

PKRVO213539607

SWD

5/27/02

MONTGOMERY & ANDREWS

PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

Paul R. Owen
Direct Dial: (505) 986-2538
powen@montand.com

Post Office Box 2307
Santa Fe, New Mexico 87504-2307
325 Paseo de Peralta
Telephone (505) 982-3873
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www.montand.com

May 7, 2002

HAND-DELIVERED

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

02 MAY -7 PM 4:32
02 MAY 2002

Re: ***Administrative Application of Duke Energy Field Services, LP for
Authorization to Inject, Eddy County, New Mexico***

Dear Ms. Wrotenbery:

Enclosed in triplicate is a form C-108, Application for Authorization to Inject, from Duke Energy Field Services, LP ("Duke Energy"). Duke Energy requests that this application be approved in as expeditious a manner as possible.

The enclosed application seeks authorization for Duke Energy to inject up to 800 bpd of acid gas (62.66% vol. CO₂, 35.10% vol. H₂S, 2.24% vol. other) into Duke Energy's proposed Duke AGI Well No. 1, to be located 1232 feet from the South line and 1927 feet from the East line of Section 17, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico. The acid gas will be injected into the Devonian formation. The acid gas is a byproduct of gas processing at Duke Energy's Artesia Gas Plant. The proposed disposal line from the gas plant to the disposal well, and the tubing in the well, will be compatible with standard sour gas production practices in the area.

The waste effluent to be injected is substantially similar to that injected into the same interval by Marathon Oil Company in its nearby Indian Basin Gas Com Well No. 1 in Section 23, Township 21 South, Range 23 East. Marathon's injection has been approved by the Division's Second Amendment of Division Order SWD-416, dated April 12, 2000.

Duke Energy has provided notice of the application, by certified U.S. Mail, return receipt requested, to each leasehold operator within one-half mile of the proposed well location. Duke Energy is the owner of the surface on which the proposed well is to be drilled. In addition, the legal notices should be published in the next edition of both the Artesia Daily Press and the Carlsbad Current-Argus. I will forward the affidavits of publication from those newspapers as

Lori Wrotenbery, Director
Oil Conservation Division
May 7, 2002
Page 2

soon as I receive them.

Duke Energy will submit any additional information as you direct in order to expedite your consideration of the enclosed application. Please let me know if there is anything that I can do to assist you with your consideration of this matter.

Very truly yours,



Paul R. Owen

Enclosures

cc: Mr. Richard L. Griffith
Mr. Russell Bentley
Mr. Steve Miller

APPLICATION FOR AUTHORIZATION TO INJECT

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

II. OPERATOR: DUKE ENERGY FIELD SERVICES, LP
ADDRESS: 3300 North "A", Bldg. Seven, Midland, TX 79705-5421
CONTACT PARTY: A.B. Glasgow PHONE: (915) 620-4105

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 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: A.B. Glasgow TITLE: Operations V.P. - Western Division
SIGNATURE: Albert B. Glasgow DATE: 5/6/02

* 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: _____

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.

INJECTION WELL DATA SHEET

OPERATOR: Duke Energy Field Services

WELL NAME & NUMBER: Duke AGI #1

WELL LOCATION: 1232' FSL, 1927' FEL,
 FOOTAGE LOCATION 0 7 18S 28E
 UNIT LETTER SECTION TOWNSHIP RANGE

(Proposed) WELL SCHEMATIC
 (Proposed) WELL CONSTRUCTION DATA
Surface Casing

DUKE ENERGY FIELD SERVICES

AGI NO. 1

SE 1/4 ST. T18S-R28E
 EDDY COUNTY, NEW MEXICO
 PROPOSED WELLBORE DIAGRAM AND WELL INFORMATION

CASING	HOLE SIZE	TVD	MD	TOC	LOGS
20" .025" wall	24"	45'	45'	Surf	None
13 3/8" .48 pf J-55, ST 8 C	17 1/2"	500'	500'	Surf	None
9 5/8" .40.5 pf J-55, LTRC	12 1/4"	2,500'	2,500'	Surf	None
7" .26 pf L-80, LTRC	8 3/4"	11,500'	11,500'	9,500'	ATTENTION/M

Hole Size: 17 1/2" Casing Size: 13 3/8"
 Top of Cement: Surface Method Determined: Visual
Intermediate Casing

Hole Size: 12 1/4" Casing Size: 9 5/8"
 Cemented with: 855 sx. or ft³
 Top of Cement: Surface Method Determined: Visual
Production Casing

