

Catanach, David, EMNRD

From: Marcie St. Germain [mstgermain@stmaryland.com]
Sent: Tuesday, August 23, 2005 5:28 AM
To: Catanach, David, EMNRD
Subject: RE: C-108 Application

Thanks for checking. I placed the Legal Notice in the Artesia paper August 8 but haven't received a copy of the notice so I can send you a copy as proof. Everything else is ready to go. I asked again yesterday for something from the paper but have not received a response. I'm in class the next two days but will attack the problem when I get back Thursday.

Marcie

From: Catanach, David, EMNRD [mailto:david.catanach@state.nm.us]
Sent: Thursday, August 18, 2005 9:26 AM
To: Marcie St. Germain
Subject: C-108 Application

Hi Marcie,

I was just wondering if you were making any progress on the additional requested information for the East Shugart Delaware Unit Well No. 25. This would also include the publication notice and offset operator notice. If you could give me an update, it would be appreciated.

Thanks,

David Catanach
Engineer

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8/24/2005

580 WESTLAKE PARK BLVD., SUITE 600

HOUSTON, TEXAS 77079

281/677-2800

FAX 281/677-2810



September 14, 2005

**State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505**

Attn: David Catanach

**Re: Form C-108 Application for Authorization to Inject
East Shugart Delaware Unit #25**

Dear Mr. Catanach:

Enclosed are the following documents requested in your phone conversation as follow-up to the information sent July 18, 2005, for the ESDU #25.

- **A copy of the Order of the Division, Order No. R-11254.**
- **Maps with the ½ mile and 2 mile radius from the proposed ESDU #25 showing wells and leases.**
- **A copy of Form C-108 items VII, VIII, IX and XI from the original Form C-108 submitted and approved for the ESDU Waterflood Project.**
- **An Affidavit of Publication from the Artesia Daily Press for the Legal Notice published August 9, 2005.**
- **Copies of the notification letters sent to the surface owner and operators as required. I have not received the Return Receipt from Harvey E. Yates or Yates Petroleum and will forward those as soon as received from the USPS.**

Please let me know if there is any additional paperwork required for the processing of Form C-108.

Sincerely,

Marcie St. Germain
**Marcie St. Germain
Production Tech**

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

*Case No. 12208
Order No. R-11254*

**APPLICATION OF ST. MARY LAND & EXPLORATION COMPANY FOR
APPROVAL OF A WATERFLOOD PROJECT AND TO QUALIFY THE
PROJECT FOR THE RECOVERED OIL TAX RATE PURSUANT TO THE
ENHANCED OIL RECOVERY ACT, EDDY AND LEA COUNTIES, NEW
MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 5, 1999, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 14th day of October, 1999, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.
- (2) Division Cases No. 12207 and 12208 were consolidated at the time of the hearing for the purpose of testimony.
- (3) The applicant, St. Mary Land & Exploration Company, seeks authority to institute a waterflood project within its proposed East Shugart Delaware Unit (the subject of companion Case No. 12207) by the injection of water into the Delaware formation, East Shugart-Delaware Pool, Eddy and Lea Counties, New Mexico, through the gross interval from approximately 5,015 feet to 5,420 feet in nine proposed injection wells shown on the attached Exhibit "A".
- (4) Intoil, Inc., an interest owner in the proposed East Shugart Delaware Unit, appeared at the hearing but did not object to the proposed waterflood project.
- (5) The East Shugart Delaware Unit is proposed to comprise the following described acreage in Eddy and Lea Counties, New Mexico:

Eddy County
Township 18 South, Range 31 East, NMPM

Section 13: S/2 SE/4
Section 24: NE/4, N/2 SE/4

Lea County
Township 18 South, Range 32 East, NMPM

Section 18: Lot 4
Section 19: Lots 1 through 3, E/2 NW/4, NE/4 SW/4

(6) The East Shugart-Delaware Pool was created by Division Order No. R-8179 dated March 14, 1986. The pool, which was discovered by the Siete Oil and Gas Corporation Geronimo Federal Well No. 3 located in Unit A of Section 24, Township 18 South, Range 31 East, NMPM, currently comprises portions of Sections 13 and 24, Township 18 South, Range 31 East, Eddy County, and portions of Sections 18 and 19, Township 18 South, Range 32 East, Lea County.

