

JAMES BRUCE
ATTORNEY AT LAW

POST OFFICE BOX 1056
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)
(505) 660-6612 (Cell)
(505) 982-2151 (Fax)

jamesbruce@aol.com

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June 9, 2009

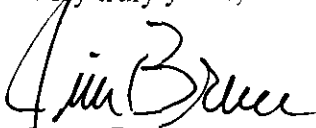
Case 14337

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of Nacogdoches Oil and Gas Inc., are an original and one copy of an application for approval of a water disposal well, together with a proposed advertisement. The advertisement was previously e-mailed to the Division. Please set this matter for the July 9, 2009 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for Nacogdoches Oil and Gas, Inc.

PROPOSED ADVERTISEMENT

Case No. 14337: Application of Nacogdoches Oil and Gas, Inc. for approval of a water disposal well, Eddy County, New Mexico. Applicant seeks an order approving water disposal into the Entrada formation in the South Hospah Unit Well No. 9, located 330 feet from the north line and 2051 feet from the east line of Section 12, Township 17 North, Range 9 West, NMPM. The well is located approximately 30 miles northeast of Thoreau, New Mexico.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF NACOGDOCHES OIL AND
GAS, INC. FOR APPROVAL OF A WATER DISPOSAL
WELL, MCKINLEY COUNTY, NEW MEXICO.**

Case No. 14337


APPLICATION

Nacogdoches Oil and Gas, Inc. applies for an order approving a water disposal well, and in support thereof, states:

1. Nacogdoches Oil and Gas, Inc. proposes to convert to disposal the South Hospah Unit Well No. 9, located 330 feet from the north line and 2051 feet from the east line of Section 12, Township 17 North, Range 9 West, N.M.P.M., McKinley County, New Mexico.
2. A Form C-108 for the South Hospah Unit Well No. 9, to be re-named the South Hospah SWD Well No. 9, is attached hereto as Exhibit 1. Injection will be into the Entrada formation at a depth of 3794-3854 feet subsurface.
3. The granting of this application will prevent waste and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order approving the application.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Nacogdoches Oil and Gas, Inc.



SUSPENSE

ENGINEER

LOGGED IN

TYPE

APP NO.

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505

ABOVE THIS LINE FOR DIVISION USE ONLY

ADMINISTRATIVE APPLICATION CHECKLIST

Case 14337

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

Nacogdoches'
 South Hospah 9
 30-031-20013

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

EXHIBIT

[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

BRIAN WOOD
 (505) 466-8120
 FAX 466-9682

CONSULTANT

6-1-09

e-mail Address

brian@permitswest.com

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance YES Disposal _____ Storage
Application qualifies for administrative approval? _____ Yes XXX No (needs aquifer exemption)
- II. OPERATOR: NACOGDOCHES OIL & GAS, INC.
ADDRESS: P. O. BOX 632418, NACOGDOCHES, TX 75963
CONTACT PARTY: BRIAN WOOD (PERMITS WEST, INC.) PHONE: (505) 466-8120
- 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 XXX 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: BRIAN WOOD
SIGNATURE: _____
E-MAIL ADDRESS: brian@permitswest.com
- TITLE: CONSULTANT
DATE: JUNE 1, 2009

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

III. WELL DATA

- A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:
- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
 - (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
 - (3) A description of the tubing to be used including its size, lining material, and setting depth.
 - (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.
- Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.
- B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.
- (1) The name of the injection formation and, if applicable, the field or pool name.
 - (2) The injection interval and whether it is perforated or open-hole.
 - (3) State if the well was drilled for injection or, if not, the original purpose of the well.
 - (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
 - (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

INJECTION WELL DATA SHEET

OPERATOR: NACOGDOCHES & GAS, INC.WELL NAME & NUMBER: SOUTH HOSPAH SWD #9WELL LOCATION: 330' FNL & 2051' FEL
FOOTAGE LOCATIONUNIT LETTER
BSECTION
12TOWNSHIP
17NRANGE
9 WWELLBORE SCHEMATICWELL CONSTRUCTION DATASurface Casing

*will set 2-7/8" 4.7#
tubing at 3740'*

*will run 4-1/2" 10.5#
liner from surface to 3770'*

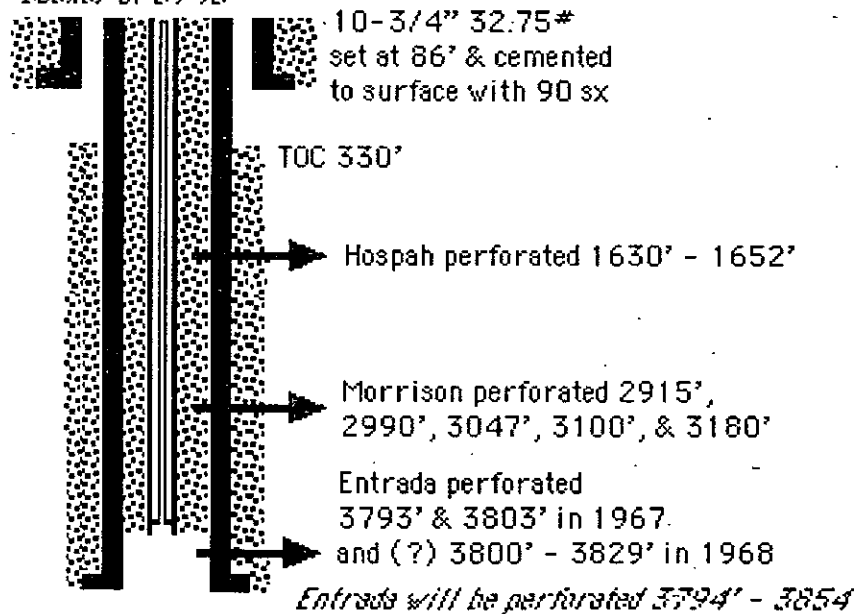
*will cement liner to
surface with 496 cu ft*

Hole Size: 15"Casing Size: 10-3/4" 32.75#Cemented with: 90 sacksor _____ ft³Top of Cement: SURFACEMethod Determine: VISUALProposed LinerHole Size: <7"Liner Size: 4-1/2" 10.5# LS ST&CCemented with: 287 sacksor 496 ft³Top of Cement: SURFACEMethod Determined: VISUALProduction CasingHole Size: 8-3/4"Casing Size: 7" 20# & 23# J-55 & N-80

Cemented with: _____ sacks

or 670 ft³Top of Cement: 330'Method Determine: CBLTotal Depth: 3,945'Injection IntervalFrom 3,794 feet To 3,854 feet

(Perforated or Open Hole; indicate which)



7" 20# & 23#
set at 3933' & cemented
to 500' with 670 cu ft

TD = 3945'

INJECTION WELL DATA SHEET

Tubing Size: 2-7/8" 4.7#

Lining Material: UNLINED

Type of Packer: BAKER TENSION OR ITS EQUIVALENT

Packer Setting Depth: 3,740' (WITHIN 54' OF THE HIGHEST PERFORATION)

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

Additional Data

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

If no, for what purpose was the well originally drilled? WELL WAS PLANNED IN 1967 AS A HOSPAH OIL WELL
A YEAR LATER (1968) A SUNDRY NOTICE WAS FILED TO USE THE ENTRADA AS A WATER SOURCE

2. Name of the Injection Formation: ENTRADA

3. Name of Field or Pool (if applicable): SWD; ENTRADA (POOL CODE: 96436)

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

HOSPAH: 1630' - 1652'; MORRISON: 2915', 2990', 3047', 3100. & 3180'; & ENTRADA: 3793' & 3800' - 3829'
WILL RUN LINER FROM SURFACE TO 3770' AND CEMENT TO SURFACE

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: _____

OVER: HOSPAH (1562' - 1625') & DAKOTA (2485' - 2660')

UNDER: NONE

NACOGDOCHES OIL AND GAS, INC.
SOUTH HOSPAH SWD #9
330' FNL & 2051' FEL
SEC. 12, T. 17 N., R. 9 W.
McKINLEY COUNTY, NM

PAGE 1

I. Purpose is water disposal into the Entrada zone.

II. Operator: Nacogdoches Oil and Gas, Inc.
Operator phone number: (936) 560-4747
Operator address: P. O. Drawer 632418
Nacogdoches, TX 75963
Contact: Brian Wood (Permits West, Inc.)
Phone: (505) 466-8120

III. A. (1) Lease: BLM lease NMNM-012335
Lease Size: 344.08 acres
Lease Area: W2NE4, NW4, Lots 1-4; T. 17 N., R. 9 W.
Closest Lease Line: 330'
Well Name & Number: South Hospah SWD #9* (API 30-031-20013)
*currently South Hospah Unit 9,
a shut-in Hospah Lower Sand, South oil well
Location: 330' FNL and 2051' FEL Sec. 12, T. 17 N., R. 9 W.
(see Exhibit A)

A. (2) Surface casing (10-3/4", 32.75#) was set in 1967 at 86' in a 15" hole. Surface casing was cemented with 90 sacks of an unknown type of cement. Sundry Notice dated 4-5-67 indicates cement circulated to the surface.

