

DATE IN 6/30/06	SUSPENSE 9/16/06	ENGINEER WILL JONES	LOGGED IN 7/3/06	TYPE SWD	APP NO. P TDS 0618451307
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



**ADMINISTRATIVE APPLICATION CHECKLIST**

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

**Application Acronyms:**

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

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

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

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

Print or Type Name	Signature	Title	Date
		e-mail Address	

**APPLICATION FOR AUTHORIZATION TO INJECT**

- I. PURPOSE: Secondary Recovery Pressure Maintenance X Disposal Storage  
Application qualifies for administrative approval? X Yes No
- II. OPERATOR: Tipton Oil and Gas Acquisitions, Inc. Ogrid # 211128  
ADDRESS: PO Box 1234 Lovinton, New Mexico 88260  
CONTACT PARTY: Clay Tipton PHONE: 505-631-4121
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.  
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? Yes X No  
If yes, give the Division order number authorizing the project: \_\_\_\_\_
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
  2. Whether the system is open or closed;
  3. Proposed average and maximum injection pressure;
  4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
  5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- \*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- \*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- \*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: Debbie Mckelvey for Clay Tipton, Principal TITLE: Agent  
SIGNATURE: Debbie Mckelvey, Agent DATE: 6/2/06  
E-MAIL ADDRESS: debmkcelvey@earthlink.net
- \* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: \_\_\_\_\_

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

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

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

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

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

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

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

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

Perforations

3480-3678 1SPF Cmt squeeze

3571-3574 1SPF

3576-3580 1SPF

3613-3615 1SPF

3617-3620 1SPF

**Attachment A**

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

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

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

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

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

PBTD 3715

**Attachment A**

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

After Conversion to SWD

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

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

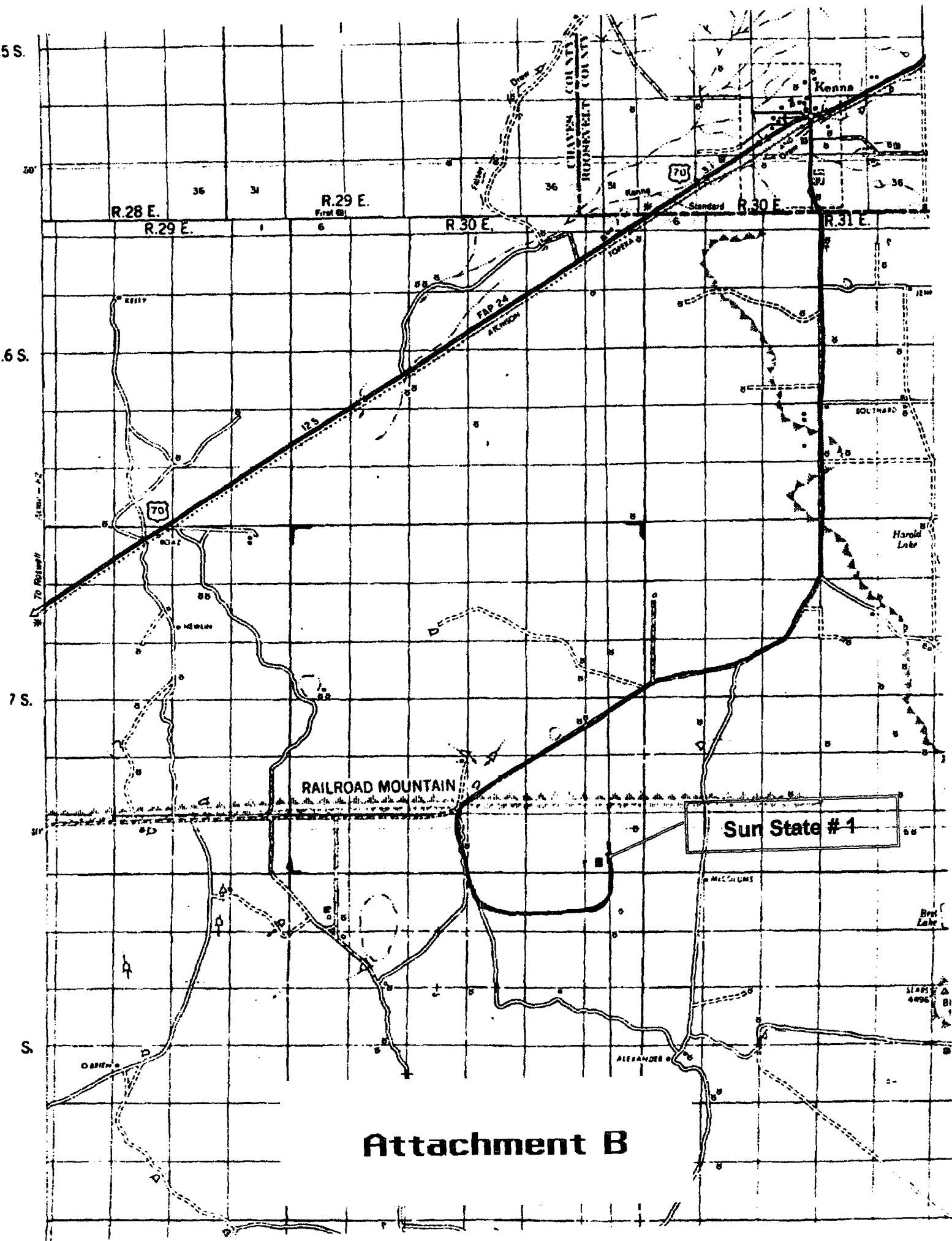
2 3/8" IPC tubing  
set at 3500ft w/  
Plasitic coated  
Tension Packer