Hole Size: 8 1/2" Casing Size: 7"
 Cemented with: 250 sx. or ft³
 Top of Cement: 9,500 ft Method Determined: CBL
 Total Depth: 11,500 ft
Injection Interval

11,200 to 11,500
 feet

(Perforated or Open Hole; indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 2 7/8", 4.7 ppf, L-80 Lining Material: Plastic Coated

Type of Packer: Baker Model "DB" Retrievable Production Packer

Packer Setting Depth: _____

Other Type of Tubing/Casing Seal (if applicable): _____

Additional Data

- 1. Is this a new well drilled for injection? Yes No

If no, for what purpose was the well originally drilled? _____

2. Name of the Injection Formation: Devonian

3. Name of Field or Pool (if applicable): _____

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. NA

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: Morrow (9874), Wolfcamp (7025), Abo (6040), Yeso (4092)

San Andres (2210), Grayburg (1888), Queen (1350)

Attachment II

Section VI

There are no Devonian wells within two miles of the proposed location.

Section VII

- 1) Proposed average injection rate: 600 bpd; Proposed maximum injection rate: 800 bpd.
- 2) At the Devonian horizon the reservoir is a closed system. The overlying Woodford Shale provides an excellent seal from the above formations. The closest Devonian penetration is 13,000 feet to the west of the proposed location and is the Amoco DH Federal #1 located at SW/4 of 11-18S-27E. There has been no production from the Devonian in the well's area of review.
- 3) Proposed average injection pressure: 1400 psi; Proposed maximum injection pressure: 2,000 psi.
- 4)

Component	Mol %
Nitrogen	0.04
Carbon Dioxide	62.66
Methane	1.75
Ethane	0.12
Propane	0.13
Iso-Butane	0.01
Normal Butane	0.01
Iso-Pentane	0.00
Normal Pentane	0.00
Hexane +	0.18
Hydrogen Sulfide	35.10
Total	100.00

- 5) There are no Devonian penetrations within one mile of the proposed location. No chemical analysis is presently available for the injection zone. A sample will be taken and submitted at the time of completion. A review of fresh water in the well's area of review indicates that the Ogallala is a fresh water-bearing zone at approximately 250-ft.

Section VIII

Geologic name: Devonian Limestone
Lithology: Dolomitic Limestone
Thickness: 350'-400'
Depth: 11,200', -7600' subsea

Section IX

Not Applicable

Section X

No logs or test data is presently available for the proposed well. The logs and test data will be submitted at the time of completion.

Section XII

Duke Energy Field Services, LP has examined available geologic and engineering data. Duke finds no evidence of open faults or any other hydrologic connection between the proposed disposal zone (Devonian) and any underground source of drinking water.

Section XIII

Duke Energy Field Services, LP is the owner of the land on which the well is to be located, and a copy of this application has been sent by certified U.S. Mail, return receipt requested, to each leasehold operator within one-half mile of the proposed well location.

MONTGOMERY & ANDREWS
PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

Paul R. Owen
Direct Dial: (505) 986-2538
powen@montand.com

May 8, 2002

Post Office Box 2307
Santa Fe, New Mexico 87504-2307
325 Paseo de Peralta
Telephone (505) 982-3873
Fax (505) 982-4289

www.montand.com

**CERTIFIED MAIL
RETURN RECEIPT
REQUESTED**

B&W Oil Company, Inc.
R-252 North Haldeman Road
Artesia, NM 88210

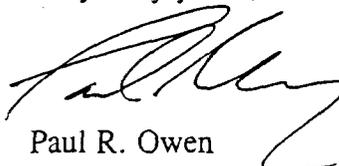
Re: *Administrative Application of Duke Energy Field Services, LP for
Authorization to Inject, Eddy County, New Mexico*

Gentlemen:

This letter is to advise you that Duke Energy Field Services, LP has filed the enclosed application with the New Mexico Oil Conservation Division seeking administrative authorization to inject up to 800 bpd of acid gas, at a maximum pressure of 2,000 psi, into the Devonian formation between 11,200 feet to 11,500 feet, through Duke's proposed Duke AGI Well No. 1, to be drilled 1232 feet from the South line and 1927 from the East line of Section 7, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico. The proposed well is located approximately 13 miles southeast of Artesia, New Mexico.

You must file objections or requests for hearing with the Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, within fifteen (15) days of the date of this letter.