(7) The applicant presented geologic evidence indicating that:

- a) the Unitized Formation comprises that interval from the "top of the Brushy Canyon formation of the Delaware Mountain Group to the stratigraphic equivalent of 5,600 feet within the Delaware Brushy Canyon formation as determined by the Geronimo Federal Well No. 3 well log";
- b) within the Unitized Formation, there are ten separate pay sands that are generally continuous across the East Shugart Delaware Unit; however, there can be significant variations in porosity from one well location to the next;
- c) the applicant has determined the approximate location of the oil-water contact within each of the pay sands of the Unitized Formation. Each of the pay sands is productive across some portion of the East Shugart Delaware Unit, the amount of such productive area being dictated by the location of the oil-water contact;
- d) producing wells within the East Shugart-Delaware Pool are completed in an average of three to five pay sands of the Unitized Formation, and

- e) the applicant proposes to conduct waterflood operations within each of the ten pay sands of the Unitized Formation.
- (8) The applicant presented engineering evidence indicating that:
- a) there are currently 15 active and 1 inactive producing wells within the East Shugart Delaware Unit. These wells are in an advanced state of depletion and produce at an average rate of approximately 12 barrels of oil and 21 barrels of water per day from the East Shugart-Delaware Pool;
 - b) cumulative oil production within the proposed unit area is approximately 2.2 million barrels of oil and 5.0 BCF of gas. Remaining primary reserves, in the absence of workover and waterflood operations, is estimated at 600,000 barrels of oil;
 - c) an estimated 822,000 barrels of additional primary oil will be recovered from the unit area as a result of perforating behind-pipe zones and performing re-fracture stimulations on existing producing zones. Secondary reserves from waterflood operations are estimated to be approximately 2.9 million barrels of oil; and
 - d) an inverted five spot injection pattern will be utilized within the East Shugart Delaware Unit. Ultimately, nine injection wells and 15 producing wells will be utilized for the proposed secondary recovery operations.
- (9) The proposed waterflood project will result in the recovery of an additional 3.7 million barrels of oil from the East Shugart Delaware Unit which would otherwise not be recovered, thereby preventing waste.
- (10) The applicant estimates that \$5.6 million in capital costs will be required to conduct waterflood operations within the East Shugart Delaware Unit.
- (11) The proposed waterflood project should be approved.
- (12) The applicant should take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production or plugged and abandoned wells.
-

(13) The injection of water into each of the wells shown on Exhibit "A" should be accomplished through 2 3/8 inch internally plastic-lined tubing installed in a packer set within 100 feet of the uppermost injection perforations. The casing-tubing annulus should be filled with an inert fluid and a gauge or approved leak-detection device should be attached to the annulus in order to detect leakage in the casing, tubing or packer.

(14) Prior to commencing injection operations into the wells shown on Exhibit "A", the casing in each well should be pressure tested throughout the interval from the surface down to the proposed packer setting depth to assure the integrity of such casing.

(15) The injection wells or pressurization system should be initially equipped with a pressure control device or acceptable substitute that will limit the surface injection pressure to no more than 1,003 psi.

(16) The Division Director should have the authority to administratively authorize an increase in injection pressure upon a showing by the operator that such higher pressure will not result in fracturing of the injection formation or confining strata.

(17) The operator should give advance notice to the supervisor of the Division's Artesia District Office of the date and time i) injection equipment will be installed on each of the proposed injection wells, and ii) the mechanical integrity pressure tests will be conducted on each of the proposed injection wells, so these operations may be witnessed.