Well was drilled to a TD of 3,945'. Production casing (7", 20# & 23#, J-55 & N-80) was set at 3,933' in an 8-3/4" hole. Cemented with 670 cubic feet (type cement unknown) to 330' based on CBL run on May 28, 2009. Well was initially perforated with 2 holes at 1,645' in the South Hospah Lower Sand.

A 4.5" 10.5# LS ST&C liner will be run from the surface to 3,770' to cover Hospah and Morrison formation perforations. Liner will be cemented to the surface. Lead will be 137 sacks premium light + 8% bentonite + 1% CaCl₂ + 5% LCM mixed at 12.1 pounds per

NACOGDOCHES OIL AND GAS, INC.
SOUTH HOSPAH SWD #9
330' FNL & 2051' FEL
SEC. 12, T. 17 N., R. 9 W.
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gallon and 2.09 cubic feet per sack. Tail will be 150 sacks Type III cement + 2% CaCl₂ mixed at 14.5 pounds per gallon and 1.40 cubic feet per sack.

- A. (3) Tubing will be 2-7/8" 4.7# unlined. It will be set at 3,740' (54' above the highest perforation at 3794').
- A. (4) A Baker Tension packer will be set at 3,740' (which will be 54' above the highest perforation (3,794')).

- B. (1) Disposal zone will be the Entrada sandstone (pool code 96436).
- B. (2) Disposal interval will be 3794' to 3854'. It will be perforated (3/8" diameter) with four shots per foot.
- B. (3) Well was drilled by Tenneco in 1967 to 3,945'. It was tested in both the Morrison and Entrada. Salt water was recovered from both zones. It was subsequently and repeatedly completed as a Hospah Lower Sand, South oil well (pool code 33070). Well perforation history is:

April 3, 1967 by Tenneco

perforated Morrison @ 3180', 3100', 3047' 2990', & 2915' with 2 spf
perforated Entrada at 3793' & 3803' with 2 spf
set 7" packer at 3,291'
set cement retainer @ 2,890' & cemented with 170 sacks
perforated South Hospah Lower Sand @ 1,645' with 2 spf

January 17, 1968 by Tenneco

Sundry Notice of Intent filed
squeeze perforations at 1645'
drill out to 3830'
perforate Entrada 3800' - 3829' as water supply well for secondary recovery
There is no indication in state records that work was actually performed.
However, TOC was later found at 3710'.

March 15, 1968 by Tenneco

perforated Lower Hospah 1630' - 1644'

NACOGDOCHES OIL AND GAS, INC.
SOUTH HOSPAH SWD #9
330' FNL & 2051' FEL
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May 26, 1978 by Tenneco
perforated Lower Hospah 1630' - 1652'

May 12, 2009 by Nacogdoches
perforated Entrada 3790' - 3816', 3819' - 3831', 3838' - 3840', & 3844' - 3854'

Well will be for Nacogdoches' exclusive use and for the sole purpose of water disposal from present and future Nacogdoches wells. Water analysis from a Hospah South well is attached.

- B. (4) Well bore has been perforated in the following three zones. All perforations are currently open, though the Entrada perforations are squeezed with gel. The Hospah and Morrison perforations will be covered with a cemented liner from the surface to 3,770'.

Hospah: 1630' - 1652'

Morrison: 2915', 2990', 3047', 3100, & 3180'

Entrada: 3790' - 3816', 3819' - 3831', 3838' - 3840', & 3844' - 3854'

- B. (5) Top of the Entrada is at 3790'. Bottom of the Entrada is at 3930'. Proposed disposal interval will 3794' - 3854'

Bottom of the closest potentially productive zone (Morrison) is at 2765'. There will be a 1029' interval between the bottom of the Morrison and the highest Entrada injection perforation.

Bottom of the closest actual productive zone (Dakota) is at 2660'. There will be a 1134' interval between the bottom of the Morrison and the highest Entrada injection perforation.

There is no underlying producing zone. Oil is being produced elsewhere in the San Juan Basin from the Entrada. However, closest historic Entrada production is in the now plugged and abandoned Snake Eyes Field which is ≈21 miles north (20-21n-8w).

IV. This is not an expansion of an existing injection project. There is a water flood in the Hospah Field. However, all producing wells benefitting from that water flood are Hospah oil wells. This will be purely an Entrada disposal well.

NACOGDOCHES OIL AND GAS, INC.
SOUTH HOSPAH SWD #9
330' FNL & 2051' FEL
SEC. 12, T. 17 N., R. 9 W.
McKINLEY COUNTY, NM

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V. A map (Exhibit B) showing the 85 existing wells within the half mile radius area of review is attached. (An 86th well is 12' beyond the 1/2 mile radius and is also included.) None of the wells penetrated the Entrada. Deepest (2827') of the wells (Nacogdoches' South Hospah Unit 10 (API 30-031-60017)) is 967' above the highest proposed perforation and 1485' west. All of the remaining wells were Mancos, Hospah Upper Sand, South (HUSS), or Hospah Lower Sand, South (HLSS). A tabulation of the wells within a half mile radius follows.

<u>OPERATOR</u>	<u>WELL</u>	<u>API 30-031</u>	<u>LOCATION</u>	<u>ZONE</u>	<u>STATUS</u>	<u>TVD</u>	<u>DISTANCE</u>
Nacogdoches	SHU 29	-20120	NWNE 12-17n-9w	HLSS	OW	1625'	197'
Nacogdoches	SHU 62	-20545	NWNE 12-17n-9w	HLSS	OW	1710'	425'
Citation	SHU 41	-20154	NENE 12-17n-9w	HUSS & HLSS	P&A	1637'	516'
Nacogdoches	SHU 25	-20092	NENE 12-17n-9w	HLSS	OW	1702'	546'
Nacogdoches	SHU 49	-20363	NWNE 12-17n-9w	HLSS	OW	1639'	558'
Nacogdoches	SHU 24	-20091	NWNE 12-17n-9w	HLSS	OW	1711'	599'
Nacogdoches	SHU 30	-20121	NWNE 12-17n-9w	HUSS & HLSS	OW	1622'	624'
Nacogdoches	SFRR A 73	-20019	SWSE 1-17n-9w	HLSS	OW	1665'	661'
Nacogdoches	SFRR A 97	-20855	SWSE 1-17n-9w	HLSS	WIW	1690'	696'
Nacogdoches	SFRR A 79	-20099	SWSE 1-17n-9w	HLSS	OW	1665'	705'
Nacogdoches	SHU 31	-20122	NWNE 12-17n-9w	HLSS	OW	1651'	749'
Nacogdoches	SFRR A 89	-20442	SWSE 1-17n-9w	HLSS	OW	1769'	771'
Nacogdoches	SHU 36	-20118	NWNE 12-17n-9w	HLSS	WIW	1635'	812'
Nacogdoches	SHU 63	-20544	NENE 12-17n-9w	HLSS	WIW	1695'	819'
Nacogdoches	SHU 28	-20095	NENE 12-17n-9w	HUSS	OW	1675'	827'
Nacogdoches	SFRR A 81	-20134	SWSE 1-17n-9w	HLSS	OW	1655'	880'
Nacogdoches	SFRR A 84	-20372	SWSE 1-17n-9w	HLSS	WIW	1656'	912'
Nacogdoches	SHU 61	-20546	NWNE 12-17n-9w	HLSS	OW	1715'	913'
Nacogdoches	SHU 5	-05146	NWNE 12-17n-9w	HUSS	WIW	1645'	934'
Nacogdoches	SFRR A 72	-05570	SESE 1-17n-9w	HLSS	OW	1631'	1037'
Nacogdoches	SFRR A 96	-20800	SWSE 1-17n-9w	HLSS	OW	1682'	1077'
Citation	SHU 56	-20300	NENE 12-17n-9w	HUSS & HLSS	P&A	1602'	1093'
Nacogdoches	SFRR A 91	-20714	SESE 1-17n-9w	HUSS	OW	1682'	1109'
Nacogdoches	SHU 35	-20119	NENE 12-17n-9w	HLSS	OW	1596'	1201'
Nacogdoches	SFRR A 80	-20133	SESE 1-17n-9w	HLSS	OW	1635'	1212'
Nacogdoches	SFRR A 94	-20772	SESE 1-17n-9w	HLSS	OW	1700'	1245'
Nacogdoches	SHU 32	-20125	NENW 12-17n-9w	HUSS & HLSS	OW	1647'	1279'
Tenneco	SHU 65	-20614	SWNE 12-17n-9w	HLSS	P&A	1715'	1303'
Nacogdoches	SHU 50	-20364	NENE 12-17n-9w	HLSS	OW	1601'	1307'
Nacogdoches	SHU 8	-20015	SWNE 12-17n-9w	HLSS	OW	1709'	1320'
Tenneco	Hospah C H 1	-20776	SWNE 12-17n-9w	HLSS	P&A	1719'	1326'
Tenneco	Hospah C H 2	-20777	SWNE 12-17n-9w	HLSS	P&A	1742'	1354'
Tenneco	SHU 67	-20616	SWNE 12-17n-9w	HLSS	P&A	1715'	1374'
Nacogdoches	SHU 48	-20362	SWNE 12-17n-9w	HUSS	OW	1635'	1385'

