

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

RECEIVED
 2008 JUN 17 PM 2 03

[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.

Jack Stevenson Print or Type Name	 Signature	Owner Title	6/13/08 Date
		neostone@consultant.com (agent) e-mail Address	

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: ***Salt Water Disposal*** and the application *qualifies* for administrative approval.
- II. OPERATOR: ***Stevenson Oil Company***
- ADDRESS: ***1304 W. Aspen St., Lovington, NM 88260***
- CONTACT PARTY: ***Jack Stevenson (575) 631-1149***
Agent: SOS Consulting, LLC – Ben Stone (903) 488-9850
- III. WELL DATA: All well data and wellbore diagrams are attached hereto.
- IV. ***This is not an expansion of an existing project however, the well had previously been approved for salt water disposal, OCD Order No.SWD-1039 which expired September 16, 2007 without having been acted upon.***
- V. ***A map is attached*** 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. ***A tabulation is attached*** of data on all wells of public record within the area of review which penetrate the proposed injection zone. ***The data includes*** 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. ***The following data is attached*** 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. ***Appropriate geologic data on the injection zone is attached*** 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. ***No stimulation program is proposed at this time.***
- *X. ***There is no applicable logging and test data on the well however, well logs have been filed with the Division and they need not be resubmitted.***
- *XI. ***There are no fresh water wells within one mile the proposed salt water disposal well.***
- XII. ***An affirmative statement is attached that available geologic and engineering data has been examined and no evidence was found*** of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. ***"Proof of Notice" section on the next page of this form has been completed.***
- 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: ***Jack Stevenson*** TITLE: ***Owner, Stevenson Oil Company***

SIGNATURE: *Jack Stevenson*

DATE: *6-16-08*

E-MAIL ADDRESS: ***Agent: SOS Consulting, LLC: neostone@consultant.com***

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

III. WELL DATA – *The following information and data is included:*

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 *pursuant to the following criteria is attached.*

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.

C-108 APPLICATION OVERVIEW STATEMENT

Pursuant to the request of the New Mexico Oil Conservation Division engineering and legal staff, I hereby certify that the following conditions are true to the best of my knowledge.

- 1) Upon approval of this SWD application, Stevenson Oil Company will acquire the Sun State No.1 from the current owner, MEW Enterprises. Stevenson Oil Company will own and operate the well and will assume all responsibilities associated with the well.
- 2) Stevenson Oil Company and MEW enterprises are in compliance with OCD Rule 40. Stevenson Oil Company has no wells listed as inactive. MEW Enterprises has 4 wells listed as inactive however, 1 of the wells is the subject Sun State No.1 which yields an effective 10% inactive inventory. Inactive well reports from OCD Online for both companies are included and follow this overview page.
- 3) SOS Consulting, LLC prepared this application and is available if additional information is required. SOS has no further involvement other than in a consulting / agent capacity for this application.



Jack Stevenson
Stevenson Oil Company

Inactive Well List

Total Well Count: 11 Inactive Well Count: 0 Since: 3/11/2007

Printed On: Tuesday, June 03 2008

District API Well ULSTR OCD Unit OGRID Operator Lease Type Well Type Last Production Formation/Notes Status TA Exp Date