(18) The waterflood project should be governed by Division Rules No. 701 through 708.

(19) The injection authority granted herein for the wells shown on Exhibit "A" should terminate one year after the effective date of this order if the operator has not commenced injection operations into these wells; provided however the Division, upon written request by the operator, may grant an extension for good cause.

(20) The applicant seeks to qualify the waterflood project as an Enhanced Oil Recovery Project pursuant to the Enhanced Oil Recovery Act (Sections 7-29A-1 through 7-29A-5, NMSA 1978).

(21) The evidence presented indicates that the waterflood project meets all the criteria for certification.

(22) The certified project area should initially comprise that area contained within the East Shugart Delaware Unit, as described in Finding No. 5 above, provided however the project area and/or the producing wells eligible for the enhanced oil recovery (EOR) tax rate may be contracted and reduced based upon the evidence presented by the applicant in its demonstration of a positive production response.

(23) To be eligible for the EOR tax rate, the operator should advise the Division of the date and time water injection commences within the waterflood project. At such time, the Division will certify the project to the New Mexico Taxation and Revenue Department.

(24) At such time as a positive production response occurs and within five years from the date the project was certified to the New Mexico Taxation and Revenue Department, the applicant must apply to the Division for certification of a positive production response. This application shall identify the area benefiting from enhanced oil recovery operations and the specific wells eligible for the tax credit. The Division may review the application administratively or set it for hearing. Based upon the evidence presented, the Division will certify to the New Mexico Taxation and Revenue Department those wells that are eligible for the EOR tax rate.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, St. Mary Land & Exploration Company, is hereby authorized to institute a waterflood project within its East Shugart Delaware Unit (further described in Finding No. 5 above and in companion Case No. 12207) by the injection of water into the Delaware formation, East Shugart-Delaware Pool, Eddy and Lea Counties, New Mexico, through the gross interval from approximately 5,015 feet to 5,420 feet in nine proposed injection wells shown on the attached Exhibit "A".

(2) The applicant shall take all steps necessary to ensure that the injected fluid enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production or plugged and abandoned wells.

(3) The injection of water into each of the wells shown on Exhibit "A" shall be accomplished through 2 3/8 inch internally plastic-lined tubing installed in a packer set within 100 feet of the uppermost injection perforations. The casing-tubing annulus shall be filled with an inert fluid and a gauge or approved leak-detection device shall be attached to the annulus in order to detect leakage in the casing, tubing or packer.

(4) Prior to commencing injection operations into the wells shown on Exhibit "A", the casing in each well shall be pressure tested throughout the interval from the surface down to the proposed packer setting depth to assure the integrity of such casing.

(5) The injection wells or pressurization system shall be initially equipped with a pressure control device or acceptable substitute that will limit the surface injection pressure to no more than 1,003 psi.

(6) The Division Director shall have the authority to administratively authorize an increase in injection pressure upon a showing by the operator that such higher pressure will not result in fracturing of the injection formation or confining strata.

(7) The operator shall give advance notice to the supervisor of the Division's Artesia District Office of the date and time i) injection equipment will be installed on each of the proposed injection wells, and ii) the mechanical integrity pressure tests will be conducted on each of the proposed injection wells, so these operations may be witnessed.

(8) The applicant shall immediately notify the supervisor of the Division's Artesia District Office of the failure of the tubing, casing or packer in any of the injection wells or the leakage of water or oil from or around any producing or plugged and abandoned well within the project area, and shall take such steps as may be necessary and timely to correct the failure or leakage.

(9) The waterflood project is hereby designated the East Shugart Delaware Unit Waterflood Project, and the applicant shall conduct injection operations in accordance with Division Rules No. 701 through 708, and shall submit monthly progress reports in accordance with Division Rules No. 706 and 1115.