Very truly yours,



Paul R. Owen
Attorney for Duke Energy Field Services, LP

PRO/jr
Enclosure

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

B&W Oil Company, Inc.
R-252 North Haldeman Road
Artesia, New Mexico 88210

4a. Article Number

7001-1140-0002-5605-8642

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

5-10-02

5. Received By: (Print Name)

Rilly J. Smith

6. Signature: (Addressee or Agent)

Rilly J. Smith

X

8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service.

MONTGOMERY & ANDREWS
PROFESSIONAL ASSOCIATION
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Paul R. Owen
Direct Dial: (505) 986-2538
powen@montand.com

May 8, 2002

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Santa Fe, New Mexico 87504-2307
325 Paseo de Peralta
Telephone (505) 982-3873
Fax (505) 982-4289

www.montand.com

**CERTIFIED MAIL
RETURN RECEIPT
REQUESTED**

Kersey & Company
808 West Grand
Artesia, New Mexico 88210

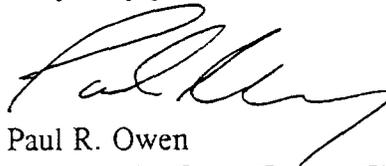
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Very truly yours,



Paul R. Owen
Attorney for Duke Energy Field Services, LP

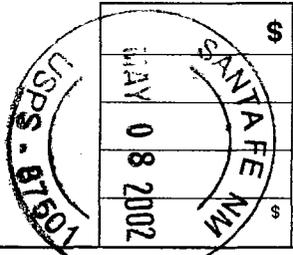
PRO/jr
Enclosure

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

OFFICIAL USE

7001 1140 0002 5605 8659

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



Sent To
Kersey & Company
Street, Apt. No. or PO Box:
808 West Grand
City, State, ZIP+4
Altesia, New Mexico 88210

PS Form 3800, January 2001 See Reverse for Instructions

MONTGOMERY & ANDREWS
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May 8, 2002

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**CERTIFIED MAIL
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REQUESTED**

Kersey & Company
Post Office Box 1248
Fredericksburg, Texas 78624

Re: *Administrative Application of Duke Energy Field Services, LP for
Authorization to Inject, Eddy County, New Mexico*

Gentlemen:

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You must file objections or requests for hearing with the Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, within fifteen (15) days of the date of this letter.

Very truly yours,



Paul R. Owen
Attorney for Duke Energy Field Services, LP

PRO/jr
Enclosure

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
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I also wish to receive the following services (for an extra fee):

1. Addressee's Address
2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Kersey & Company
 Post Office Box 1248
 Fredericksburg, Texas 78624

4a. Article Number
 7001-1140-0002-5605-8666

4b. Service Type

Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery
 5-13-02

5. Received By: (Print Name)
 Mr Kersey

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)
 X Mr Kersey

Thank you for using Return Receipt Service.

MONTGOMERY & ANDREWS
PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

Paul R. Owen
Direct Dial: (505) 986-2538
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May 8, 2002

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Santa Fe, New Mexico 87504-2307
325 Paseo de Peralta
Telephone (505) 982-3873
Fax (505) 982-4289

www.montand.com

**CERTIFIED MAIL
RETURN RECEIPT
REQUESTED**

Mack Energy Corporation
Post Office Box 960
Artesia, New Mexico 88211-0960

Re: *Administrative Application of Duke Energy Field Services, LP for
Authorization to Inject, Eddy County, New Mexico*

Gentlemen:

This letter is to advise you that Duke Energy Field Services, LP has filed the enclosed application with the New Mexico Oil Conservation Division seeking administrative authorization to inject up to 800 bpd of acid gas, at a maximum pressure of 2,000 psi, into the Devonian formation between 11,200 feet to 11,500 feet, through Duke's proposed Duke AGI Well No. 1, to be drilled 1232 feet from the South line and 1927 from the East line of Section 7, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico. The proposed well is located approximately 13 miles southeast of Artesia, New Mexico.

You must file objections or requests for hearing with the Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, within fifteen (15) days of the date of this letter.

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I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 Mack Energy Corporation
 Post Office Box 960
 Artesia, New Mexico 88211-0960

4a. Article Number
 7001-1140-0002-5605-8673

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise COD

7. Date of Delivery
 5-10-02

5. Received By: (Print Name)
 C. Asher

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)
 X C. Asher

Thank you for using Return Receipt Service.

