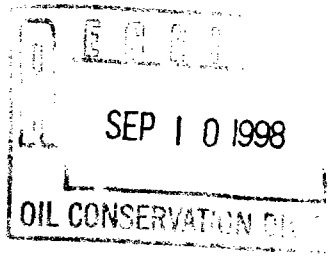
SWD 1/85/10

725.DOC



Sept. 2,1998

Mr. David Catanach
New Mexico Oil Conservation Div.
2040 Pacheco Street
Santa Fe, New Mexico

Dear David:

Attached is a application for authorization to inject water into Penroc Oil Corporation Well no. 3 on the New Mexico State "8" lease located in Sec. 8-T9S-R33E, Lea Co., New Mexico.

The proposed disposal well is a Flying M San Andres oil well at this time and the disposal water will be from the other two producing San Andres wells on the same lease which are producing approximately 50 bbls. water per day.

If you need any additional data or have any questions please call.

Yours truly,

Jerry Sexton
agent

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL
RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 SOUTH PACHECO
SANTA FE, NEW MEXICO 87505

FORM C-108
Revised 4-1-98

APPLICATION FOR AUTHORIZATION TO INJECT

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

II. OPERATOR: PENROC OIL CORPORATION

ADDRESS: P. O. BOX 5970, HOBBS, NM 88241

CONTACT PARTY: JERRY SEXTON PHONE: 397-3596

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 __XX__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: JERRY SEXTON TITLE: AGENT

SIGNATURE: Jerry Sexton DATE: 8-4-98

* 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;

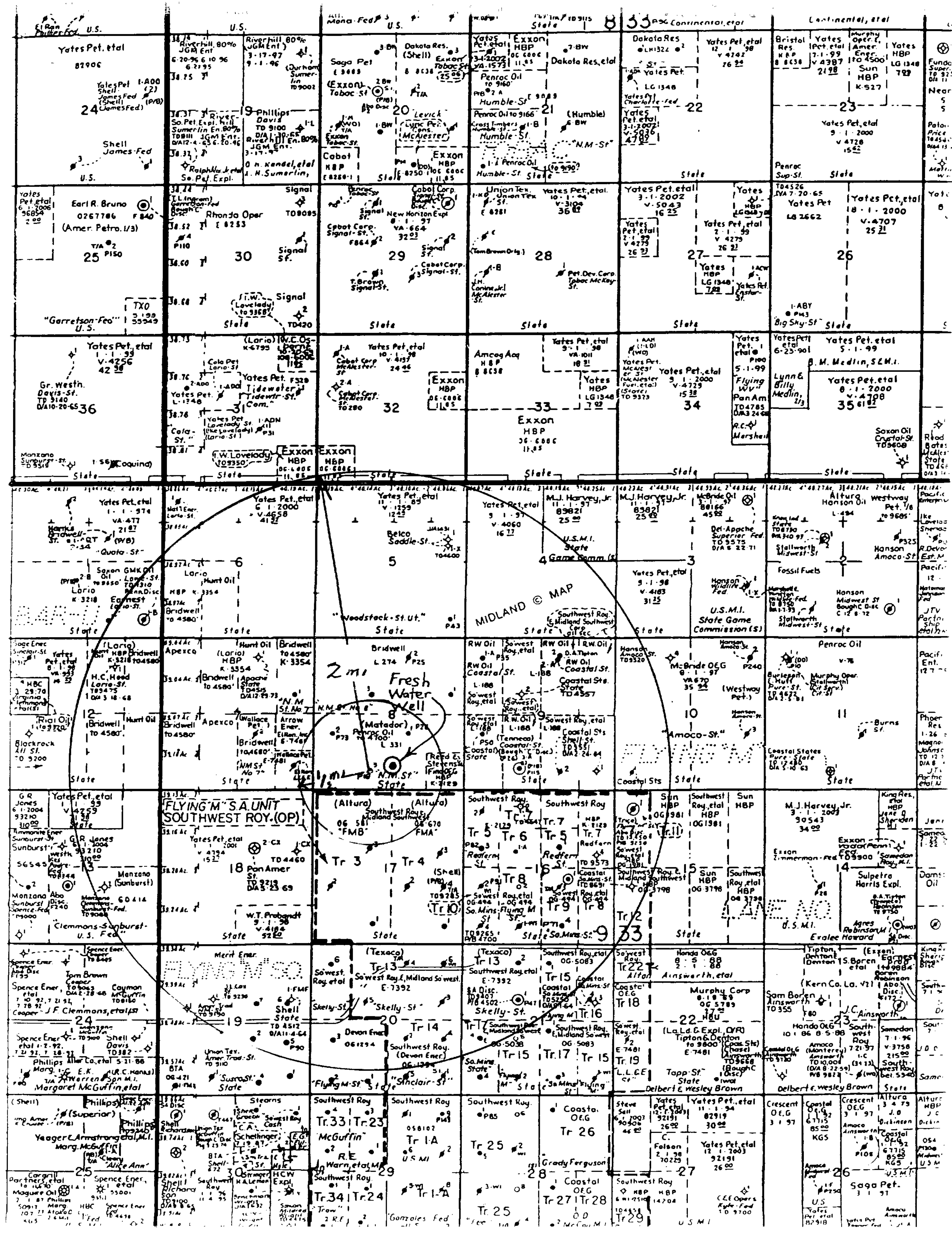
(2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;