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

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

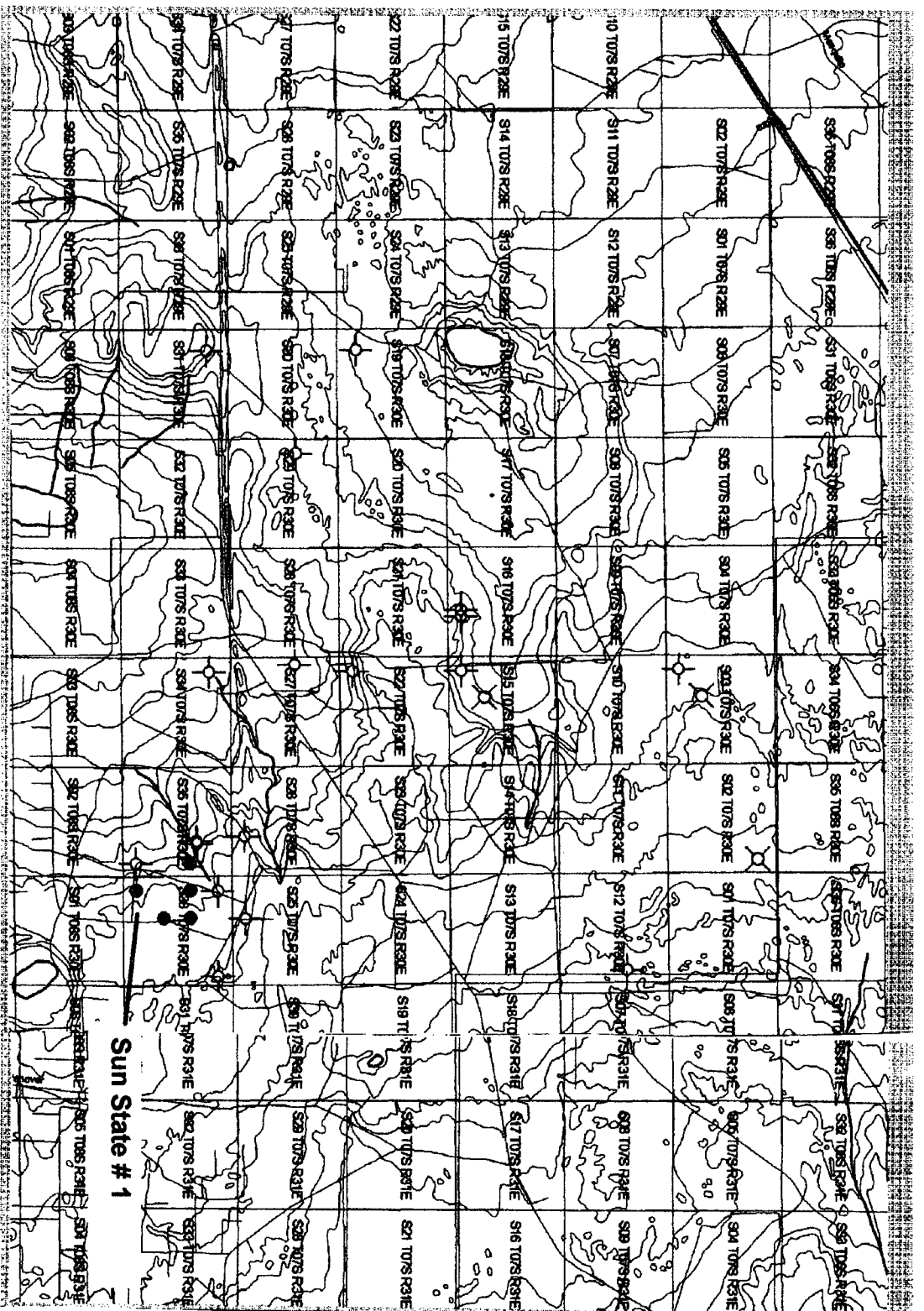
PBTD 3715

Attachment A



Attachment B





## Attachment B

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

Anhy 1183  
Yates 1646

San Andres 2770

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

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

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

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

**Attachment C**

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

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

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

Perfs  
3561-3692  
16 holes

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

**Attachment C**

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

**Plugged and Abandoned 1976**

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

20 foot surface plug

8 5/8" 20# csg set at 298ft in  
11" hole. Cmt with 150sx  
Class "C".  
Cmt Circulated

25sx 350-250

25sx 1400-1300

25sx plug 2550-2450

10 sx plug 3503-3352

4 1/2" 11.6# set at 3665ft  
in 7 7/8" hole. Cmt with 200sx  
Class "C" Top of cmt calculated at  
2550ft per OCD wellfile

Perfs  
3527, 28, 29, 30, 31  