MONTGOMERY & ANDREWS
PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

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powen@montand.com

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Marbob Energy Corporation
324 West Main, Suite 103
Artesia, New Mexico 88210

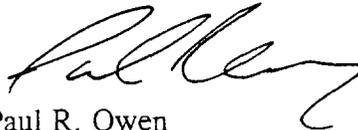
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I also wish to receive the following services (for an extra fee):

1. Addressee's Address

2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Marbob Energy Corporation
 324 West Main, Suit 103
 Artesia, New Mexico 88210

4a. Article Number
 7001-1140-0002-5605-8697

4b. Service Type

Registered Certified

Express Mail Insured

Return Receipt for Merchandise COD

7. Date of Delivery
 05-13-2002

5. Received By: (Print Name)
 MISTI McLurg

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)
 x MISTI McLurg

Thank you for using Return Receipt Service.

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**CERTIFIED MAIL
RETURN RECEIPT
REQUESTED**

Marbob Energy Corporation
Post Office Box 227
Artesia, New Mexico 88211

Re: *Administrative Application of Duke Energy Field Services, LP for
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- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Marbob Energy Corporation
Post Office Box 227
Artesia, New Mexico 88211

4a. Article Number

7001-1140-0002-5605-8680

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

05-13-2002

5. Received By: (Print Name)

MISTI McLurg

6. Signature: (Addressee or Agent)

x MISTI McLurg

8. Addressee's Address (Only if requested and fee is paid)



Thank you for using Return Receipt Service.

MONTGOMERY & ANDREWS
PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

Paul R. Owen
Direct Dial: (505) 986-2538
powen@montand.com

May 8, 2002

Post Office Box 2307
Santa Fe, New Mexico 87504-2307
325 Paseo de Peralta
Telephone (505) 982-3873
Fax (505) 982-4289

www.montand.com

**CERTIFIED MAIL
RETURN RECEIPT
REQUESTED**

Mewbourne Oil Company
Post Office Box 5270
Hobbs, New Mexico 88241

Re: *Administrative Application of Duke Energy Field Services, LP for
Authorization to Inject, Eddy County, New Mexico*

Gentlemen:

This letter is to advise you that Duke Energy Field Services, LP has filed the enclosed application with the New Mexico Oil Conservation Division seeking administrative authorization to inject up to 800 bpd of acid gas, at a maximum pressure of 2,000 psi, into the Devonian formation between 11,200 feet to 11,500 feet, through Duke's proposed Duke AGI Well No. 1, to be drilled 1232 feet from the South line and 1927 from the East line of Section 7, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico. The proposed well is located approximately 13 miles southeast of Artesia, New Mexico.

You must file objections or requests for hearing with the Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, within fifteen (15) days of the date of this letter.

Very truly yours,



Paul R. Owen
Attorney for Duke Energy Field Services, LP

PRO/jr
Enclosure

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Mewbourne Oil Company
Post Office Box 5270
Hobbs, New Mexico 88241

4a. Article Number

7001-1140-0002-5605-8703

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

5-13-02

5. Received By: (Print Name)

Jackie Lathan

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

Jackie Lathan

PS Form 3811, December 1994

102595-98-B-0229

Domestic Return Receipt

Thank you for using Return Receipt Service.

MONTGOMERY & ANDREWS

PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

Paul R. Owen
Direct Dial: (505) 986-2538
powen@montand.com

May 8, 2002

Post Office Box 2307
Santa Fe, New Mexico 87504-2307
325 Paseo de Peralta
Telephone (505) 982-3873
Fax (505) 982-4289

www.montand.com

**CERTIFIED MAIL
RETURN RECEIPT
REQUESTED**

Mewbourne Oil Company
Post Office Box 7698
Tyler, Texas 75711

Re: *Administrative Application of Duke Energy Field Services, LP for
Authorization to Inject, Eddy County, New Mexico*

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Very truly yours,



Paul R. Owen
Attorney for Duke Energy Field Services, LP

PRO/jr
Enclosure

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I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Newbourne Oil Company
Post Office Box 7698
Tyler, Texas 75711

4a. Article Number

7001-1140-0002-5605-9796

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

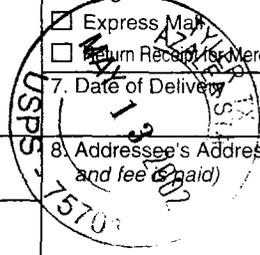
5. Received By: (Print Name)

HENRY GRANVILLE

6. Signature: (Addressee or Agent)

Henry Granville

8. Addressee's Address (Only if requested and fee is paid)



Thank you for using Return Receipt Service.