(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, 2040 South Pacheco, 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.



MIDLAND © MAP
2 mi
Fresh Water Well
1 mi
"FLYING "M" S.A. UNIT
SOUTHWEST ROY. (OP)
Yates Pet. etal
Earl R. Bruno
0267786
(Amer. Petro. 1/3)
Rhonda Oper
Signal St.
Cabot Corp.
New Horizon Expl.
Exxon
HBP
Dakota Res.
Saga Pet
Humble St.
Union Tex.
Pet. Dev. Corp.
"Garretson-Fed" U.S.
Gr. Westn. Davis-St.
Tidewater St. Com.
Amcog Aaq
Flying "W" Pan Am
Lynn & Billy Medlin
B. M. Medlin, S&M.I.
Saxon Oil Crystal St.
M.J. Harvey, Jr.
Belco Saddle St.
U.S.M.I. State Game Comm.
Altura Hanson Oil
"Woodstock-St. Ut."
Bridwell
Hunt Oil
Apexco
Lario
Penroc Oil
(Matador)
N.M. St. State
Amoco-St.
Coastal States
(Altura)
Southwest Roy
Midland Southwest
"FMB"
"FMA"
PanAmer
Sun HBP
Manzano (Sunburst)
W.T. Probandt
"Clemmons-Sunburst- U.S. Fed."
(Texaco)
Skelly-St.
Shell State
Devon Ener.
Murphy Corp
Delbert E. Wesley Brown
Phillips
Yeager E. Armstrong etal
Coastal O&G
Grady Ferguson
Tr 3
Tr 4
Tr 5
Tr 6
Tr 7
Tr 8
Tr 9
Tr 10
Tr 13
Tr 14
Tr 15
Tr 16
Tr 17
Tr 18
Tr 19
Tr 22
Tr 23
Tr 24
Tr 25
Tr 26
Tr 27
Tr 28
Tr 29
Tr 33
Tr 34
Tr 1-A

Penroc Oil Corp.

Table of Wells Within 1/2 Mile of Proposed SWD Well-New Mexico State "8" Well no. 3