WHERE Ogrid:258867, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

Inactive Well List

Total Well Count: 28 Inactive Well Count: 4 Since: 3/11/2007

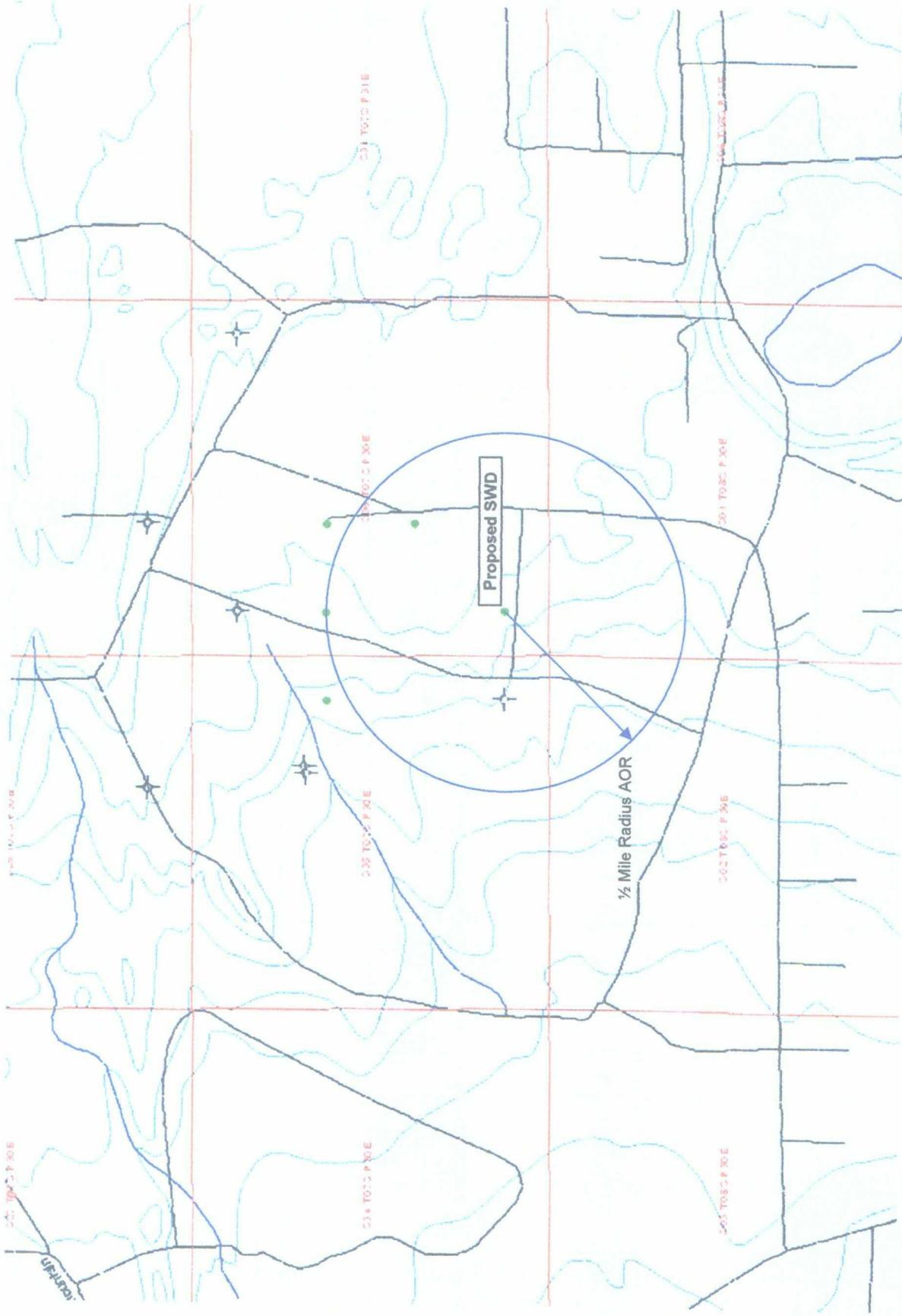
Printed On: Tuesday, June 03 2008

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
2	30-005-60431	O'BRIEN B #001	K-11-09S-29E	K	160190	M E W ENTERPRISE	P	G	12/2002			
2	30-005-60822	SKIP #001	P-26-07S-28E		160190	M E W ENTERPRISE	P	G	11/2006	SAN ANDRES		
2	30-005-60353	STATE 27 #001	M-27-04S-27E	M	160190	M E W ENTERPRISE	S	G	04/2006			
1	30-005-20558	SUN STATE #001	M-36-07S-30E	M	160190	M E W ENTERPRISE	S	O	04/1996	INT TO PA 12/28/05		

WHERE Ogrid:160190, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

C-108 ITEM V – MAP OF AOR

Sun State No.1 - Area of Review



GIS Map by Sylvan Ascent
Drawn 6/2/08
Drawn by Ben Stone, SOS Consulting, LLC
For Stevenson Oil Company, Lovington, New Mexico



Well spots generated from
RBDMS database with most
current recordset provided by
NMT Octane AllWells.mdb