NACOGDOCHES OIL AND GAS, INC.
SOUTH HOSPAAH SWD #9
330' FNL & 2051' FEL
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<u>OPERATOR</u>	<u>WELL</u>	<u>API 30-031</u>	<u>LOCATION</u>	<u>ZONE</u>	<u>STATUS</u>	<u>TVD</u>	<u>DISTANCE</u>
Nacogdoches	SHU 38	-20151	NENE 12-17n-9w	HLSS	OW	1595'	1429'
Nacogdoches	SFRR A 77	-20100	SESE 1-17n-9w	HUSS & HLSS	OW	1567'	1449'
Tenneco	SHU 66	-20615	SWNE 12-17n-9w	HUSS	P&A	1715'	1453'
Nacogdoches	SHU 3	-05140	SENE 12-17n-9w	HLSS	OW	1603'	1475'
Nacogdoches	SHU 4	-05145	NENW 12-17n-9w	HUSS	OW	1640'	1475'
Tesoro	SFRR A 92	-20715	SESE 1-17n-9w	HLSS	P&A	1864'	1477'
Nacogdoches	SHU 10	-60017	NENW 12-17n-9w	HLSS & DK	OW	2827'	1485'
BC&D	SHU 18	-20058	SWNE 12-17n-9w	HUSS	P&A	1750'	1522'
Nacogdoches	SHU 64	-20547	SENE 12-17n-9w	HLSS	OW	1685'	1544'
Nacogdoches	SFRR A 76	-20073	SESE 1-17n-9w	HLSS	OW	1591'	1575'
Citation	SHU 55	-20299	SENE 12-17n-9w	HUSS	P&A	1583'	1606'
Whigham	CTV Hospah 1	-05143	SWNE 12-17n-9w	WC Mancos	P&A	688'	1650'
Nacogdoches	SHU 1	-05142	SWNE 12-17n-9w	HUSS	OW	1565'	1651'
Nacogdoches	SFRR A 82	-20137	SESE 1-17n-9w	HUSS	OW	1605'	1662'
Nacogdoches	SHU 26	-20093	NENE 12-17n-9w	HLSS	OW	1660'	1671'
Nacogdoches	SHU 6	-20009	NENE 12-17n-9w	HLSS	OW	1710'	1721'
Nacogdoches	SHU 52	-20243	NENW 12-17n-9w	HUSS	WIW	1622'	1822'
Nacogdoches	SHU 53	-20278	NENE 12-17n-9w	HLSS	OW	1678'	1829'
Nacogdoches	SFRR A 75	-20072	SESE 1-17n-9w	HLSS	OW	1608'	1843'
Nacogdoches	SHU 11	-20016	SENE 12-17n-9w	HLSS	OW	1774'	1866'
Nacogdoches	SFRR A 88	-20440	SESE 1-17n-9w	HLSS	OW	1670'	1870'
Nacogdoches	SHU 47	-20361	NENW 12-17n-9w	HLSS	OW	1780'	1909'
Nacogdoches	SHU 16	-20056	SENE 12-17n-9w	HUSS	OW	1710'	1942'
Nacogdoches	SFRR A 93	-20716	SESE 1-17n-9w	HUSS	OW	1620'	1946'
Tesoro	SFRR 57	-20103	NWSE 1-17n-8w	undesignated DK	P&A	2800'	1969'
Nacogdoches	SHU 60	-20411	SENE 12-17n-9w	HLSS	WIW	1648'	2024'
Nacogdoches	SFRR A 87	-20413	SESE 1-17n-9w	HLSS	WIW	1598'	2028'
Nacogdoches	SHU 59	-20410	SWNE 12-17n-9w	HUSS & HLSS	WIW	1657'	2059'
Petroleum	SF 46	-05155	SESW 1-17n-9w	undesignated	P&A	1685'	2087'
BC&D	SHU 19	-05137	NWSE 12-17n-9w	HUSS	P&A	1638'	2087'
Tesoro	Hanson 18	-20156	SWSW 6-17n-8w	HLSS	P&A	1566'	2097'
Nacogdoches	SHU 27	-20094	SENE 12-17n-9w	HUSS	OW	1669'	2121'
Citation	SHU 40	-20161	SENE 12-17n-9w	HUSS	P&A	1637'	2128'
Nacogdoches	SHU 17	-20057	SWNE 12-17n-9w	HUSS	WIW	1787'	2141'
Nacogdoches	SHU 7	-20012	SENE 12-17n-9w	HLSS	OW	1750'	2168'
Nacogdoches	SHU 33	-20124	SENE 12-17n-9w	HLSS	WIW	1660'	2169'
Nacogdoches	SFRR A 90	-20441	SESE 1-17n-9w	HLSS	OW	1670'	2175'
Nacogdoches	SHU 54	-20407	NENE 12-17n-9w	HLSS	WIW	1624'	2272'
Tesoro	SFRR 22	-20146	NWNW 7-17n-8w	HLSS	P&A	1576'	2288'
Nacogdoches	SHU 2	-05139	SENE 12-17n-9w	HUSS	OW	1637'	2379'
Nacogdoches	SFRR 21	-20032	NWNW 7-17n-8w	HLSS	OW	1585'	2381'
Nacogdoches	SFRR 39	-20452	NWNW 7-17n-8w	HLSS	OW	1650'	2410'
Nacogdoches	SFRR A 95	-20746	NESE 1-17n-9w	HLSS	OW	1640'	2427'
Citation	Hospah 34	-20123	SENE 12-17n-9w	HLSS	P&A	1661'	2438'

NACOGDOCHES OIL AND GAS, INC.
 SOUTH HOSPAH SWD #9
 330' FNL & 2051' FEL
 SEC. 12, T. 17 N., R. 9 W.
 MCKINLEY COUNTY, NM

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<u>OPERATOR</u>	<u>WELL</u>	<u>API 30-031</u>	<u>LOCATION</u>	<u>ZONE</u>	<u>STATUS</u>	<u>TVD</u>	<u>DISTANCE</u>
Nacogdoches	SFRR 13	-20038	NWNW 7-17n-8w	HLSS	OW	1606'	2455'
Mt. States	Hanson 8	-20044	SWSW 6-17n-8w	HLSS	TA OW	1579'	2471'
Nacogdoches	SHU 37X	-20135	NWNW 12-17n-9w	HLSS	OW	1666'	2534'
Nacogdoches	SHU 39	-20152	SENE 12-17n-9w	HLSS	WIW	1687'	2536'
Mt. States	Hanson 41	-20850	SWSW 6-17n-8w	HLSS	TA OW	1640'	2579'
Nacogdoches	SFRR A 74	-20021	NESE 1-17n-9w	HLSS	OW	1592'	2623'
Nacogdoches	SFRR A 83	-20147	NESE 1-17n-9w	HUSS	WIW	1557'	2630'
Nacogdoches	HSU 9	-05176	NWSE 1-17n-8w	HUSS	OW	1570'	2652'

A map (Exhibit C) showing all 339 wells (162 oil or gas producers + 31 water injection wells + 143 P & A + 2 water supply) within a two mile radius is attached.