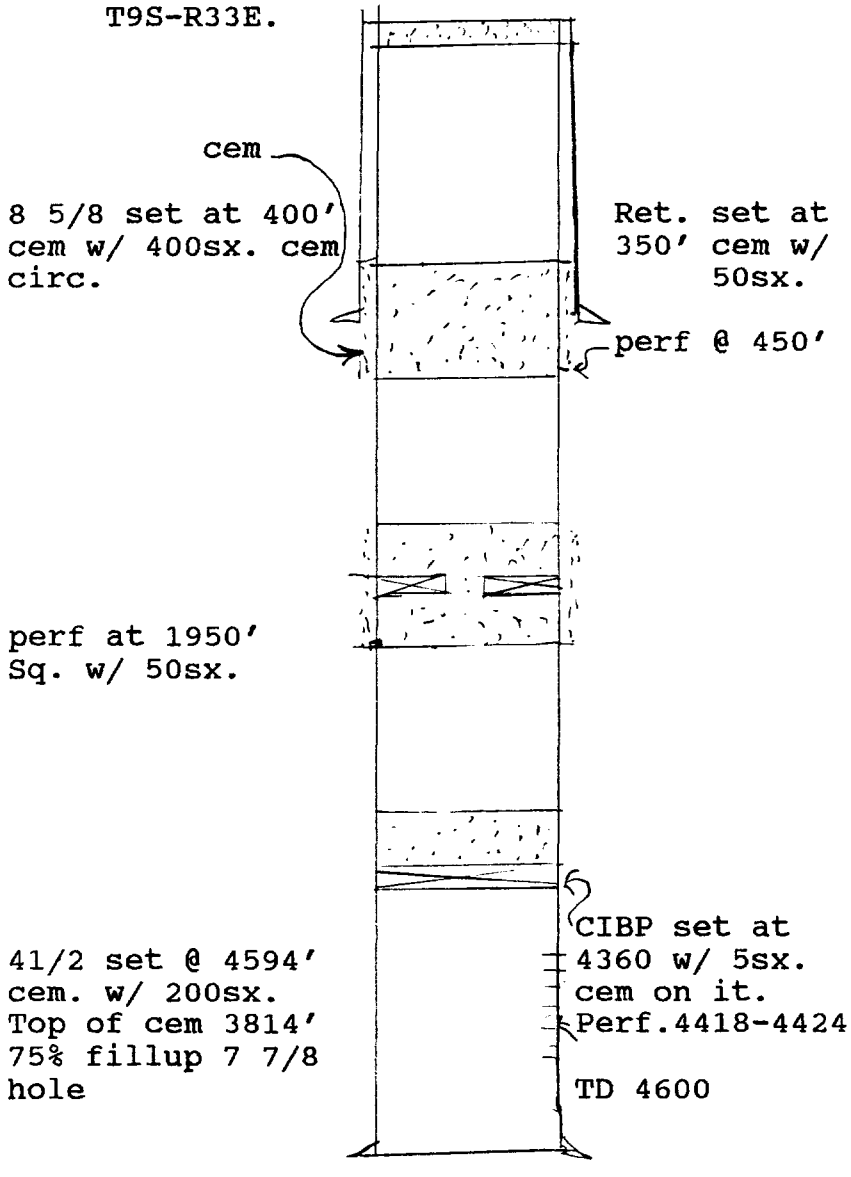
Operator:	Penroc	Penroc
Well name:	State"8"1	State"8" 2
Location:	Unit D, Sec 8-T9S-R33E	Unit B, Sec 8-T9S-R33E
Date drilled:	1972	1974
TD:	4600	4535
Status:	Oil Well	Oil Well
Casing:	8.625 @ 362' cem circ. 4.5 @ 4600 Cem Top 3640 350 sx.- 7.875 hole 75% fillup	8.625 @ 390' cem circ. 4.5 @ 4535 Cem Top 2975' 400 sx.-7.875 hole 75% Fillup
Perforations:	4410-50	4385-4425
Treatment:	11,000 gal acid	11,000 gal acid

Note: see attached schematic for Plugged and Abandon well in Unit F Sec. 17-T9S-R33E

Penroc Oil Corp.
SWD application for
New Mexico State''8'' no 3

Schematic of Plugged and
Abandon Well within 1/2
Mile proposed well

Coastal Oil & Gas -Flying M Unit No.3
Unit F, 1980'FNL, 1980'FWL Sec. 17
T9S-R33E.



