER	HONDO	ROSWELL ARTESIAN
SALT BASIN		



M E W ENTERPRISE	
SUN STATE #1	
API: 3000520558	TWP: 07S
SEC: 36	RNG: 30E
UNIT: M	660 FSL
	660 FWL
COUNTY: CHAVES	
S 27 W - 22.5 MILES FROM Elida, NM	
LAT: 33°39.470' N.	LON: 103°50.322' W.
NO WARRANTY IS EXPRESSED OR IMPLIED AS TO THE RELIABILITY AND/OR COMPLETENESS OF THIS MAP.	
DATE: 05/16/06	
www.WELLPROMAPPING.COM COPYRIGHT 2003-2008	

Ex. A

Well: NEW MEXICO J STATE No.: 001
Operator: REMUDA OPERATING CO
API: 3000520102 Township: 07.0S Range: 30E
Section: 36 Unit: K
Land Type: S County: Chaves True Vertical Depth: 3730

Anhy 1183
Yates 1646

Spud 7/11/1967
Currently Cato, San Andres producer

San Andres 2770

8 5/8" 20# csg set at 281ft in
11" hole. Cmt with 225sx
Class "C".
Cmt Circulated

Perfs
3495,96,97,98,99
3501,5,8,9,10,11,12
13,17,18,19
3591,3659,64,68,75,
87,89

4 1/2" 9.5# set at 3730ft
in 7 7/8" hole. Cmt with 280sx
Trinity Lite
TOC 2498ft by TS

Ex B

Sun State # 1
Api # 30-005-20558
UL "M", Sec.36, T7S,R30E
Chaves Cty,NM

After Conversion to SWD

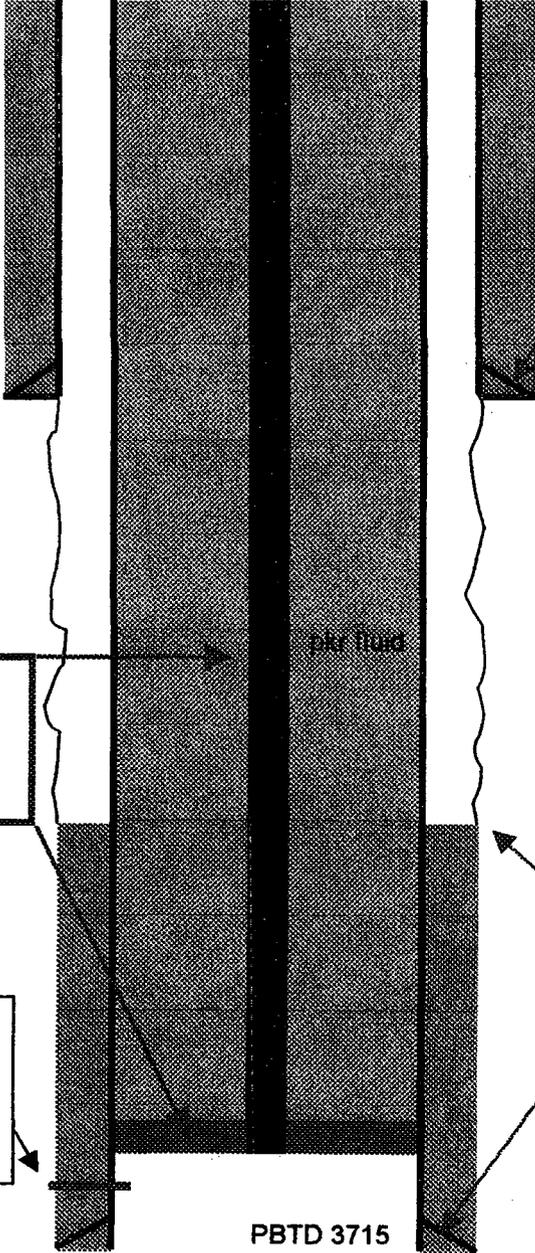
Anhy 1175
Yates 1626
7 Rivers 1790
Queen 2284
San Andres 2764

8 5/8"20# csg set at 327ft in
11"hole. Cmt with 125sx
Class "C".
Cmt Circulated

2 3/8" IPC tubing
set at 3500ft w/
Plastic coated
Tension Packer

Perfs
3571-3574
3576-3580
3613-3615
3617-3620

4 1/2" 9.5#&11.6# set at 3720ft
in 7 7/8" hole. Cmt with 800sx
Class "C" Poz-Mix. Yield 1.35
cu/sack. Top of cmt calculated at
1350ft using 50% fill



EX. C

Sun State # 1
Api # 30-005-20558
UL "M", Sec.36, T7S,R30E
Chaves Cty,NM

Anhy 1175
Yates 1626
7 Rivers 1790
Queen 2284
San Andres 2764

8 5/8"20# csg set at 327ft in
11"hole. Cmt with 125sx
Class "C".
Cmt Circulated

4 1/2" 9.5#&11.6# set at 3720ft
in 7 7/8" hole. Cmt with 800sx
Class "C" Poz-Mix. Yield 1.35
cu/sack. Top of cmt calculated at
1350ft using 50% fill

Perfs
3571-3574
3576-3580
3613-3615
3617-3620

PBTD 3715

E.D.