40, 41, 46, 54, 69, 70  
71, 75 - 13 perfs

**Attachment C**

# NM WAIDS

DATA

MAPS

HOME

SCALE

CO

Water Samples for Well CATO 001  
API = 3000510520  
Formation = SA  
Field = CATO

Instructions:

- Click For general information about this sample.
  - Click For scale calculation pages (Stiff-Davis or Oddo Tomson methods).
  - Click To select **this water sample** for water mixing. It will lead to the main page, and add the sample mixing table.
  - Click 664 Click the hyperlinked sample number to make a .csv for that sample, or select several check boxes and click Submit for multiple samples
- The ions are in (mg/L) units.

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

☐ SELECT/DESELECT ALL

Submit



Attachment D

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

VIII

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

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

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

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

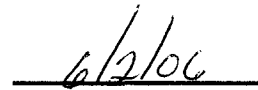
**Attachment E**

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

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



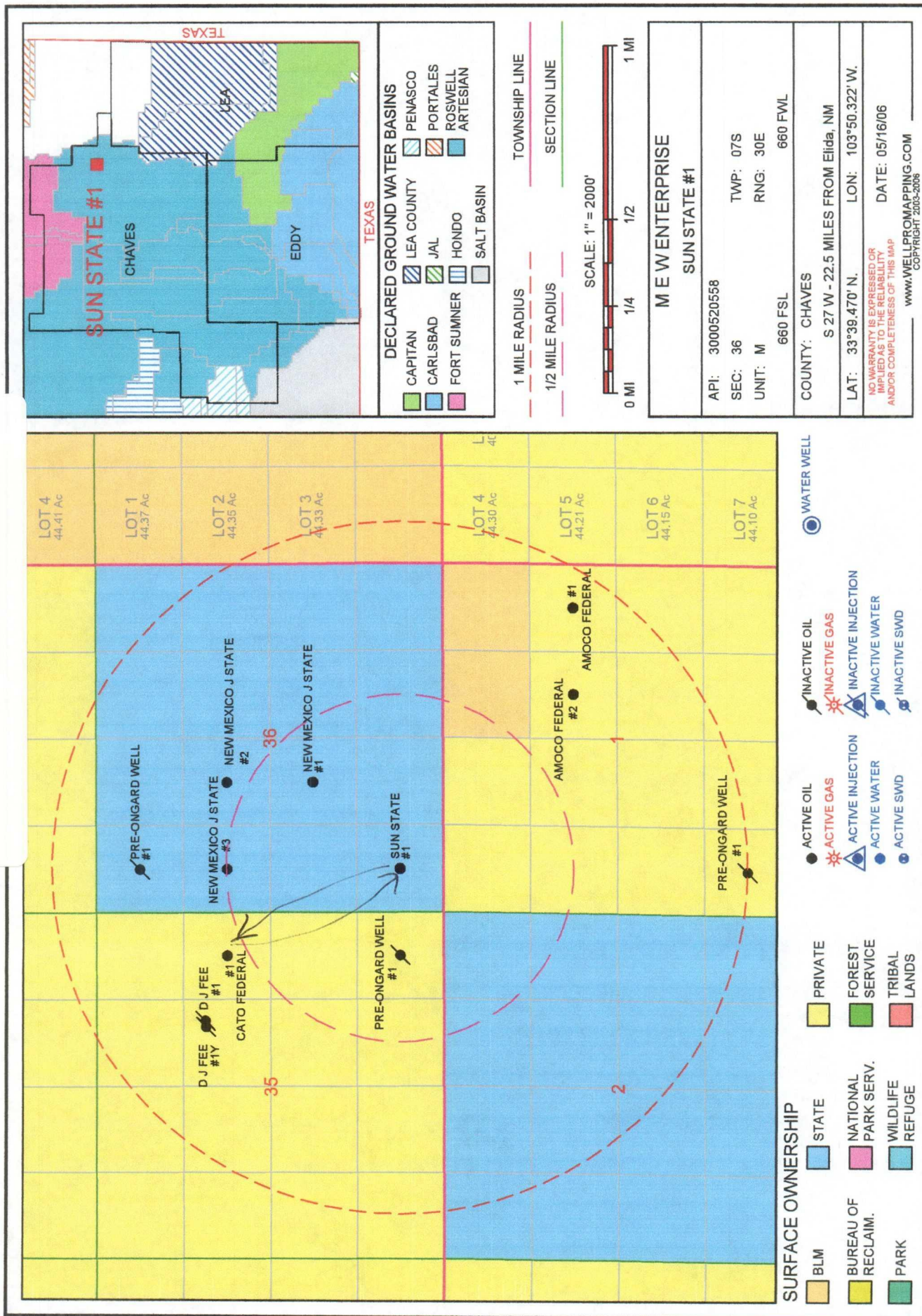
**Clay Tipton  
Tipton Oil and Gas Acquisitions, Inc**