Well Data

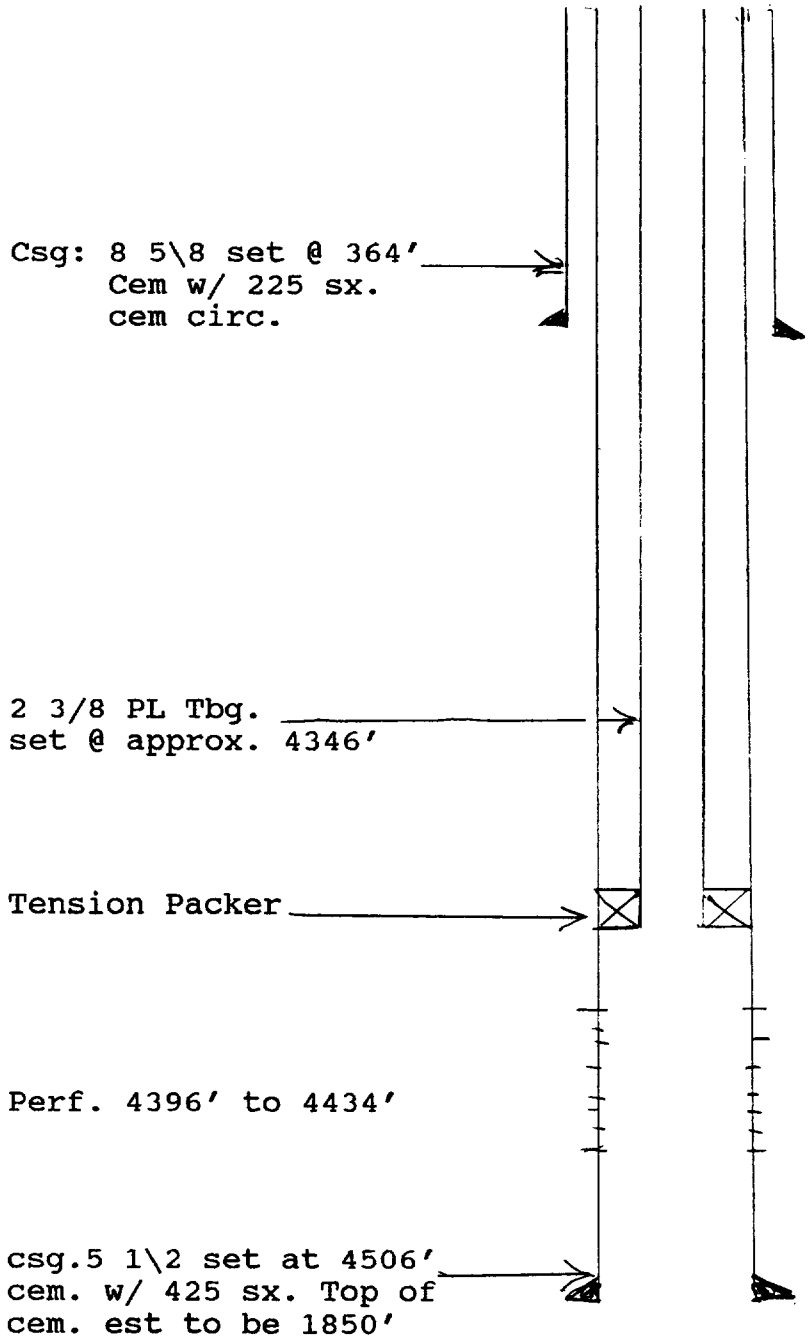
Company:	Penroc Oil Corp.
Lease Name:	New Mexico State ''8''
Well No.:	3
Location:	660'FSL, 1980FWL Sec.8-T9S-R33E Lea Co. (Unit N)
Surface csg:	8 5\8 set at 364' cem. w/ 225 sx. cem. circ. hole size 12 1/4''
Production csg.	5 1/2'' set @ 4506, cem. w/ 425 sx. Top cem. 1850'(cal 75% fillup)
Tubing:	2 3\8 plastic lined
Packer:	Tension (type wil be submitted on C-103)
Date Drilled:	1975
Well usage:	oil well
Injection Formation:	San Andres Dolomite
Injection Interval:	4396' to 4434'
Other Perforations:	None
Other oil zones:	None
Field Name:	Flying M San Andres

Operational Data

Est. average injection rate:	50 BPD
Maximum est. injection rate:	300 BPD
Type System:	Closed
Average injection pressure:	100 PSI
Maximum injection pressure:	880 PSI
Water Source:	Produced Water (San Andres)
Disposal Formation:	San Andres

Well Schematic
Penroc Oil Corp.
Proposed New Mexico
State "8" well N. 3SWD

Loc.: 660'FSL, 1980'FWL
Sec. 8-T9S-R33E Lea Co.