Exhibit D shows all leases within a half mile radius. Details are:

<u>AREA (all T. 17 N.)</u>	<u>LESSOR</u>	<u>LEASE</u>	<u>LEASEHOLD OPERATOR</u>
N2 12-17n-9w	BLM	NM-12335	Nacogdoches
N2S2 12-17n-9w	BLM	NM-17543	Nacogdoches
S2 1-17n-9w	fee	HSU & SFRR A	Nacogdoches
SW4 6-17n-8w	FIMO	pending	Nacogdoches
NW4 7-17n-8w	fee	SFRR	Nacogdoches

A map (Exhibit E) showing all lessors within a two mile radius is attached. Leases are BLM, fee, Navajo allotted (FIMO), or State (NMSLO).

VI. None of the wells within a 1/2 mile radius penetrated the proposed injection zone. The deepest well (Nacogdoches' South Hospah Unit 10) within a half mile radius has a total depth of 2827'. There will be a 967' interval between the bottom of that well (which is in the Morrison) and the highest proposed perforation (3794').

- VII. 1. Average injection rate will be \approx 15,000 bwpd.
 Maximum injection rate will be \approx 20,000 bwpd.
2. System will be closed. All needed infrastructure is in place. No additional facilities will be needed.

3. Average injection pressure will be ≈ 750 psi
 Initial maximum injection pressure will be ≈ 758 psi
 (≤ 0.2 psi x 3794' depth of top perforation = 758.8 psi)
 Nacogdoches will conduct a step rate test to raise the maximum if justified by test and approved by government agencies.
4. Water source will be existing and future Nacogdoches wells in the San Juan Basin. Nacogdoches has 183 existing wells in the basin. Analyses of Entrada water from the South Hospah 9 (receiving or target water) and Hospah sand (produced or source water to be disposed) are attached (Exhibit F). An April 19, 1967 Sundry Notice stated that Tenneco "rec salt wtr" from the Entrada. A summary follows.

Parameter	Entrada run 1	Entrada run 2	Hospah sand	SDWA*
pH	7.65	7.63	8.97	6.5 - 8.5
resistivity	3.2	3.0		
specific gravity	1.011	1.011	1.001	
	(all mg/l)	(all mg/l)	(all mg/l)	(all mg/l)
barium	0	0	0	1.0
bicarbonate	85	98	720	
calcium	441	441	14	
carbonate	<1	<1		
chloride	400	600	410	250
hydroxide	0	0		
iron	0	0	8.25	0.3
magnesium	<0.5	<0.5	18.23	
potassium	3	5		
sodium	691	680	738	
sulfate	1900	1600	525	250
total dissolved solids	3517	3419	2434	500
total hardness CaCO_3	1102	1102	110	

* Safe Drinking Water Act

5. The Entrada has not been found to be productive within two miles of the well. Closest current Entrada production is ≈ 26 miles east-northeast in 8-19n-4w at the Eagle Springs Field. In general, Entrada water near recharge zones (basin fringe) has a specific conductance of $<1,500 \mu\text{mhos}$. Entrada water from deeper parts of

NACOGDOCHES OIL AND GAS, INC.
SOUTH HOSPAH SWD #9
330' FNL & 2051' FEL
SEC. 12, T. 17 N., R. 9 W.
MCKINLEY COUNTY, NM

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the basin has a specific conductance of $>10,000 \mu\text{mhos}$. Stone et al in Hydrogeology and water resources of San Juan Basin, New Mexico wrote, "Generally, however, water from the Entrada is not suitable for drinking, especially in deeper parts of the basin." There are 31 active water disposal wells in the Entrada in the San Juan Basin. Closest active water disposal well in the Entrada is ≈ 24 miles northeast in 28-21n-6w.

VIII. The Entrada sandstone is a very porous and permeable æolian sandstone. It produces or produced oil elsewhere in the basin (Eagle Mesa, Leggs, Media, Ojo Encino, Papers Wash, Snake Eyes Fields). It is $\approx 140'$ thick in this well bore.

Formation tops in this well are:

Menefee Shale: 0'
Point Lookout Sandstone: 313'
Mancos Shale: 535'
Hospah Sandstone: 1562'
Gallup Sandstone: 1625'
Dakota Sandstone: 2485'
Morrison Formation: 2718'
Todilto Limestone: 3733'
Entrada Sandstone: 3790'
Total Depth: 3945'

There are two water wells within a one mile radius. Closest water well is 9/10 mile northwest in NESE 2-17n-9w. It is 585' deep and the likely aquifer is the Point Lookout.

No existing underground drinking water source is below the Entrada within a two miles. There will be 3205' of vertical separation between the bottom of the deepest (585') water well within two miles and the top of the Entrada (3790').

NACOGDOCHES OIL AND GAS, INC.
SOUTH HOSPAH SWD #9
330' FNL & 2051' FEL
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IX. The well will be stimulated with 15% HCl.

X. Three Schlumberger logs are on file with OCD: Dual Induction-Laterolog, Sonic log - Gamma Ray, and Compensated Formation Density. All were run at the time of the well's original drilling on behalf of Tenneco. (An exhibit in Citation's Order PMX-154-0 dated 11-16-89 (for well 30-031-20544) indicates a CBL was run at some point in time in the South Hospah 9.) Nacogdoches ran a CBL on May 28, 2009.

XI. There is one water well within a one mile radius. It is 9/10 mile northwest and is 585' deep. An analysis from it is attached as Exhibit G.

XII. Nacogdoches is not aware of any geologic or engineering data which may indicate the Entrada is in hydrologic connection with any underground sources of water. There will be 3205' of vertical separation between the top (3790') of the Entrada and the bottom (585') of the deepest water well within two miles. This interval includes at least one shale zones (Mancos).

XIII. Notice (this application) will be sent (Exhibit H) to the surface owner (BLM), operators of all wells (only Nacogdoches), and all Entrada leasehold operators (only Nacogdoches) within a half mile. Legal ad (Exhibit I) was published on May 8, 2009. In addition, notice has been sent to the lessor (FIMO) of the pending lease in 6-17n-8w. Nacogdoches has the exclusive right to negotiate with the allottees in Section 6, has signed the required minimum amount of allotted interests, and has filed its lease wide environmental assessment (EA) with FIMO. Upon approval of the EA, the lease will be issued to Nacogdoches.

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACERAGE DEDICATION PLAT**

All distances must be from the outer boundaries of the Section

Operator TENNECO OIL COMPANY			Lease HOSPAP		Well No. 9
Unit Letter B	Section 12	Township 17 North	Range 9 West	County McKinley	

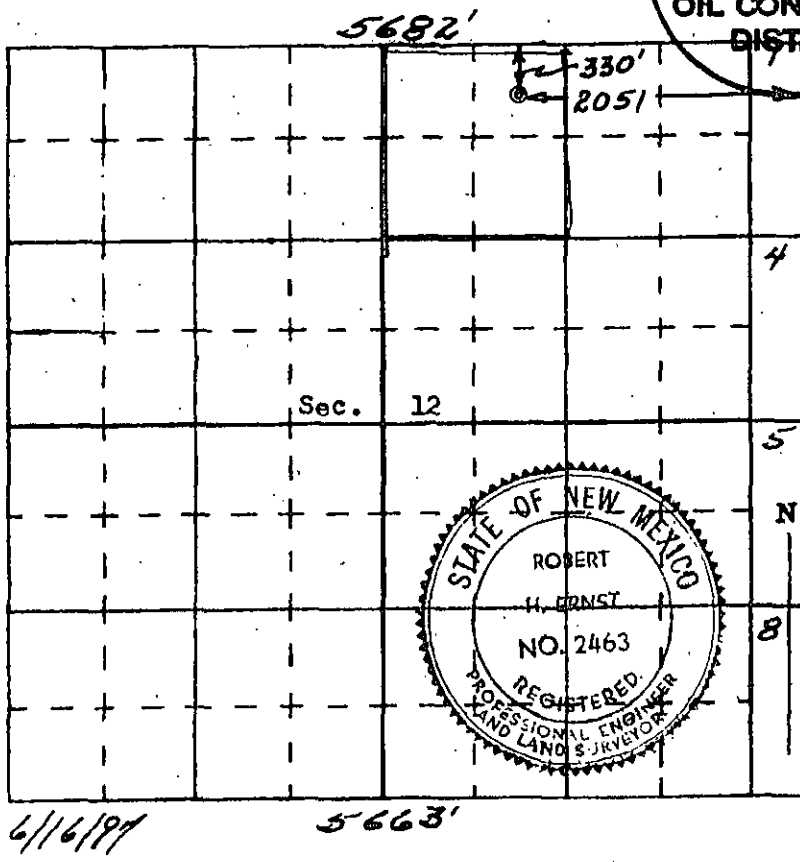
Actual Footage Location of Well:
330 feet from the **North** line and **2051** feet from the **East** line
 Ground Level Elev. _____ Producing Formation **South Hospah Lower Sand** Pool **South Hospah Lower Sand** Dedicated Acreage: **NWNE/4 40** Acres
7006' **ungraded**