(10) The injection authority granted herein for the wells shown on Exhibit "A" shall terminate one year after the effective date of this order if the operator has not commenced injection operations into these wells; provided however the Division, upon written request by the operator, may grant an extension for good cause.

(11) The East Shugart Delaware Unit Waterflood Project is hereby qualified as an "Enhanced Oil Recovery Project." The project area shall initially comprise that area contained within the East Shugart Delaware Unit, as described in Finding No. 5 above, provided however the project area and/or the producing wells eligible for the enhanced oil recovery (EOR) tax rate may be contracted and reduced based upon the evidence presented by the applicant in its demonstration of a positive production response.

(12) To be eligible for the EOR tax rate, the operator shall advise the Division of the date and time water injection commences within the waterflood project. At such time, the Division will certify the project to the New Mexico Taxation and Revenue Department.

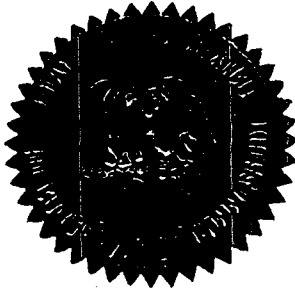
(13) At such time as a positive production response occurs and within five years from the date the project was certified to the New Mexico Taxation and Revenue Department, the applicant must apply to the Division for certification of a positive production response. This application shall identify the area actually benefiting from enhanced oil recovery operations and shall identify the specific wells eligible for the tax credit. The Division may review the application administratively or set it for hearing. Based upon the evidence presented, the Division will certify to the New Mexico Taxation and Revenue Department those wells that are eligible for the EOR tax rate.

(14) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

CASE NO. 12208
Order No. R-11254

7

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director

Exhibit "A"
Division Order No. R-11254
East Shugart Delaware Unit Waterflood Project
Approved Injection Wells

<i>Well Name & Number</i>	<i>Well Location</i>	<i>Injection Interval</i>	<i>Packer Setting Depth</i>	<i>Tbg. Size</i>	<i>Maximum Surface Injection Pressure</i>
ESDU No. 1	430' FSL & 1650' FEL (Unit O) Section 13, T-18S, R-31E	5,090'-5,420'	5,000'	2 3/8"	1,003 PSIG
ESDU No. 17	248' FNL & 302' FEL (Unit A) Section 24, T-18S, R-31E	5,030'-5,310'	5,000'	2 3/8"	1,003 PSIG
ESDU No. 18	190' FNL & 1045' FWL (Unit D) Section 19, T-18S, R-32E	5,065'-5,320'	5,000'	2 3/8"	1,003 PSIG
ESDU No. 19	1288' FNL & 1361' FEL (Unit B) Section 24, T-18S, R-31E	5,020'-5,310'	5,000'	2 3/8"	1,003 PSIG
ESDU No. 20	1250' FNL & 303' FEL (Unit A) Section 24, T-18S, R-31E	5,020'-5,310'	5,000'	2 3/8"	1,003 PSIG
ESDU No. 21	1193' FNL & 1018' FWL (Unit D) Section 19, T-18S, R-32E	5,015'-5,330'	5,000'	2 3/8"	1,003 PSIG
ESDU No. 22	2330' FNL & 1320 FEL Section 24, T-18S, R-31E	5,030'-5,340'	5,000'	2 3/8"	1,003 PSIG
ESDU No. 23	2322' FNL & 248' FEL (Unit H) Section 24, T-18S, R-31E	5,025'-5,345'	5,000'	2 3/8"	1,003 PSIG
ESDU No. 24	2322' FNL & 1073' FWL (Unit E) Section 19, T-18S, R-32E	5,030'-5,360'	5,000'	2 3/8"	1,003 PSIG

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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NMOCD Form C-108 Sections VII thru XII

VII. Data on proposed operation.

1. Proposed average injection rate: 150 BWPB per well
Proposed maximum injection rate: 300 BWPB per well
2. The system will be a closed system.
3. Proposed average injection pressure: 700 PSI
Proposed maximum injection pressure: 1000 PSI
4. The proposed injection fluid is produced water and is compatible with the reservoir fluids in the proposed injection horizon. This is shown on the attached compatibility analysis.
5. A chemical analysis of the formation water in the proposed injection horizon is attached.