FRACMASTER LTD.

3429 N.W. County Rd. • P.O. Drawer 907 • Hobbs, New Mexico 88241-0907
Phone (505) 392-0149 • Fax (505) 392-5282

Water Analysis Report

Oil Co: Penroc Oil
Lease: N. Mex. St. #8
Well # 2
Field: Flying "M" San Andres, Lea County, NM.

Sample Loc: Well Head
Date Sampled: September 3, 1998
Date Analysed: September 4, 1998

Analysis:

1. PH 6.43
2. Specfic Gravity 60/80 F 11.57
3. CaCo3 Staturation index at 80 F + 1.071
   at 140 F + 2.57

Dissolved Gases

4. Hydrogen Sulfide 29
5. Carbon Dioxide 315
6. Dissolved Oxygen N/A

Cat Ions

7. Calcium (Ca++) 4100
8. Magnesium (Mg++) 650
9. Sodium (Na+) 91,000
10. Barium (Ba++) Not Determind

An Ions

11. Hydroxyl (0H-) 0
12. Carbonate (C03=) 0
13. Bicarbonate (HC03) 870
14. Sulfate (S04=) 3300
15. Chloride (C1-) 141,600
16. Total Dissolved Solids 188,000
17. Total Iron (FE) 38
18 Total Hardness as CaC03 12,200

Pro-Kem, Inc.

WATER ANALYSIS REPORT

SAMPLE

Oil Co. : Medellin
Lease : Windmill
Well No. : East
Salesman:

New Mexico Lobos

Sample Loc. :
Formation :
Date Analyzed: 25-March-1998

ANALYSIS

Fresh Water

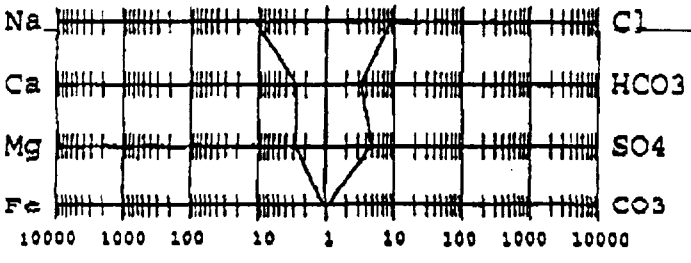
1.	pH		7.180		
2.	Specific Gravity 60/60 F.		1.003		
3.	$CaCO_3$ Saturation Index	@ 80 F.	-0.443		
		@ 140 F.	+0.257		

	Dissolved Gasses	MG/L	EQ. WT.	*MEQ/L
4.	Hydrogen Sulfide	Not Present		
5.	Carbon Dioxide	Not Determined		
6.	Dissolved Oxygen	Not Determined		

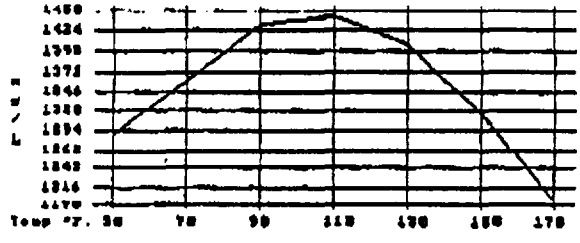
	Cations			MG/L	EQ. WT.	*MEQ/L
7.	Calcium	(Ca^{++})		52	/ 20.1 =	2.59
8.	Magnesium	(Mg^{++})		32	/ 12.2 =	2.62
9.	Sodium	(Na^{+})	(Calculated)	253	/ 23.0 =	11.00
10.	Barium	(Ba^{++})		Below 10		

	Anions		MG/L	EQ. WT.	*MEQ/L
11.	Hydroxyl	(OH^{-})	0	/ 17.0 =	0.00
12.	Carbonate	($CO_3^{=}$)	0	/ 30.0 =	0.00
13.	Bicarbonate	(HCO_3^{-})	195	/ 61.1 =	3.19
14.	Sulfate	($SO_4^{=}$)	220	/ 48.8 =	4.51
15.	Chloride	(Cl^{-})	300	/ 35.5 =	8.45
16.	Total Dissolved Solids		1,052		
17.	Total Iron (Fe)		2	/ 18.2 =	0.08
18.	Total Hardness As $CaCO_3$		260		
19.	Resistivity @ 75 F. (Calculated)		2.919 /cm.		