Well: NEW MEXICO J STATE No.: 003
Operator: REMUDA OPERATING CO
API: 3000521110 Township: 07.0S Range: 30E
Section: 36 Unit: E
Land Type: S County: Chaves True Vertical Depth: 3750

Spud 4/28/1992
Currently Cato, San Andres producer

8 5/8" 24# csg set at 330ft. Cmt
with 225sx
Class "C".
Cmt Circulated

Perfs
3561-3692
16 holes

4 1/2" 10.5# set at 3750ft
in 7 7/8" hole. Cmt with 400sx
Class "C"
TOC est 1996ft by OCD wellfile

EX E

Tipton Oil and Gas Acquisitions
C108 Application for Authority Inject
Sun State # 1
API # 30-005-20558

Wells in the Area of Review

Well: NEW MEXICO J STATE No.: 001
Operator: REMUDA OPERATING CO
API: 3000520102 Township: 07.0S Range: 30E
Section: 36 Unit: K
Land Type: S County: Chaves True Vertical Depth: 3730
Currently Cato San Andres Producer

Well: NEW MEXICO J STATE No.: 003
Operator: REMUDA OPERATING CO
API: 3000521110 Township: 07.0S Range: 30E
Section: 36 Unit: E
Land Type: S County: Chaves True Vertical Depth: 3750

Well: MARIE TRUST No.: 001
Operator: HARVEY E YATES CO
API: 3000520542 Township: 07.0S Range: 30E
Section: 35 Unit: P
Land Type: County: Chaves True Vertical Depth: 3692
Well is plugged and abandoned 1976

EX F₂

Injection Permit Checklist

SWD Order Number 1039 Dates: Division Approved _____ District Approved _____

Information Request Letter or Email sent _____

Well Name/Num: SUN STATE #1 Date Spudded: 11/2/1976

~ 7 miles South of Kenna, NM

API Num: (30-) 005-29558 County: CHaves

Footages 660 FSL/660 FWL Sec 36 Tsp 7S Rge 30E

OCRD# 21128

Operator Name: TIPTON OIL AND GAS Acquisition, INC Contact CLAY TIPTON / Debra McCalvey *A Ford*

Operator Address: P.O. BOX 1234 LOVINGTON, NM 88260

	Hole/Pipe Sizes	Depths	Cement	Top/Method
Surface	11 8 3/8	327	125	CIRC
Intermediate				
Production	7 7/8 4 1/2	837 20	820 (135)	1350' calc
Last DV Tool				
Open Hole/Liner				
Plug Back Depth				

Diagrams Included (Y/N): Before Conversion After Conversion

Checks (Y/N): Well File Reviewed ELogs in Imaging

*175' ANH
1626 Yds
1790 7RERS
2284 Queen
2764 SA*

*3571
7142*

NEW Energy

714 PSI Max. WHIP

No Open Hole (Y/N)

No Deviated Hole (Y/N)

Intervals:	Depths	Formation	Producing (Yes/No)
Salt/Potash	OK		
Capitan Reef			
Cliff House, Etc.			
Formation Above		Queen	
Top Inj Interval	3571	Sim. sand	Yes
Bottom Inj Interval	3620	SA	Yes
Formation Below		GLORIA	

Fresh Water Site Exists (Y/N) Analysis Included (Y/N): NO

Salt Water Analysis: Injection Zone (Y/N/NA) Disposal Waters (Y/N/NA) Types: From Cade Fold *(SA)*

Affirmative Statement Included (Y/N): Newspaper Notice Adequate (Y/N) Well Table Adequate (Y/N)

Surface Owner SLO Noticed (Y/N) Mineral Owner(s) SLO

AOR Owners: Remuda Property Co. Kev McGee Noticed (Y/N) _____

CID/Potash/Etc Owners: _____ Noticed (Y/N) _____

AOR Num Active Wells 2 Repairs? Producing in Injection Interval in AOR

AOR Num of P&A Wells 1 Repairs? Diagrams Included?

Data to Generate New AOR Table

New Table Generated? (Y/N) _____

	STR	E-W Footages	N-S Footages
Wellsite			
Northeast			
North			
Northwest			
West			
Southwest			
South			
Southeast			
East			

- Conditions of Approval:**
- _____
 - _____
 - _____
 - _____

RBDMS Updated (Y/N) _____

UIC Form Completed (Y/N) _____

This Form completed 7/24/06