**Date**



# Attachment B





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

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

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

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

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

AFFIDAVIT OF PUBLICATION  
STATE OF NEW MEXICO

I, Fran Saunders  
Legal Clerk

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


one time

beginning with the issue dated

June 7th 2006

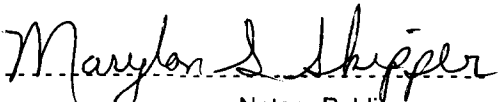
and ending with the issue dated

June 7th 2006

  
Clerk

Sworn and subscribed to before me

this 9th day of June 2006

  
Notary Public

My Commission expires  
July 25, 2006

(SEAL)

Publish June 7, 2006

LEGAL NOTICE

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

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

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

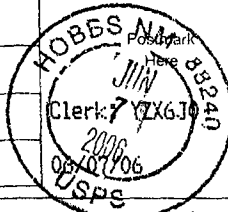
7000 1670 0009 8290 5514

SANTA FE, NM 87504

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

Sent To  
New Mexico Lt. Genl. Ofc., 1148  
Street, Apt. No., or PO Box No.  
P.O. Box 1148  
City, State, ZIP+4  
Santa Fe, NM 87504

PS Form 3800, May 2000 See Reverse for Instructions



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

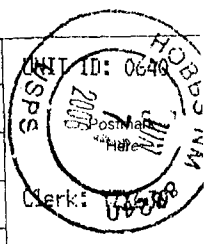
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MIDLAND, TX 79701

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

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

PS Form 3800, May 2000 See Reverse for Instructions



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

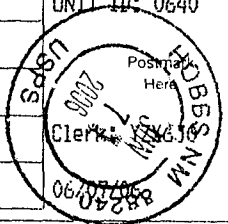
7000 1670 0009 8290 5484

SUDAN, TX 79371

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

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

PS Form 3800, May 2000 See Reverse for Instructions



**U.S. Postal Service**  
**CERTIFIED MAIL RECEIPT**  
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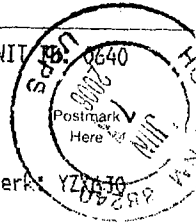
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DALLAS, TX 75231

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

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

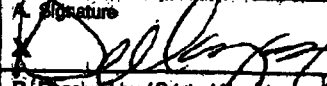
PS Form 3800, May 2000 See Reverse for Instructions



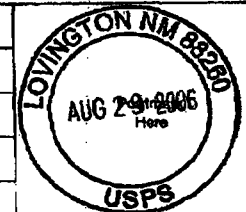
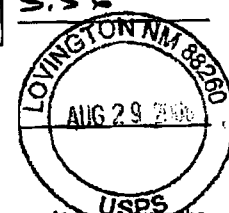
To: William Jones