LOGARITHMIC WATER PATTERN
*meq/L.



Calcium Sulfate Solubility Profile



PROBABLE MINERAL COMPOSITION

COMPOUND	EQ. WT. X	*meq/L =	mg/L.
$Ca(HCO_3)_2$	81.04	2.59	210
$CaSO_4$	68.07	0.00	0
$CaCl_2$	55.50	0.00	0
$Mg(HCO_3)_2$	73.17	0.60	44
$MgSO_4$	60.19	2.02	121
$MgCL_2$	47.62	0.00	0
$NaHCO_3$	84.00	0.00	0
$NaSO_4$	71.03	2.49	177
NaCl	58.46	8.45	494

*Milli Equivalents per Liter

This water is mildly corrosive due to the pH observed on analysis.
The corrosivity is increased by the content of mineral salts in solution.

Affirmative Statement

I, Jerry Sexton do hereby state the following:

1. The Ogalala Aquifer is the only source of fresh water in the area of the proposed SWD well.

2. No known faults or other hydrological connection exist between the San Andres formation and the Ogalala Aquifer.

The above is based on past experience in the area and from reviewing OCD records.

Jerry Sexton — 8-4-98

Jerry Sexton — Date

Sept 3, 1998

Mr. Lynn Medlin
General Delivery
Tatum, New Mexico88267

Dear Mr. Medlin

Attached is an application to the New Mexico Oil Conservation Division for a disposal well in Unit N Sec 8-T9S-R33E, Lea Co. New Mexico, which is on your land.

Penroc Oil Corp. is proposing to convert a producing well on the New Mexico State ''8''to a Salt Water Disposal well. An estimated 50 bbls. of water per day will be disposed of in the well, all of water will come from the New Mexico State ''8'' lease.

If you have any questions on the application please contact me at 397-3596.

Yours truly,

Jerry Sexton
Agent

Sept.1,1998

Wallace Oil and Gas
3030 NW Expwy. 18 Fl.
Okc., Ok 73112

Gentlemen:

This is to advise you that Penroc Oil Corp-eration is applying to the Oil Conservation Division of New Mexico for an permit to inject water into New Mexico State "8" well no. 3 which is located in Unit N Section 8-T9S-R33E Lea Co., New Mexico.

It is proposed to inject approximately 50 bbls. per day of produced water from the New Mexico State "8"lease into the San Andres formation at a depth of 4400' with the maximum injection pressure of 880 psi.

Attached is a copy of the application if you have any questions please call Jerry Sexton (505) 397-3596.

Yours Very Truly,

Jerry Sexton

Jerry Sexton

Sept.1,1998

Arrow Energy
Suite 998
Dallas, Tx.75321

Gentlemen:

This is to advise you that Penroc Oil Corp-eration is applying to the Oil Conservation Division of New Mexico for an permit to inject water into New Mexico State ''8'' well no. 3 which is located in Unit N Section 8-T9S-R33E Lea Co., New Mexico.

It is proposed to inject approximately 50 bbls. per day of produced water from the New Mexico State ''8''lease into the San Andres formation at a depth of 4400' with the maximum injection pressure of 880 psi.

Attached is a copy of the application if you have any questions please call Jerry Sexton (505) 397-3596.

Yours Very Truly,

Jerry Sexton

Sept.1,1998

Birdwell Oil Company
P.O. Drawer 1830
Wichita Falls, Tx.76307

Gentlemen:

This is to advise you that Penroc Oil Corperation is applying to the Oil Conservation Division of New Mexico for an permit to inject water into New Mexico State ''8'' well no. 3 which is located in Unit N Section 8-T9S-R33E Lea Co., New Mexico.