VIII. The proposed injection interval is located in the Delaware Sand formation. The Shugart East Field is located within Sections 13 and 24, T-18-S, R-31-E, Eddy County and Sections 18 and 19 T-18-S, R-32-E, Lea County New Mexico. Production is from the lower Guadalupian (Permian) Brushy Canyon Formation of the Delaware Mountain Group.

The Brushy Canyon reservoirs of the Shugart East Field are combination stratigraphic-structural traps. Ten (10) discrete sand packages are draped over a structural high. A depositional model is a sand rich submarine fan/channel complex. The sands are sourced from the north and northeast.

The Shugart East structure is an asymmetrical high with about 75' of closure centered in the NE/4 Section 24, T-18-S, R-31-E. The closure is probably due to differential compaction of the sand thicks versus the surrounding shale interval. The productive interval has a gross thickness of 300 to 400' at a depth of 5000' to 5400'. Individual sand bodies vary in thickness from 10' to over 100'. Porosity in the producing intervals range from 14% to 20% with an average of 17%.

There are no fresh water zones within the area of these injection wells above or below the proposed injection horizon.

IX. It is anticipated the South Taylor 13 #3 will have additional pay perfed and fraced from 5090-5420'.

- X. Logs have previously been submitted to the OCD.
- XI. There are no fresh water wells of record within one mile of the proposed injection wells.
- XII. An examination of this area has determined there are no open faults or other hydrologic connection between the disposal zone and any underground drinking water.

Affidavit of Publication

NO. 18969

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being dulysworn, says: That he is the Publisher of The

Artesia Daily Press, a daily newspaper of general

circulation, published in English at Artesia, said county

and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said

Artesia Daily Press, a daily newspaper duly qualified

for that purpose within the meaning of Chapter 167 of

the 1937 Session Laws of the state of New Mexico for

1 consecutive week/days on the same

day as follows:

First Publication August 9 2005

Second Publication

Third Publication

Fourth Publication

Subscribed and sworn to before me this

23rd Day August 2005

Barbara Ann Brown
Notary Public, Eddy County, New Mexico

My Commission expires September 23, 2007

Copy of Publication:**LEGAL NOTICE**

St. Mary Land & Exploration Company, seeks authority to institute a waterflood well within its proposed East Shugart Delaware Unit by the injection of water into the Delaware formation, East Shugart-Delaware Pool, Eddy County, New Mexico, through the gross interval at approximately 5550 feet in a proposed injection well. The acreage for this well is described as Sec 24, T18S, R31E, 250 FNL & T125 FEL, NE/4, N/2, SE/4. The proposed Water Injection Well will result in the recovery of additional oil which would otherwise not be recovered, thereby preventing waste. The maximum injection rate will be 800 bbls. at a surface injection pressure of no more than 1003 psi.

St. Mary Land & Exploration Company is located at 580 Westlake Park Blvd. #800, Houston, TX 77079. Mr. Chuck Jones, Operation Manager, can be contacted at 281-677-2771. Objections or requests for hearings must be filed with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, NM 87505, within 15 days.

Published in the Artesia Daily Press, Artesia, N.M. August 9, 2005.

Legal 18969

580 WESTLAKE PARK BLVD., SUITE 600

HOUSTON, TEXAS 77079

281/677-2800

FAX 281/677-2810



August 25, 2004

Bureau of Land Management
1301 W. Grand Avenue
Artesia, NM 88210

Attn: Tim Gum

Re: Application for Authorization to Inject
East Shugart Delaware Unit #25

Dear Tim,


As required by the State of New Mexico, under Form C-108 Application for Authorization to Inject, please find enclosed a copy of the Affidavit of Publication from the Artesia Daily Press regarding St. Mary Land & Exploration Company's intent to drill an Active Injection Well named the East Shugart Delaware Unit #25. A copy of the application is also enclosed.