MONTGOMERY & ANDREWS
PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

Paul R. Owen
Direct Dial: (505) 986-2538
powen@montand.com

May 8, 2002

Post Office Box 2307
Santa Fe, New Mexico 87504-2307
325 Paseo de Peralta
Telephone (505) 982-3873
Fax (505) 982-4289

www.montand.com

**CERTIFIED MAIL
RETURN RECEIPT
REQUESTED**

Morexco, Inc.
1211 West Chisum Avenue
Artesia, New Mexico 88210

Re: *Administrative Application of Duke Energy Field Services, LP for
Authorization to Inject, Eddy County, New Mexico*

Gentlemen:

This letter is to advise you that Duke Energy Field Services, LP has filed the enclosed application with the New Mexico Oil Conservation Division seeking administrative authorization to inject up to 800 bpd of acid gas, at a maximum pressure of 2,000 psi, into the Devonian formation between 11,200 feet to 11,500 feet, through Duke's proposed Duke AGI Well No. 1, to be drilled 1232 feet from the South line and 1927 from the East line of Section 7, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico. The proposed well is located approximately 13 miles southeast of Artesia, New Mexico.

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Very truly yours,



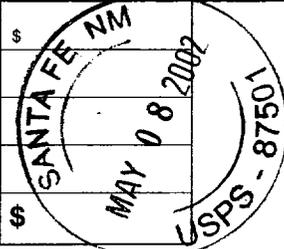
Paul R. Owen
Attorney for Duke Energy Field Services, LP

PRO/jr
Enclosure

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

700J 1140 0002 5605 9519

OFFICIAL USE

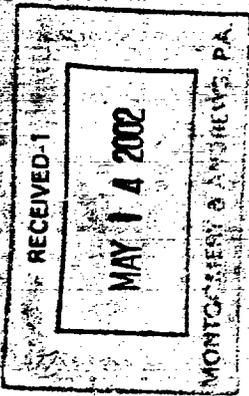
PRO	Postage	\$		Postmark Here
	Certified Fee			
	Return Receipt Fee (Endorsement Required)			
	Restricted Delivery Fee (Endorsement Required)			
	Total Postage & Fees	\$		

Sent To Morexco Inc.
Street, Apt. No.; or PO Box No. 1211 West Chisum Avenue
City, State, ZIP+ 4 Artesia, New Mexico 88210

CERTIFIED MAIL



7001 JJ40 0002 5605 9519



McNA

1st CLASS
2nd CLASS
3rd CLASS

MONTGOMERY & ANDREWS
PROFESSIONAL ASSOCIATION
POST OFFICE BOX 2307
SANTA FE, NEW MEXICO 87504-2307

Morexco Inc.
1211 West Chisum Avenue
Artesia, New Mexico 88210



- MOVED, LEFT NO ADDRESS
- NOT DELIVERABLE AS ADDRESSED
- UNABLE TO FORWARD
- ATTEMPTED - NOT KNOWN
- UNCLAIMED REFUSED
- NO SUCH STREET - RETURN
- NO POST OFFICE IN THIS ENVELOPE
- NO MAIL AUTHORITY ADDRESS
- NO MAIL AUTHORITY
- NO MAIL AUTHORITY
- NO MAIL AUTHORITY

MONTGOMERY & ANDREWS
PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

Paul R. Owen
Direct Dial: (505) 986-2538
powen@montand.com

May 8, 2002

Post Office Box 2307
Santa Fe, New Mexico 87504-2307
325 Paseo de Peralta
Telephone (505) 982-3873
Fax (505) 982-4289

www.montand.com

**CERTIFIED MAIL
RETURN RECEIPT
REQUESTED**

Morexco, Inc.
Post Office Box 481
Artesia, New Mexico 88211

Re: *Administrative Application of Duke Energy Field Services, LP for
Authorization to Inject, Eddy County, New Mexico*

Gentlemen:

This letter is to advise you that Duke Energy Field Services, LP has filed the enclosed application with the New Mexico Oil Conservation Division seeking administrative authorization to inject up to 800 bpd of acid gas, at a maximum pressure of 2,000 psi, into the Devonian formation between 11,200 feet to 11,500 feet, through Duke's proposed Duke AGI Well No. 1, to be drilled 1232 feet from the South line and 1927 from the East line of Section 7, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico. The proposed well is located approximately 13 miles southeast of Artesia, New Mexico.