It is proposed to inject approximately 50 bbls. per day of produced water from the New Mexico State ''8''lease into the San Andres formation at a depth of 4400' with the maximum injection pressure of 880 psi.

Attached is a copy of the application if you have any questions please call Jerry Sexton (505) 397-3596.

Yours Very Truly,

Jerry Sexton

Sept.1,1998

Southwest Royalties Inc.
Drawer 11390
Midland, Tx. 79702

Gentlemen:

This is to advise you that Penroc Oil Corp-eration is applying to the Oil Conservation Division of New Mexico for an permit to inject water into New Mexico State ''8'' well no. 3 which is located in Unit N Section 8-T9S-R33E Lea Co., New Mexico.

It is proposed to inject approximately 50 bbls. per day of produced water from the New Mexico State ''8''lease into the San Andres formation at a depth of 4400' with the maximum injection pressure of 880 psi.

Attached is a copy of the application if you have any questions please call Jerry Sexton (505) 397-3596.

Yours Very Truly,

Jerry Sexton

Sept.1,1998

Yates Petroleum Corp.
105 South 4th. St.
Artesia, New Mexico88210

Gentlemen:

This is to advise you that Penroc Oil Corp-eration is applying to the Oil Conservation Division of New Mexico for an permit to inject water into New Mexico State "8" well no. 3 which is located in Unit N Section 8-T9S-R33E Lea Co., New Mexico.

It is proposed to inject approximately 50 bbls. per day of produced water from the New Mexico State "8"lease into the San Andres formation at a depth of 4400' with the maximum injection pressure of 880 psi.

Attached is a copy of the application if you have any questions please call Jerry Sexton (505) 397-3596.

Yours Very Truly,

Jerry Sexton

Sept.1,1998

Reed & Stevens Inc.
P.O. Box 1518
Roswell, New Mexico88201

Gentlemen:

This is to advise you that Penroc Oil Corperation is applying to the Oil Conservation Division of New Mexico for an permit to inject water into New Mexico State ''8'' well no. 3 which is located in Unit N Section 8-T9S-R33E Lea Co., New Mexico.

It is proposed to inject approximately 50 bbls. per day of produced water from the New Mexico State ''8''lease into the San Andres formation at a depth of 4400' with the maximum injection pressure of 880 psi.

Attached is a copy of the application if you have any questions please call Jerry Sexton (505) 397-3596.

Yours Very Truly,

Jerry Sexton

Z 576 998 678

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail *(See reverse)*

Sent to: Arrow Energy
Street & Number: Suite 998
Post Office, State, & ZIP Code: Dallas, TX 75321

Postage	$ 32
Certified Fee	1 35
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	$ 1 67
Postmark or Date	SEP 3 1998

PS Form **3800**, April 1995

Z 576 998 677

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail *(See reverse)*

Sent to: SW Royalties
Street & Number: Drawer 11390
Post Office, State, & ZIP Code: Midland, TX 79702

Postage	$ C
Certified Fee	C
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	$
Postmark or Date	SEP 3 1998

PS Form **3800**, April 1995

Z 576 998 676

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail *(See reverse)*

Sent to: Reed & Stevens
Street & Number: P.O. Box 1518
Post Office, State, & ZIP Code: Roswell, NM 88201

Postage	$ C
Certified Fee	C
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	$
Postmark or Date	SEP 3 1998

PS Form **3800**, April 1995

Z 576 998 672

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail *(See reverse)*

Sent to: Lynn Madin
Street & Number: Gen. Delivery
Post Office, State, & ZIP Code: Tatum, NM 88267

Postage	$
Certified Fee	C
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	$
Postmark or Date	SEP 3 1998

PS Form **3800**, April 1995

Z 576 998 673

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail *(See reverse)*

Sent to: Williams Oil & Gas
Street & Number: 3030 NW Expwy 18 Fl.
Post Office, State, & ZIP Code: OKC, OK 73112

Postage	$ C
Certified Fee	C
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	$
Postmark or Date	SEP 3 1998

PS Form **3800**, April 1995

Z 576 998 675

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail *(See reverse)*

Sent to: Yates
Street & Number: 105 S. 4th St.
Post Office, State, & ZIP Code: Artesia, NM 88210

Postage	$ C
Certified Fee	C
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	$
Postmark or Date	SEP 3 1998

PS Form **3800**, April 1995

D

LAND OWNER

PS Form **3800**, April 1995

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail *(See reverse)*

Sent to: Burdwell
Street & Number: PO Drawer 1830
Post Office, State, & ZIP Code: Wichita Falls, TX 76301

Postage	$ C
Certified Fee	C
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	$
Postmark or Date	SEP 3 1998

Z 576 998 674

AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea.