Sun State No.1 - Area of Review Well Data



NEW MEXICO J STATE No.001

API Number	Well No.	Well Type	Status	Operator	Sec	Twp	Rng	Latitude	Longitude
30005201020000	001	O	A	REMUDA OPERATING CO	36	7 S	30 E	33.66147348	-103.834336
Pipe, Borehole & Cement Data:									
			Diameter	Top of Csg.	Bot. of Csg.	Sx Cmt.	Bot. of Cmt.	Top of Cmt.	
		SURF	8.625"	0	281	225	281	0	
		HOLI	12.25"	0	281	225	281	0	
		HOL2	7.785"	0	3730	280	3730	2498	
		PROD	4.5"	0	3730	280	3730	2498	✓

NEW MEXICO J STATE No.003

API Number	Well No.	Well Type	Status	Operator	Sec	Twp	Rng	Latitude	Longitude
30005211100000	003	O	A	REMUDA OPERATING CO	36	7 S	30 E	33.66506662	-103.838702
Pipe, Borehole & Cement Data:									
			Diameter	Top of Csg.	Bot. of Csg.	Sx Cmt.	Bot. of Cmt.	Top of Cmt.	
		SURF	8.625"	0	330	225	330	0	
		HOLI	12.25"	0	330	225	330	0	
		HOL2	7.785"	0	3750	400	3750	1996	
		PROD	4.5"	0	3750	400	3750	1996	✓

PRE-ONGARD WELL No. 001

API Number	Well No.	Well Type	Status	Operator	Sec	Twp	Rng	Latitude	Longitude
30005205420000	001	O	P	PRE-ONGARD WELL OPE	35	7 S	30 E	33.65784351	-103.843045

Pipe, Borehole & Cement Data:

	Diameter	Top of Csg.	Bot. of Csg.	Sx Cmt.	Bot. of Cmt.	Top of Cmt.
HOL1	11"	0	298	150	298	0
SURF	8.625"	0	298	150	298	0
PROD	4.5"	0	3665	200	3665	2550
HOL2	7.875"	0	3665	200	3665	2550 ✓

SUN STATE No. 001

API Number	Well No.	Well Type	Status	Operator	Sec	Twp	Rng	Latitude	Longitude
30005205580000	001	O	A	MEW ENTERPRISE	36	7 S	30 E	33.6578447	-103.838686

Pipe, Borehole & Cement Data:

	Diameter	Top of Csg.	Bot. of Csg.	Sx Cmt.	Bot. of Cmt.	Top of Cmt.
SURF	8.625"	0	339	125	339	0
HOL1	8.625"	0	339	125	339	0
HOL2	4.5"	0	3720	800	3720	0
PROD	4.5"	0	3720	800	3720	0 ✓

Handwritten signature: [Signature]

C-108 ITEM VII – WELLBORE SCHEMATICS

Sun State No. 1

API No. 30-005-20558

Location: 660' FSL & 660' FWL

Section 36, Twp 7S, Rng 30E, NMPM

Latitude: 33.657845 Longitude: -103.838686

Chaves County, New Mexico

Cato; San Andres (Pool No.10540)

Formation: Salado (Anhydrite/Mix)

Surface: 8.625" 20# @ 339' (Borehole 11")

Cement: 139 Sacks Class C from 339' to 0' (Circulated)

Formation: Tansill (Top 1175' Dolomite/Anhydrite)

Formation: Yates (Top 1626')

Casing/Tubing Annulus loaded with Packer Fluid.

Formation: Queen (Top 2284')

Production: 4.5" 11.3# @ 3720' (Borehole 7.875")

Cement: 800 Sacks Class C from 3720' to 1830' (by CBL)

Tubing: 2.375" Plastic Coated @ 3495'

Packer: 4.5" PKR @ 3500'

Formation: San Andres (Top 2764')

Perforations Top: 3571' - 3574'

3576' - 3580'

3613' - 3615'

Bottom: 3617' - 3620'

PBTD: 3713'