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Very truly yours,



Paul R. Owen
Attorney for Duke Energy Field Services, LP

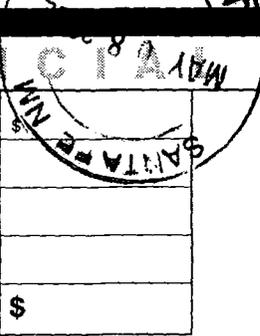
PRO/jr
Enclosure

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

7001 1140 0002 5605 9502

OFFICIAL USE

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



Postmark
Here

Sent To
Morexco, Inc.
Street, Apt. No.,
or PO Box No. P.O. Box 481
City, State, ZIP+4 Artesia, NM 88211

CERTIFIED MAIL



7001 1140 0002 5605 9502

RECEIVED-1
MAY 14 2002
P.A.



NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

MONTGOMERY & ANDREWS
PROFESSIONAL ASSOCIATION
POST OFFICE BOX 2307
SANTA FE, NEW MEXICO 87504-2307

Morexco, Inc.
Post Office Box 481
Artesia, New Mexico 88211

MONTGOMERY & ANDREWS

PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

Paul R. Owen
Direct Dial: (505) 986-2538
powen@montand.com

May 8, 2002

Post Office Box 2307
Santa Fe, New Mexico 87504-2307
325 Paseo de Peralta
Telephone (505) 982-3873
Fax (505) 982-4289

www.montand.com

**CERTIFIED MAIL
RETURN RECEIPT
REQUESTED**

Mr. Marian C. Welch
Welch W C
Post Office Drawer W
Artesia, New Mexico 88211

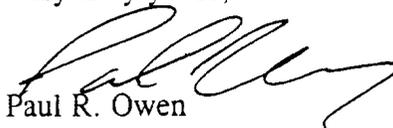
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Very truly yours,



Paul R. Owen
Attorney for Duke Energy Field Services, LP

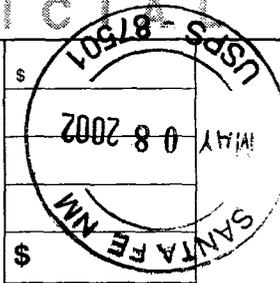
PRO/jr
Enclosure

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

9256 5095 2000 0417 7001 1140 0002 5605 9526

OFFICIAL USE

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



Postmark
 Here

Sent To Mr. Marian C. Welch, Welch W C
 Street, Apt. No.;
 or PO Box No. P.O. Drawer W
 City, State, ZIP+ 4 Artesia, New Mexico 88211

PS Form 3800, January 2001

See Reverse for Instructions

CERTIFIED MAIL



7001 1140 0002 5605 9526



MONTGOMERY & ANDREWS
PROFESSIONAL ASSOCIATION
POST OFFICE BOX 2307
SANTA FE, NEW MEXICO 87504-2307

Mr. Marian C. Welch
Welch W. Co. Inc.
Post Office Box 2307
Artesia, New Mexico 88211



Postage
Address
Postmark
No. 2307

5021

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
Revised March 17, 1999

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

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT



APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address Duke Energy Field Services, Inc., 2200 North "A", Bldg. Seven, Midland, TX 79705-5421		Well No. #1
Property Code	Property Name Duke AGI	Well No. #1

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the North/South line	Feet from the East/West line	County
0	7	18S	28E	1232	South	1927	Eddy

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the North/South line	Feet from the East/West line	County
Proposed Pool 1 Devonian				Proposed Pool 2			

Well Type Code N	Well Type Code I	Cable/Rotary Rotary	Lease Type Code P	3671
Multiple N	Proposed Depth 11,500'	Formation Devonian	Contractor TBD	5/6/02

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
	20"		45 ft		Surface
17 1/2"	13 3/8"	48 ppf	500 ft	545	Surface
12 1/4"	9 5/8"	40.5 ppf	2,500 ft	855	Surface
8 1/2"	7"	26 ppf	11,500 ft	250	Surface

Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.



I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Albert B. Glasgow*
Printed name: A. B. Glasgow

OIL CONSERVATION DIVISION

Approved by: *[Signature]*
Title: *District Supervisor*
Approval Date: *MAY 03 2002* Expiration Date: *JUN 03 2003*

Date: *5/6/02* Phone: *[Redacted]*

Conditions of Approval:
Attached **NOTIFY OCD SPUD & TIME TO WITNESS CEMENTING OF ALL CASING STRINGS**