I, KATHI BEARDEN

Publisher

of the Hobbs Daily News-Sun, a daily newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not a supplement thereof for a period.

of 1

weeks.

Beginning with the issue dated

September 3 1998

and ending with the issue dated

September 3 1998

Kathi Bearden

Publisher

Sworn and subscribed to before me this 3rd day of

September 1998

Jodi Henson

Notary Public.

My Commission expires
October 18, 2000
(Seal)

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

LEGAL NOTICE
September 3, 1998

Penroc Oil Corp., P.O. Box 5970, Hobbs, New Mexico 88241 is submitting an application to the New Mexico Oil Conservation Division for an injection permit on the New Mexico State "8" lease well number 3. This well is located 660 feet from the south line and 1980 feet from the west line of Section 8, Township 9 South, Range 33 East, Flying M Field, Lea County. The purpose of this injection well will be to dispose of water from the Penroc Oil Corp. New Mexico State "8" lease into the San Andres Formation at the average depth of 4416 feet. It is anticipated that 50 barrels of saltwater per day will be injected into the San Andres formation at the maximum pressure of 880 pounds per square inch pressure. Interested parties must file objections or requests for hearing with the Oil Conservation Division; 2040 Pacheco St., Santa Fe, 87505 within 15 days. Questions regarding this application may be directed to Jerry Sexton at Penroc Oil Corp. at (505) 397-3596.
#16098

01100949000 02519385

Penroc Oil Corp.
P.O. Box 5970
Hobbs, NM 88241

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

9/9/98

GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:
MC_____
DHC_____
NSL_____
NSP_____
SWD X
WFX_____
PMX_____

Gentlemen:

I have examined the application for the:

Penroc Oil Corp New Mexico 8 State #3-N-8-9s-33e
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

Recommend approval—

Yours very truly,

Chris Williams

Chris Williams
Supervisor, District 1

/ed

CHECKLIST for ADMINISTRATIVE INJECTION APPLICATIONS

Operator: PENROCK OIL CORP. Well: STATE '8' WELL No. 3

Contact: JERRY SEXTON Title: AGENT Phone: 397-3596

DATE IN 9-10-98 RELEASE DATE 9-25-98 DATE OUT 10-13-98

Proposed Injection Application is for: ___ **WATERFLOOD** ___ Expansion ___ Initial

Original Order: R-_____ ___ Secondary Recovery ___ Pressure Maintenance

SENSITIVE AREAS X **SALT WATER DISPOSAL** ___ Commercial Well

___ WIPP ___ Capitan Reef

Data is complete for proposed well(s)? YES Additional Data Req'd _____

AREA of REVIEW WELLS

2 Total # of AOR 0 # of Plugged Wells

YES Tabulation Complete ___ Schematics of P & A's

YES Cement Tops Adequate ___ AOR Repair Required

INJECTION FORMATION

Injection Formation(s) SAN ANDRES Compatible Analysis YES

Source of Water or Injectate AREA PRODUCTION

PROOF of NOTICE

✓ Copy of Legal Notice ✓ Information Printed Correctly

✓ Correct Operators ✓ Copies of Certified Mail Receipts

NO Objection Received ___ Set to Hearing _____ Date

NOTES: _____

APPLICATION QUALIFIES FOR ADMINISTRATIVE APPROVAL? YES

COMMUNICATION WITH CONTACT PERSON:

1st Contact: ___ Telephoned ___ Letter _____ Date Nature of Discussion _____

2nd Contact: ___ Telephoned ___ Letter _____ Date Nature of Discussion _____

3rd Contact: ___ Telephoned ___ Letter _____ Date Nature of Discussion _____