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

() Yes () No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name Harold C. Nichols
 Senior Production Clerk
 Position _____
 Company Tenneco Oil Company
 Date February 20, 1967

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

20 January 1967

Date Surveyed _____

 Registered Professional Engineer
 and/or Land Surveyor

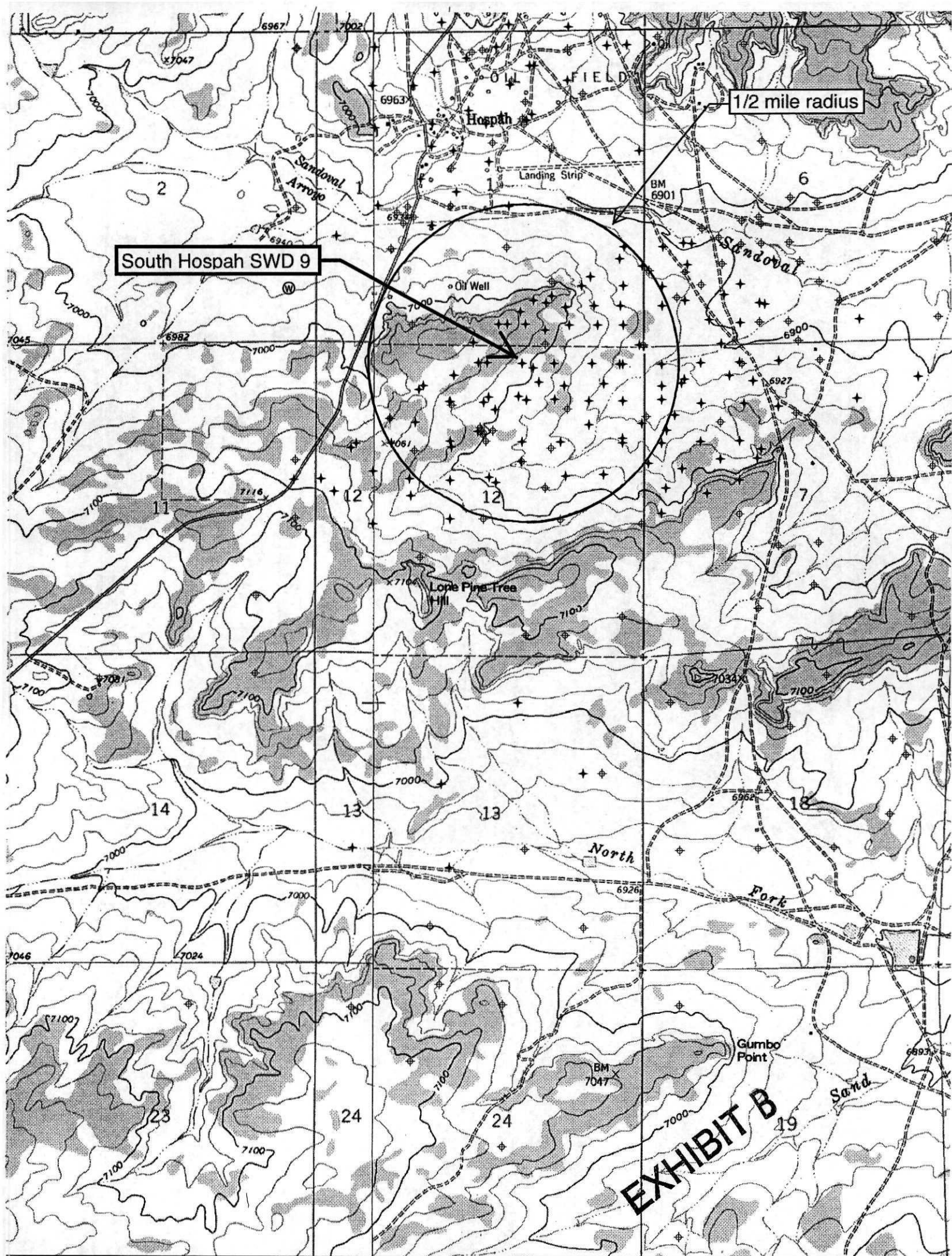
Robert H. Ernst
N. Mex. PE & LS
 Certificate No. _____

EXHIBIT A

Ernst Engineering Co.
 Durango, Colorado

6/16/87

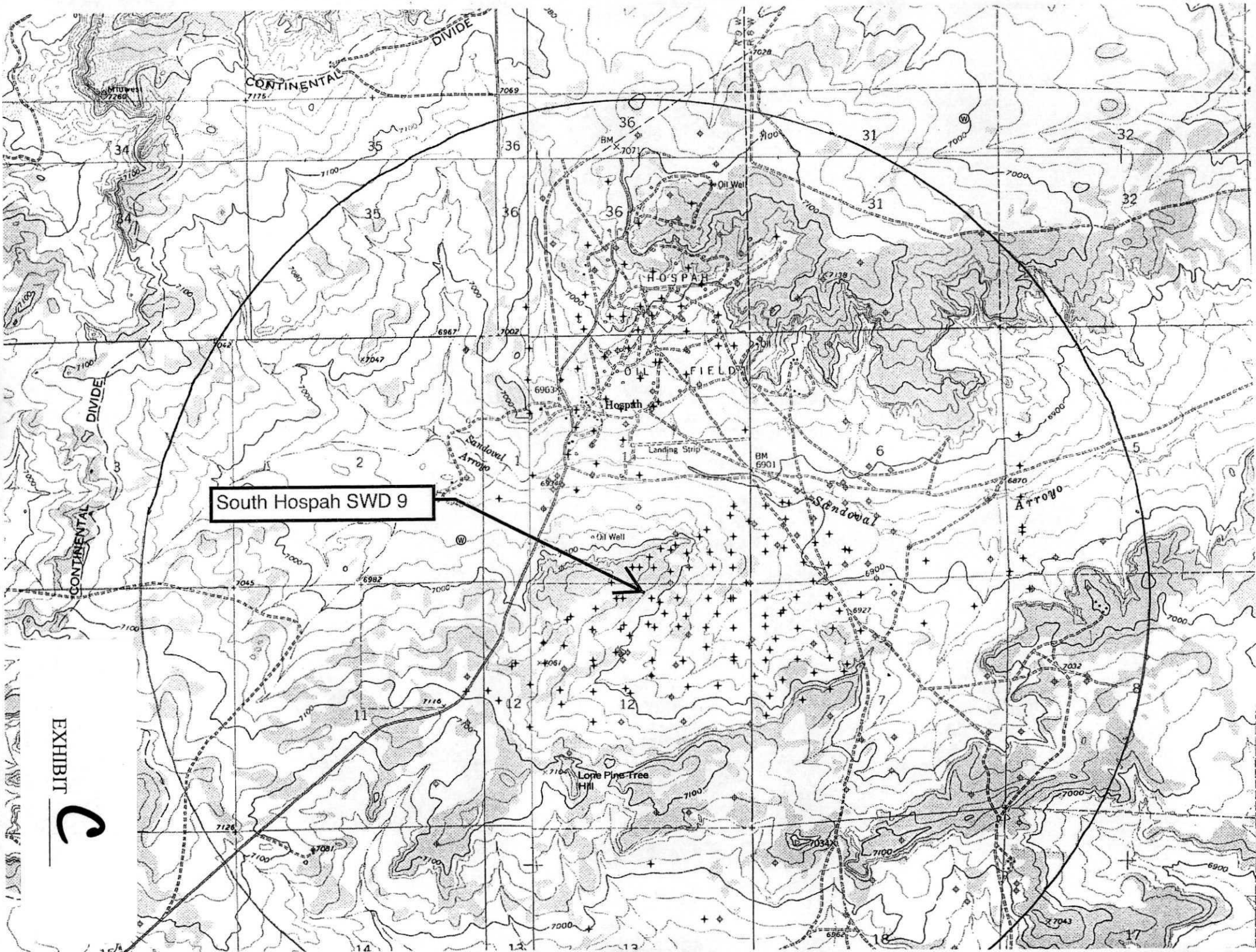
5663'