PROPOSED WELL CONFIGURATION



LITHOLOGY APPROXIMATION

SALADO

TANSILL

YATES

QUEEN

GRAYBURG

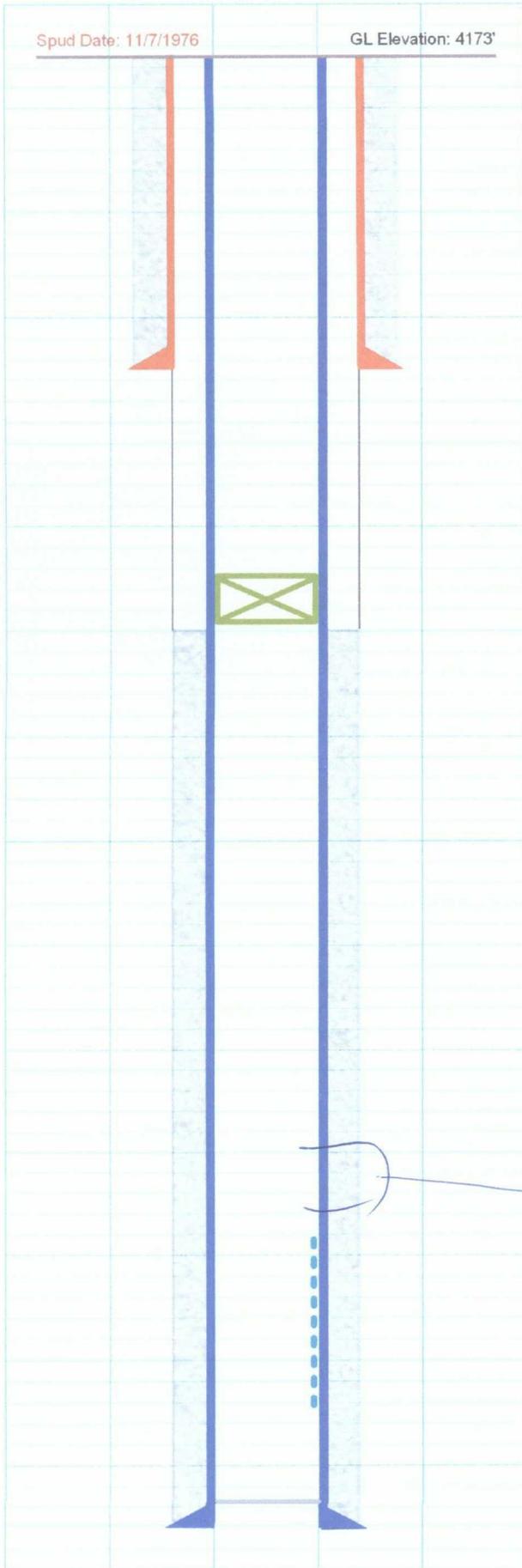
SAN ANDRES

WELLBORE SCHEMATIC

Stevenson Oil Company

CURRENT WELL CONFIGURATION

Intent to Temporarily Abandon



Sun State No. 1

API No. 30-005-20558

Location: 660' FSL & 660' FWL

Section 36, Twp 7S, Rng 30E, NMPM

Latitude: 33.657845 Longitude: -103.838686

Chaves County, New Mexico

COMPLETION NOTES: Well was in process of T/A completion. Tubing and packer were pulled and CIBP set. Subsequently, the proposal for SWD initiated. T/A status suspended to process C-108 application.
Last OCD reported status was active oil producer.

Surface: 8.625" 20# @ 339' (Borehole 11")

Cement: 139 Sacks Class C from 339' to 0' (Circulated)

Formation: Anhydrite (Top 1175')

Formation: Yates (Top 1626')

CIBP: 4.5" @ ~1750'

Formation: Queen (Top 2284')

Production: 4.5" 11.3# @ 3720' (Borehole 7.875")

Cement: 800 Sacks Class C from 3720' to 1830' (by CBL)

Formation: San Andres (Top 2764')

Pool: Cato; San Andres (Pool No.10540)

Perforations Top: 3571' - 3574'

3576' - 3580'

3613' - 3615'

Bottom: 3617' - 3620'

PBTD: 3713'