If additional information is required, please contact me at (281) 677-2772.

Sincerely,

Marcie St. Germain

Marcie St. Germain
Production Tech

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none">■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.■ Print your name and address on the reverse so that we can return the card to you.■ Attach this card to the back of the mailpiece, or on the front if space permits.		<p>A. Signature  <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
		B. Received by (Printed Name)	C. Date of Delivery
1. Article Addressed to: Bureau of Land Management 1301 W. Grand Ave. Artesia NM 88210 Attn: Tim Gum		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
2. Article Number (Transfer from service label)		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

7005 0390 0002 9607 8541

580 WESTLAKE PARK BLVD., SUITE 600

HOUSTON, TEXAS 77079

281/677-2800

FAX 281/677-2810



August 25, 2004

ConocoPhillips Company
P O Box 2197
Houston, TX 77252

Re: Application for Authorization to Inject
East Shugart Delaware Unit #25

As required by the State of New Mexico, under Form C-108 Application for Authorization to Inject, please find enclosed a copy of the Affidavit of Publication from the Artesia Daily Press regarding St. Mary Land & Exploration Company's intent to drill an Active Injection Well named the East Shugart Delaware Unit #25. A copy of the application is also enclosed.

If additional information is required, please contact me at (281) 677-2772.

Sincerely,

Marcie St. Germain

Marcie St. Germain
Production Tech

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Conoco Phillips Company
P.O. Box 2197
Westlake 3 - 6106
Houston, TX 77252

2. Article Number
(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *St Germain*

☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery
AUG 29 2005

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

7005 0390 0002 9607 8572

580 WESTLAKE PARK BLVD., SUITE 600

HOUSTON, TEXAS 77079

281/677-2800

FAX 281/677-2810



August 25, 2004

Harvey E. Yates
P O Box 1933
Roswell, NM 88202-1933

Re: Application for Authorization to Inject
East Shugart Delaware Unit #25

As required by the State of New Mexico, under Form C-108 Application for Authorization to Inject, please find enclosed a copy of the Affidavit of Publication from the Artesia Daily Press regarding St. Mary Land & Exploration Company's intent to drill an Active Injection Well named the East Shugart Delaware Unit #25. A copy of the application is also enclosed.

If additional information is required, please contact me at (281) 677-2772.

Sincerely,

Marcie St. Germain

Marcie St. Germain
Production Tech

7005 0390 0002 9607 8565

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Street, Apt. No., or PO Box No. <u>PO Box 1933</u>	
City, State, ZIP+4® <u>Roswell NM 88202-1933</u>	
PS Form 3800, June 2002 See Reverse for Instructions	

580 WESTLAKE PARK BLVD., SUITE 600
HOUSTON, TEXAS 77079
281/677-2800
FAX 281/677-2810



August 25, 2004

Yates Petroleum
105 S. 4th
Artesia, NM 88210

Re: Application for Authorization to Inject
East Shugart Delaware Unit #25

As required by the State of New Mexico, under Form C-108 Application for Authorization to Inject, please find enclosed a copy of the Affidavit of Publication from the Artesia Daily Press regarding St. Mary Land & Exploration Company's intent to drill an Active Injection Well named the East Shugart Delaware Unit #25. A copy of the application is also enclosed.

If additional information is required, please contact me at (281) 677-2772.

Sincerely,

Marcie St. Germain

Marcie St. Germain
Production Tech

7005 0390 0002 9607 8534

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Total Postage & Fees	\$
Postmark Here	
Sent To <u>Yates Petroleum</u>	
Street, Apt. No., or PO Box No.	
City, State, ZIP+4	
PS Form 3800, June 2002	
See Reverse for Instructions	