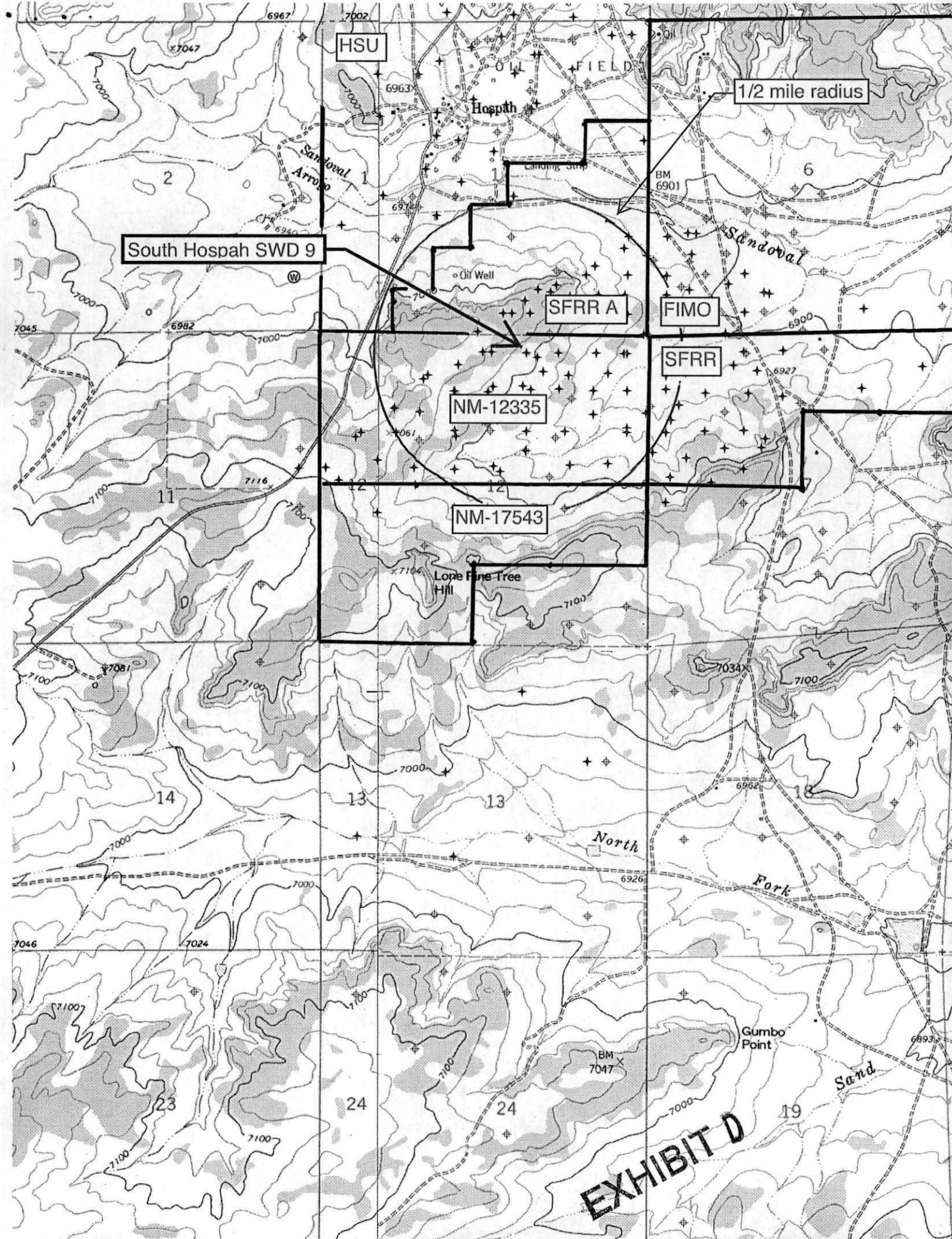


South Hospah SWD 9

EXHIBIT

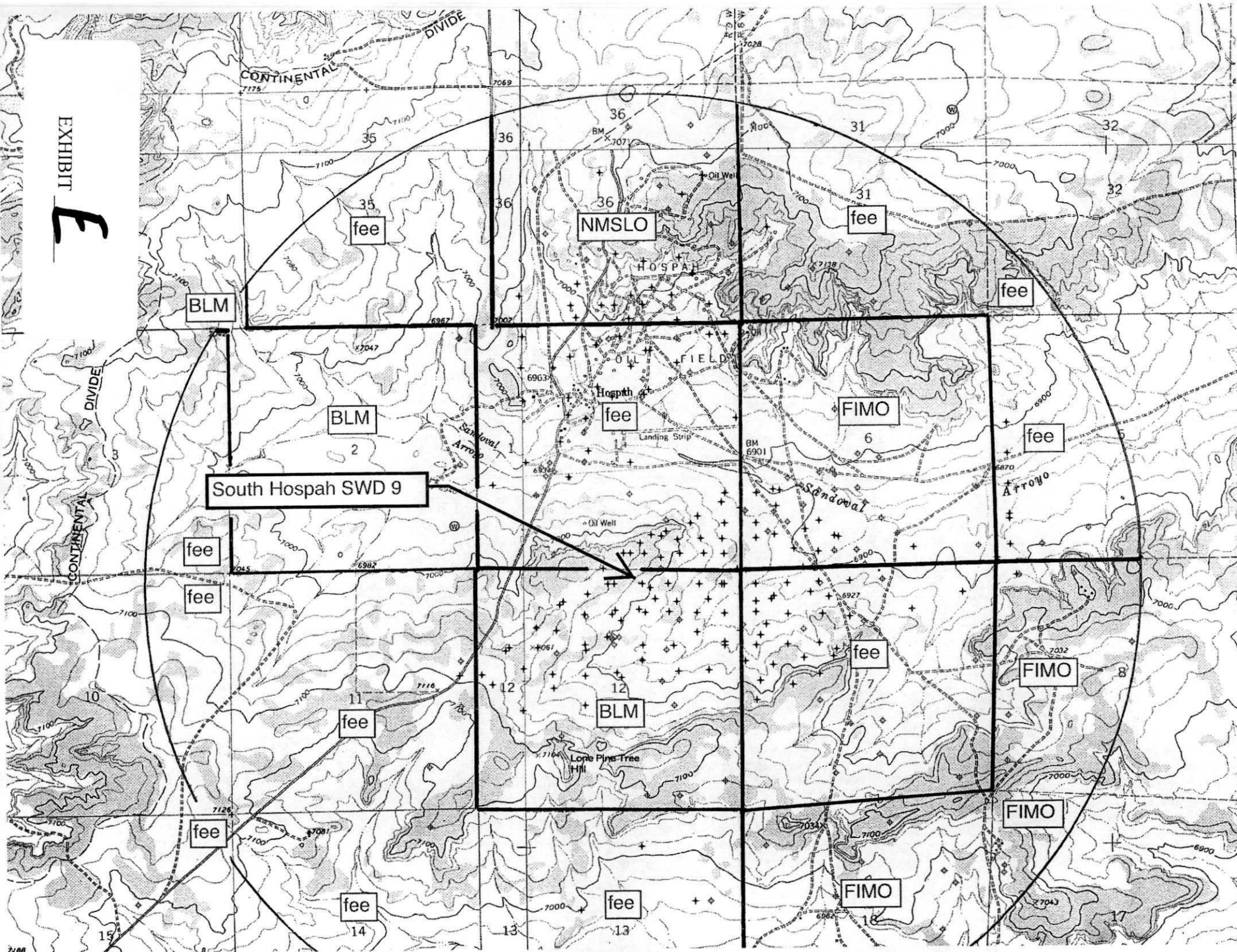
C





EXHIBIT

E





BJ SERVICES
Farmington District Lab
Water Analysis Report

Test # #9

Customer/Well Information

Company: ANGELINA WELL
Well Name: SOUTH HOSPAH#9
Location: 00-000-00000
State: San Juan County, NM
Formation: ENTRADA SAND ZONE
Depth: 0