Remuda Operating Company

CURRENT WELL CONFIGURATION Producing Oil Well

New Mexico 'J' State No. 1

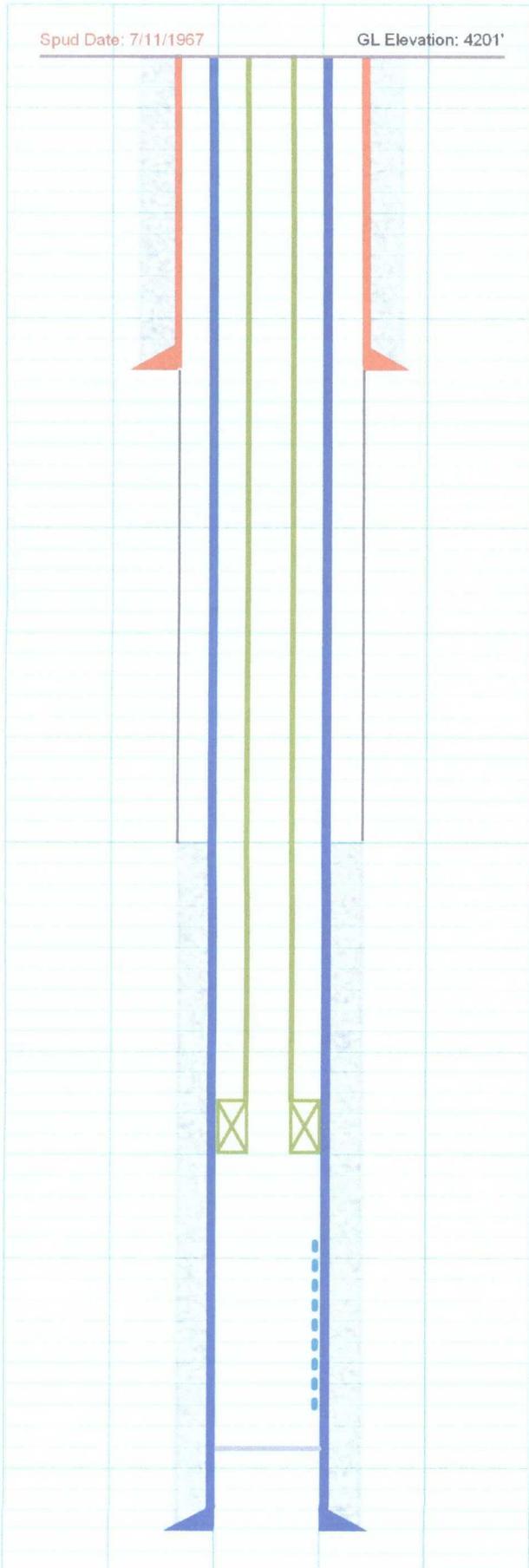
API No. 30-005-20102

Location: 1980' FSL & 1980' FWL

Section 36, Twp 7S, Rng 30E, NMPM

Latitude: 33.661473 Longitude: -103.834336

Chaves County, New Mexico



Surface: 8.625" 20# @ 281' (Borehole 12.25")

Cement: 225 Sacks Class C from 281' to 0' (Circulated)

Formation: Anhydrite (Top ~1183')

Formation: Yates (Top ~1646')

Formation: Queen (Top ~2250')

Formation: San Andres (Top ~2770')

Pool: Cato; San Andres (Pool No.10540)

Tubing: 2.375" @ ~3450'

Packer: 4.5" @ ~3450'

Perforations Top: 3495' - 3601'

3505', 3508' - 3513'

3517' - 3519'

3591', 3659', 3664', 3668', 3675', 3687'

Bottom: 3689'

PBTD: 3710'