Re: Sun State #1

30-005-20558

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature </p> <p>B. Received by (Printed Name) <u>William Jones</u></p> <p>C. Date of Delivery <u>08/29/06</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p>	
<p>1. Article Addressed to:</p> <p><u>MEW Enterprises</u> <u>P.O. Box 39</u> <u>Roswell, NM 88202</u></p>		<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
<p>2. Article Number (Transfer from service label) <u>7099 3220 0002 3948 0259</u></p>		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	

PS Form 3811, February 2004 Domestic Return Receipt 102595/02-11-1640

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

PS Form 3800, July 1999 See Reverse for Instructions

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

May 20, 2006

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

Mr. William V. Jones

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

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

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

Sincerely,



Clay Tipton  
Tipton Oil and Gas Acquisitions, Inc

2006 JUN 30 PM 1 00

## Inactive Well List

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

**Printed On: Monday, August 28 2006**

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

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

*(Handwritten: 9/14/06 release after MEW NOTICE)*  
**Jones, William V., EMNRD**

---

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

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

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

Thank You,

Will Jones

---

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

William,

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

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

Let me know if you need anything else.

Thanks.  
 Debbie McKelvey, Agent  
 for Tipton Oil & Gas

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

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

Yes, I will

Thanks,

8/28/2006

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

Deb

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

From: "Jones, William V., EMNRD"

Sent: Jul 24, 2006 1:44 PM

To: debmckelvey@earthlink.net

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

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

Hello Ms. McKelvey

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

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

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

Regards,

William V. Jones

Engineering Bureau

Oil Conservation Division

Santa Fe

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RECEIVED

TIPTON OIL & GAS ACQUISITIONS

P.O. BOX 1234

LOVINGTON, NM 88260  
505-396-8753 FAX 392-2656

AUG 23 2006

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

August 21, 2006

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

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

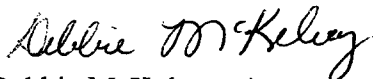
Dear Mr. Jones:

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

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

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

Sincerely,



Debbie McKelvey, Agent  
For Tipton Oil & Gas Acquisitions

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

**cobriant@apex2000.net**

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

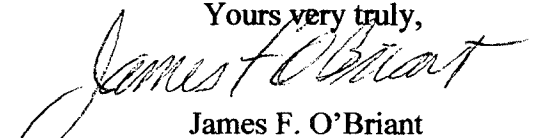
Re: Application to Convert Producing Well to SWD  
Tipton Oil and Gas  
Sun State Well No. 1 (API # 30-005-20558)  
Chaves County, New Mexico