Date: 5/14/09
Prepared for: ALLEN EAKER
Submitted by: ALLEN EAKER
Prepared by: RON VALDEZ
Water Type: PRODUCED

Background Information

Reason for Testing: routine
Completion type:
Well History:
Comments: RUN #1

Sample Characteristics

Sample Temp: 63 (°F)
pH: 7.63
Specific Gravity: 1.010
S.G. (Corrected): 1.011 @ 60 °F
Resistivity (Meas.): 3.00 Ω-m

Viscosity: 1cP
Color: GREY
Odor: HYDROCARBON
Turbidity: NONE
Filtrates: SLIGHT

Sample Composition

CATIONS

	mg/l	me/l	ppm
Sodium (calc.)	680	29.6	673
Calcium	441	22.0	437
Magnesium	< .5	----	----
Barium	0	0.0	0
Potassium	5	0.1	5
Iron	0.00	0.0	0.00

ANIONS

Chloride	600	16.9	594
Sulfate	1600	33.3	1584
Hydroxide	0	0.0	0
Carbonate	< 1	----	----
Bicarbonate	98	1.6	97

SUMMARY

Total Dissolved Solids(calc.)	3419		3385
Total Hardness as CaCO3	1102	22.0	1091

Scaling Tendencies

CaCO3 Factor 43051.36
CaSO4 Factor 705760

Calcium Carbonate Scale Probability --> REMOTE
Calcium Sulfate Scale Probability -----> REMOTE

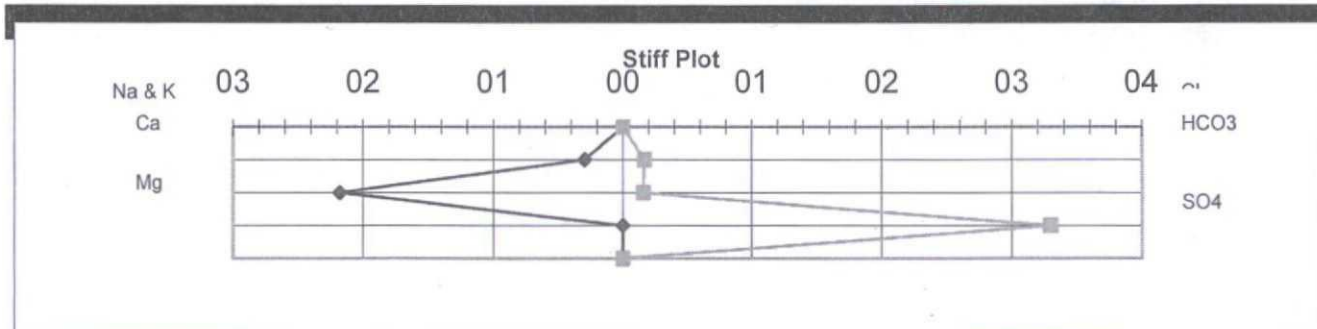


EXHIBIT F



BJ SERVICES
Farmington District Lab
Water Analysis Report

Test # #9

Customer/Well Information

Company: ANGELINA WELL
Well Name: SOUTH HOSPAH#9
Location: 00-000-00000
State: San Juan County, NM
Formation: ENTRADA SAND ZONE
Depth: 0

Date: 5/14/09
Prepared for: ALLEN EAKER
Submitted by: ALLEN EAKER
Prepared by: RON VALDEZ
Water Type: PRODUCED

Background Information

Reason for Testing: routine
Completion type:
Well History:
Comments: run#2

Sample Characteristics

Sample Temp: 63 (°F)
pH: 7.65
Specific Gravity: 1.010
S.G. (Corrected): 1.011 @ 60 °F
Resistivity (Meas.): 3.20 Ω-m

Viscosity: 1cP
Color: GREY
Odor: HYDROCARBON
Turbidity: NONE
Filtrates: SLIGHT

Sample Composition

CATIONS

	mg/l	me/l	ppm
Sodium (calc.)	691	30.0	684
Calcium	441	22.0	437
Magnesium	< .5	----	----
Barium	0	0.0	0
Potassium	3	0.1	3
Iron	0.00	0.0	0.00

ANIONS

Chloride	400	11.3	396
Sulfate	1900	39.6	1881
Hydroxide	0	0.0	0
Carbonate	< 1	----	----
Bicarbonate	85	1.4	85

SUMMARY

Total Dissolved Solids(calc.)	3517		3482
Total Hardness as CaCO3	1102	22.0	1091

Scaling Tendencies

CaCO3 Factor 37669.94
CaSO4 Factor 838090

Calcium Carbonate Scale Probability --> REMOTE
Calcium Sulfate Scale Probability -----> REMOTE

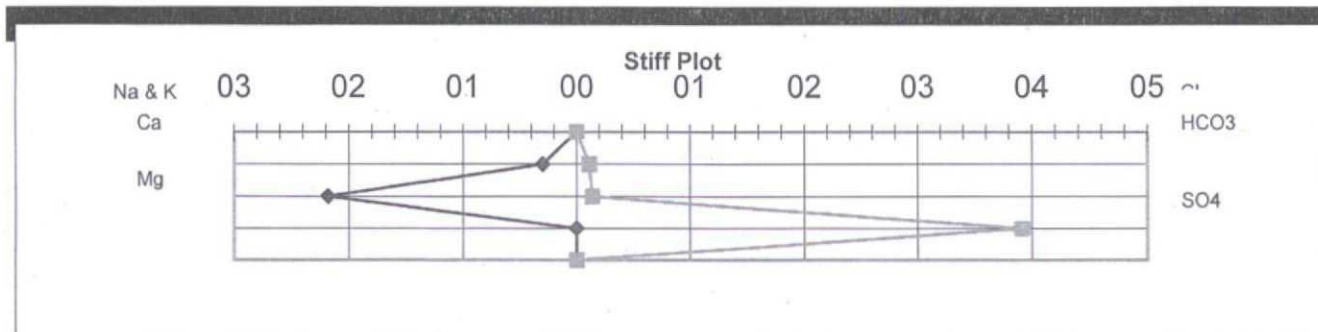


EXHIBIT F

Water Analysis Results

Log # #080406
 Sample ID Hospab Prod Water

Client J. Environmental Services
 Address

Sampled:
 Depth:
 BHT:

Tested: Sept 5, 2008
 By: JUR

mg/L			mg/L meq/L		MILLIEQUIVALENTS				
CO2 (dissolved)	100		Barium (Ba)	0.00	0.00	Cations		Anions	
O2 (dissolved)	ND		Calcium (Ca)	14.00	0.70	Ca	0.70	HCO3	11.80
H2S	69.75		Iron (Fe)	8.25	0.29	Mg	1.50	SO4	10.93
Suspended Solids (TSS)	84		Magnesium (Mg)	18.23	1.50	Na	32.10	Cl	11.57
Total Dissolved Solids (TDS)	2434		Sodium (Na)-calc.	738.05	32.10	Ba	0.00		
pH	8.97		Strontium (Sr)	nd	nd	Saturation Values Dist. Water 20 C			
Sp. Gravity	1.0010		Bicarbonate(HCO3)	720.00	11.80	CaCO3		13 mg/L	
Oil in Water	ND		Chloride (Cl)	410.00	11.57	CaSO4 2H2O		2090 mg/L	
Probable Mineral Composition			Sulfate (SO4)	525.00	10.93	BaSO4		2.4 mg/L	
Compound	meq/L	mg/L	Alkalinity (CaCO3)		The scaling indices indicate the tendency for the sampled water to form scale. The formation of CaCO3 is likely if the index is positive. The formation of CaSO4 is likely if the Sat. Conc. is less than that of the probable mineral composition for CaSO4.				
BaSO4	0.00	0.00	Phenolphthalein 0.01						
Ca(HCO3)2	0.70	56.61	Methyl Orange 720.00						
CaSO4	0.00	0.00	Hardness (CaCO3)						
CaCl2	0.00	0.00	Total		110				
Mg(HCO3)2	1.50	109.74	Calcium		35				
MgSO4	0.00	0.00	Calcium Carbonate Scaling Index		Calcium Sulfate Scaling Index				
MgCl2	0.00	0.00	Temperature (F)		Scaling Index		Temperature (F)		Sat. Conc. (mg/L)
NaHCO3	9.60	806.61	70		Negative		70		#N/A
Na2SO4	10.93	776.69	90		Negative		90		#N/A
NaCl	11.57	676.15	110		Negative		110		#N/A
			140		Negative		140		#N/A
			180		Negative		180		#N/A

EXHIBIT F

Laboratory testing performed by MicroBac International, Inc.