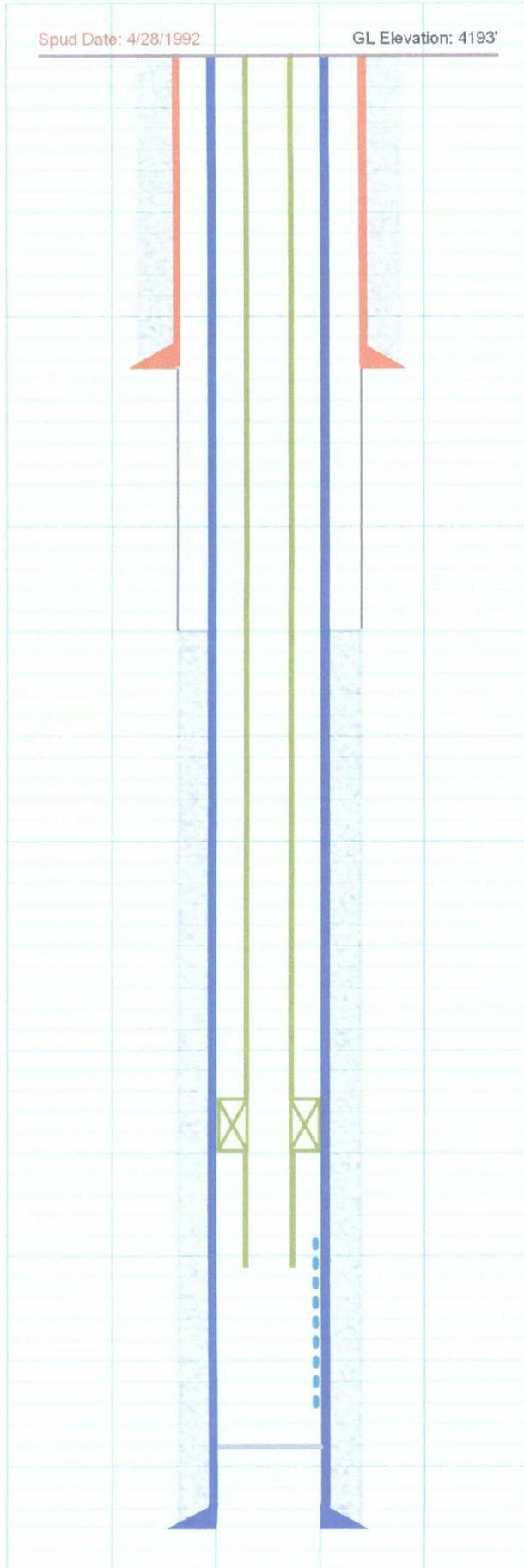
Production: 4.5" 9.5# @ 3730' (Borehole 7.875")

Cement: 280 Sacks Class C from 3730' to ~2498' (by Temp Survey)

Remuda Operating Company

CURRENT WELL CONFIGURATION

Producing Oil Well



New Mexico 'J' State No. 3

API No. 30-005-21110

Location: 1980' FNL & 660' FWL

Section 36, Twp 7S, Rng 30E, NMPM

Latitude: 33.665067 Longitude: -103.838702

Chaves County, New Mexico

Surface: 8.625" 24# @ 330' (Borehole 12.25")

Cement: 225 Sacks Class C from 330' to 0' (Circulated)

Formation: Anhydrite (Top ~1150')

Formation: Yates (Top ~1600')

Formation: Queen (Top ~2250')

Formation: San Andres (Top ~2750')

Pool: Cato; San Andres (Pool No.10540)

Tubing: 2.375" @ ~3680'

Packer: 4.5" @ ~3500'

Perforations Top: 3561'

Bottom: 3692'

PBTD: 3699'