Dear Ms. McKelvey

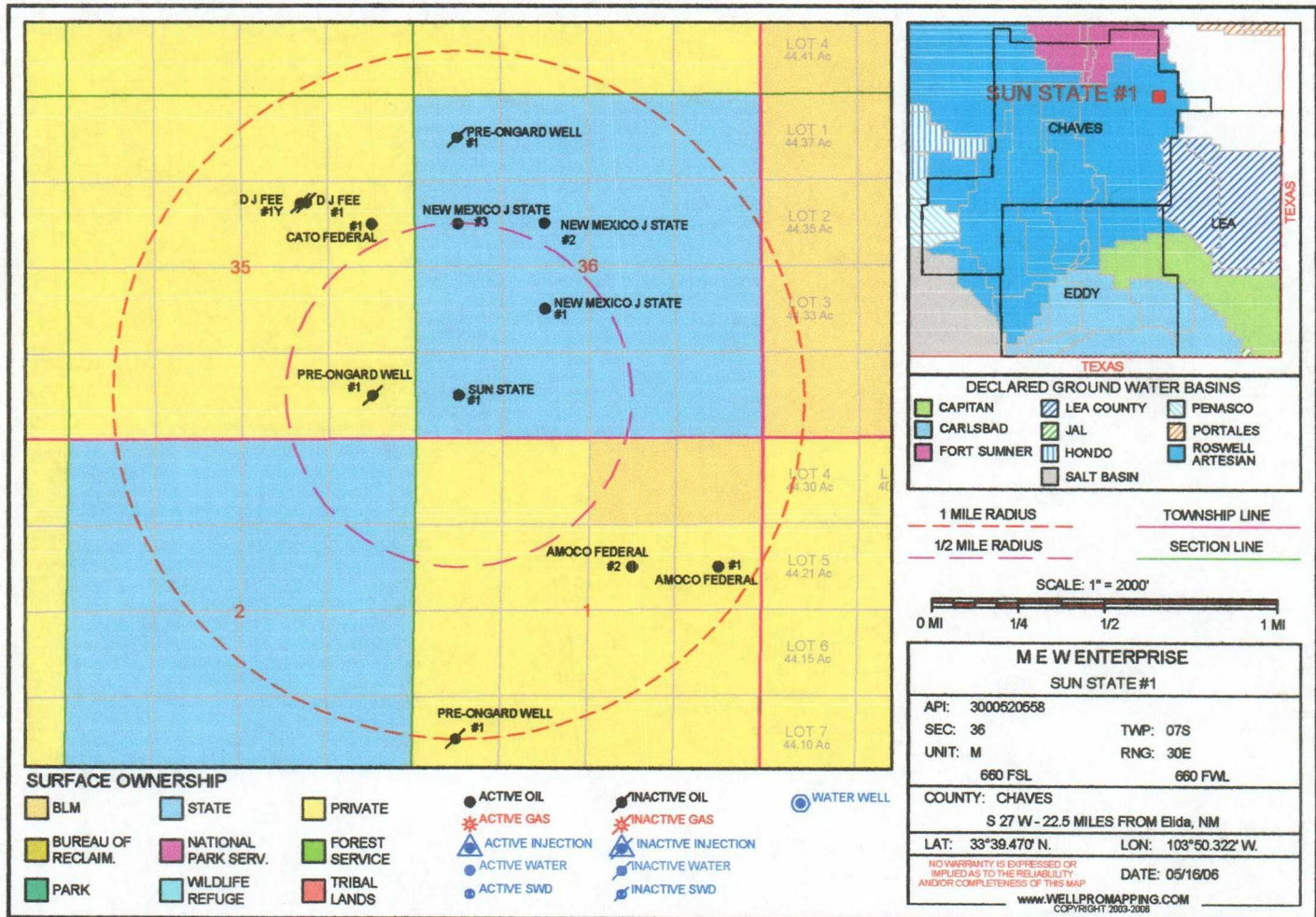
Tipton Oil and Gas has asked me to evaluate the risk to off set producing wells from converting this well to injection. The San Andres formation appears to be the producing interval for the CATO Field. I have attached the information supplied to me; I do not have additional knowledge of the producing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

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

Yours very truly,

  
James F. O'Briant  
Registered Professional Engineer

Attachments  
Exhibits A – F (6 pages)



Ex. A

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

Anhy 1183  
Yates 1646

San Andres 2770

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

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

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

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

Ex B

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

After Conversion to SWD

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

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

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

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

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

PBTD 3715

EX. C

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

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

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

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

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

PBTD 3715

Ex. D

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

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

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

Perfs  
3561-3692  
16 holes

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

EX E

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

**Wells in the Area of Review**

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

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

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

EX F<sub>2</sub>



# Injection Permit Checklist

SWD Order Number 1039 Dates: Division Approved \_\_\_\_\_ District Approved \_\_\_\_\_

Information Request Letter or Email sent \_\_\_\_\_

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

API Num: (30-) 005-20558 County: CHaves

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

OCRD# 21128

Operator Name: TIPTON OIL AND GAS Acquisition, INC Contact CLAY TIPTON / Debbie McKelvey

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

~ 7 mile South of Kenna, NM

	Hole/Pipe Sizes	Depths	Cement	Top/Method
Surface	11 8 3/8	327	125	CIRC
Intermediate				
Production	7 7/8 4 1/2	3720	820 (1.35)	1350' calc
Last DV Tool				
Open Hole/Liner				
Plug Back Depth				

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

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

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

1175' ANH  
1626 Yds  
1790 7 RRS  
2284 Queen  
2764 SA

3571  
7142

MEW Engineering

714 PSI Max. WHIP  
No Open Hole (Y/N)  
No Deviated Hole (Y/N)

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

Salt Water Analysis: Injection Zone (Y/N/NA) ☒ Disposal Waters (Y/N/NA) ☒ Types: From Coda Falls (SA)

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

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

AOR Owners: Remuda Property Co. Kora McGee Noticed (Y/N) \_\_\_\_\_

CID/Potash/Etc Owners: \_\_\_\_\_ Noticed (Y/N) \_\_\_\_\_

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

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

Data to Generate New AOR Table

New Table Generated? (Y/N)

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

Conditions of Approval:

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

RBDMS Updated (Y/N) \_\_\_\_\_

UIC Form Completed (Y/N) \_\_\_\_\_

This Form completed 7/24/06