Water Analysis Results

Log # #080407
Sample ID Hospah Fresh Water

Client J. Environmental Services
Address

Sampled:
Depth:
BHT:

Tested: Sept. 5, 2008
By: JUR

mg/L			mg/L		meq/L		MILLIEQUIVALENTS		
CO2 (dissolved) 66			Barium (Ba) 0.00		0.00		Cations		Anions
O2 (dissolved) ND			Calcium (Ca) 8.00		0.40		Ca	0.40	HCO3 7.57
H2S 0.085			Iron (Fe) 0.00		0.00		Mg	0.30	SO4 15.62
Suspended Solids (TSS) 8			Magnesium (Mg) 3.65		0.30		Na	23.48	Cl 0.99
Total Dissolved Solids (TDS) 1798			Sodium (Na)-calc. 539.84		23.48		Ba	0.00	
pH 8.53			Strontium (Sr) nd		nd		Saturation Values Dist. Water 20 C.		
Sp. Gravity 1.0000			Bicarbonate(HCO3) 462.00		7.57		CaCO3 13 mg/L		
Oil in Water -ND			Chloride (Cl) 35.00		0.99		CaSO4 2H2O 2090 mg/L		
Probable Mineral Composition			Sulfate (SO4) 750.00		15.62		BaSO4 2.4 mg/L		
Compound meq/L mg/L			Alkalinity (CaCO3)		The scaling indices indicate the tendency for the sampled water to form scale. The formation of CaCO3 is likely if the index is positive. The formation of CaSO4 is likely if the Sat. Conc is less than that of the probable mineral composition for CaSO4.				
BaSO4 0.00 0.00			Phenolphthalein 0.01						
Ca(HCO3)2 0.40 32.35			Methyl Orange 462.00						
CaSO4 0.00 0.00			Hardness (CaCO3)		Calcium Sulfate Scaling Index				
CaCl2 0.00 0.00			Total 35						
Mg(HCO3)2 0.30 21.95			Calcium 20		Temperature (F) Sat. Conc. (mg/L)				
MgSO4 0.00 0.00			Calcium Carbonate Scaling Index						
MgCl2 0.00 0.00			Temperature (F) Scaling Index		70 Negative 70 #N/A				
NaHCO3 6.87 577.33			70 Negative						
Na2SO4 15.62 1109.56			90 Negative		90 #N/A				
NaCl 0.99 57.72			110 Negative						
			140 Negative		140 #N/A				
			180 Negative						
					180 #N/A				

Laboratory testing performed by MicroBac International, Inc.

EXHIBIT G

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37Verano Loop, Santa Fe, New Mexico 87508

(505) 466-8120

June 1, 2009

BLM

1235 LaPlata Highway
Farmington, NM 87401

Nacogdoches Oil & Gas, Inc. is applying (see attached application) to convert its South Hospah 9 oil well to a water disposal well. As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following proposed water disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: South Hospah SWD #9

Total Depth: 3,945'

Proposed Disposal Zone: Entrada (from 3,794' to 3,854')

Location: 330' FNL & 2051' FEL Sec. 12, T. 17 N., R. 9 W.,

McKinley County, NM on BLM lease NMNM-012335

Approximate Location: ~40 air miles north of Grants, NM

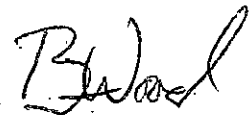
Applicant Name: Nacogdoches Oil & Gas, Inc. (936) 560-4747

Applicant's Address: P. O. Drawer 632418, Nacogdoches, TX 75963

Submittal Information: Application for a salt water disposal well will be filed with the NM Oil Conservation Division (NMOCD). If you have an objection, or wish to request a hearing, then it must be filed with the NMOCD within 15 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



Brian Wood

7009 0080 0001 4705 5532

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only. No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	SEND 95
Certified Fee	87508 180
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$11.05
USPS	
Sent To	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	
PS Form 3800, August 2006	
See Reverse for Instructions	

EXHIBIT H

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

June 1, 2009

FIMO
1235 LaPlata Highway
Farmington, NM 87401

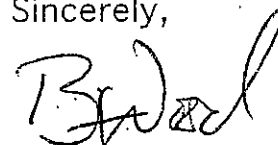
Nacogdoches Oil & Gas, Inc. is applying (see attached application) to convert its South Hospah 9 oil well to a water disposal well. As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following proposed water disposal well. This letter is a notice only. No action is needed unless you have questions or objections.

Well Name: South Hospah SWD #9 Total Depth: 3,945'
Proposed Disposal Zone: Entrada (from 3,794' to 3,854')
Location: 330' FNL & 2051' FEL Sec. 12, T. 17 N., R. 9 W.,
McKinley County, NM on BLM lease NMNM-012335
Approximate Location: ~40 air miles north of Grants, NM
Applicant Name: Nacogdoches Oil & Gas, Inc. (936) 560-4747
Applicant's Address: P. O. Drawer 632418, Nacogdoches, TX 75963

Submittal Information: Application for a salt water disposal well will be filed with the NM Oil Conservation Division (NMOCD). If you have an objection, or wish to request a hearing, then it must be filed with the NMOCD within 15 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



Brian Wood

2555 5074 7000 0000 4007

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For delivery information, visit our website at www.usps.com	
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EXHIBIT H

Affidavit of Publication

STATE OF NEW MEXICO

) SS

COUNTY OF MCKINLEY

LYDIA JOE being duly sworn upon oath, deposes and says:

As LEGAL CLERK of The Independent, a newspaper published in and having a general circulation in McKinley County, New Mexico and in the City of Gallup, New Mexico and having a general circulation in Cibola County, New Mexico and in the City of Grants, New Mexico and having a general circulation in Apache County, Arizona and in the City of St. Johns and in the City of Window Rock, Arizona therein: that this affiant makes the affidavit based upon personal knowledge of the facts herein sworn to. That the publication, a copy of which is hereto attached was published in said newspaper during the period and time of publication and said notice was published in the newspaper proper, and not in a supplement thereof, for one time, the first publication being on the 8th day of May, 2009, the second publication being on the _____ day of _____ 20_____, the third publication being on the _____ day of _____ 20_____.

_____ and the last publication being on the _____ day of _____ 20_____. That such newspaper, in which such notice or advertisement was published, is now and has been at all times material hereto, duly qualified for such purpose, and to publish legal notices and advertisements within the meaning of Chapter 12, of the statutes of the statutes of the State of New Mexico, 1941 compilation,

Lydia Joe
Affiant.

Sworn and subscribed to before me this 11th day of May, A.D., 2009.

Gloria Y Lopez
Notary Public

My commission expires:
February 17, 2013

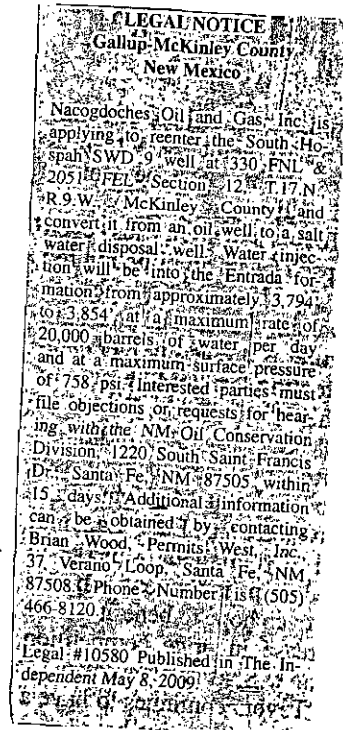


EXHIBIT I