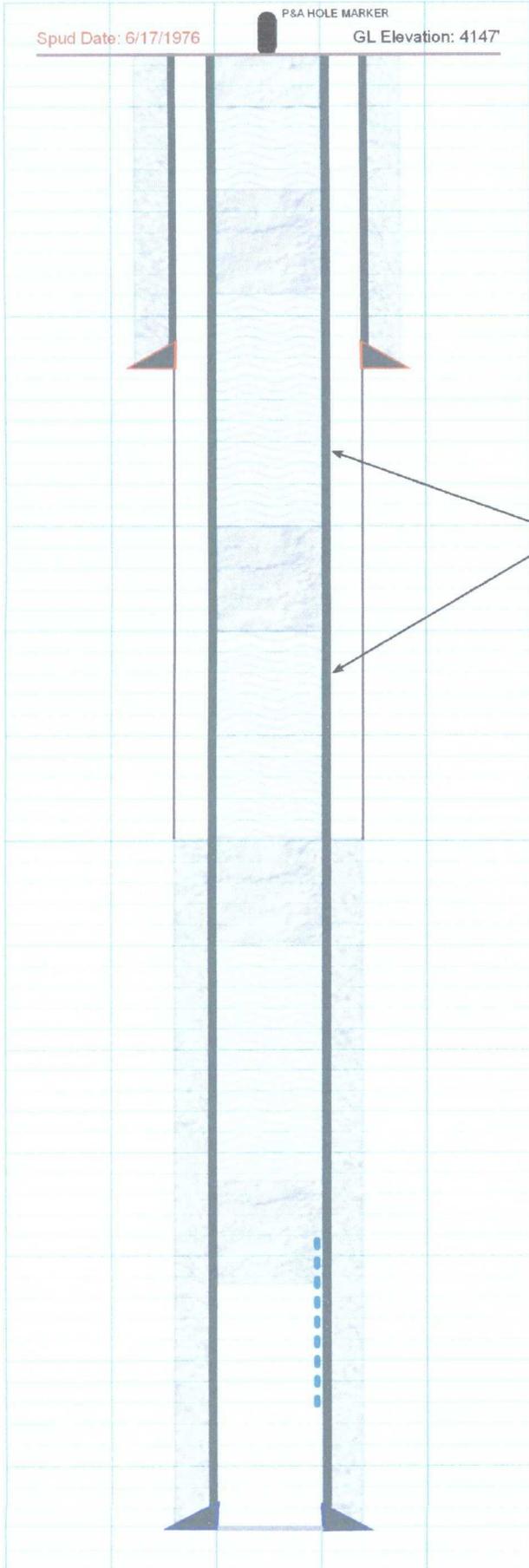
Production: 4.5" 10.5# @ 3750' (Borehole 7.875")

Cement: 400 Sacks Class C from 3750' to ~1996' (by OCD File)

Pre-ONGARD Operator

CURRENT WELL CONFIGURATION

Plugged and Abandoned 12/15/1976



Marie Trust No. 1

API No. 30-005-20542

Location: 660' FSL & 660' FEL

Section 36, Twp 7S, Rng 30E, NMPM

Latitude: 33.657843 Longitude: -103.843045

Chaves County, New Mexico

Cement Plug: 5 sx 20' - 0'

Cement Plug: 25 sx 350' - 250'

Surface: 8.625" 20# @ 298' (Borehole 11")

Cement: 150 Sacks Class C from 298' to 0' (Circulated)

Formation: Anhydrite (Top 1144')

Mud Between Plugs

Cement Plug: 25 sx 1400' - 1300'

Formation: Yates (Top 1594')

Formation: Seven Rivers (Top 1780')

Formation: Queen (Top 2250')

Cement Plug: 25 sx 2550' - 2450'

Formation: San Andres (Top 2730')

Cement Plug: 10 sx 3503' - 3352'

Perforations: 3527' - 3575'

Production: 4.5" 11.6# @ 3665' (Borehole 7.875")

Cement: 200 Sacks Class C from 3720' to 2550' (by OCD File)

TD: 3665'

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN TRIPLI
(Other instructions
reverse side)

FE-
FO-

Form approved
Budget Bureau No. 43-21434

5. LEASE DESIGNATION AND SERIAL NO.

NM -21167

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

1. OIL WELL GAS WELL OTHER

7. UNIT AGREEMENT NAME

2. NAME OF OPERATOR

Harvey E. Yates Co., Inc.

8. FARM OR LEASE NAME

Marie Trust

3. ADDRESS OF OPERATOR

Suite 1000 Security National Bank Bldg. Roswell, N.M. 88201

9. WELL NO.

#1

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.
See also space 17 below.)
At surface

10. FIELD AND POOL, OR WILDCAT

Wildcat

660' FSL & FEL

21. SEC., T., R., OR S.E., AND SURVEY OR AREA

Sec. 35, T-7S, R-30E

14. PERMIT NO.

15. ELEVATIONS (Show whether DS, RT, GR, etc.)

4147 GR

19. COUNTY OR PARISH

Chaves

18. STATE

N.M.

16.

Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

PULL OR ALTER CASING

FRACTURE TREAT

MULTIPLE COMPLETION

SHOOT OR ACIDIZE

ABANDON*

REPAIR WELL

CHANGE PLANS

(Other)

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

REPAIRING WELL

FRACTURE TREATMENT

ALTERING CASING

SHOOTING OR ACIDIZING

ABANDONMENT*

(Other)

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and components pertinent to this work.)*

10-22-76 - Plugged as follows:

- 10 sx Cement plug spotted 3503'-3352'
- 25 sx Cement plug spotted 2550'-2450'
- 25 sx Cement plug spotted 1400'-1300'
- 25 sx Cement plug spotted 350'-250'
- 20' plug @ surface with mud between plugs.
- Dry hole marker installed.

RECEIVED

DEC 21 1976

U. S. GEOLOGICAL SURVEY
ARTESIA, NEW MEXICO

18. I hereby certify that the foregoing is true and correct

SIGNED

Harvey E. Yates

TITLE Vice President

DATE 12-15-76

(This space for Federal or State office use)

APPROVED BY

TITLE DISTRICT ENGINEER

DATE FEB 28 1980

CONDITIONS OF APPROVAL, IF ANY:

C-108 ITEM XII – GEOLOGIC AFFIRMATION

We have examined available geologic and engineering data and have found no evidence of open faults or other hydrologic connection between the disposal interval and any underground sources of drinking water.

Further, prior reviews of such data determined the same results.



Jack Stevenson
Stevenson Oil Company

RECEIVED

SOS Consulting, LLC 2008 JUN 25 PM 1 35

June 22, 2008

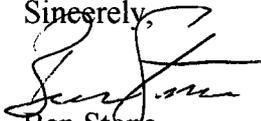
To Whom It May Concern:

Enclosed is a copy of the 'Affidavit of Publication' for the proposed Sun State No.1 salt water disposal well.

Please include this with the recently submitted 'C-108 Application for Authority to Inject' for the subject well.

Thank you for your attention in this matter.

Sincerely,



Ben Stone

SOS Consulting, LLC

Cc: Stevenson Oil Company
New Mexico Oil Conservation Division – Santa Fe
New Mexico Oil Conservation Division – Artesia
New Mexico State Land Office

June 10, 2008

NOTIFICATION TO INTERESTED PARTIES

To Whom It May Concern:

Stevenson Oil Company, Lovington, New Mexico has made application to the New Mexico Oil Conservation Division to convert its Sun State No.1 for the purpose of salt water disposal.

Following is the notice as published in the Roswell Daily Record, Roswell, New Mexico on Thursday, June 5, 2008.

LEGAL NOTICE

Stevenson Oil Company, 1304 W. Aspen, Lovington, NM 88260 has filed Form C-108 (Application for Authority to Inject) with the New Mexico Oil Conservation Division for administrative approval for salt water disposal in its Sun State Well No.1. The well, API No.30-005-20558 is located 660 FSL & 660 FWL in Section 36, Township 7 South, Range 30 East in Chaves County, New Mexico. Produced water from the San Andres formation will be disposed into the San Andres formation from approximately 3570 to 3620 feet at a maximum injection pressure of 714 psi and a maximum rate of 1000 barrels per day.

Interested parties wishing to object to the proposed application must file with the New Mexico Oil Conservation Division, 1220 St. Francis Dr., Santa Fe, NM 87505 within 15 days of the date of this notice. Additional information may be obtained from Stevenson Oil Company (505)631-1149 or its agent, SOS Consulting, LLC, (903)488-9850.

Thank you for your attention in this matter.

Regards,



Ben Stone, SOS Consulting, LLC
Agent for Stevenson Oil Company

Cc: Stevenson Oil Company
Remuda Operating Company
Ganada, Inc.
Kerr-McGee O/G Onshore, LP
Application File

AFFIDAVIT OF PUBLICATION
STATE OF NEW MEXICO

I, Janice Bounds
Legals 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 6th 2008

and ending with the issue dated

June 6th 2008

Janice Bounds

Clerk

Sworn and subscribed to before me

this 6th day of June, 2008

[Signature]

Notary Public

My Commission expires
June 13, 2010

(SEAL)



Publish June 6, 2008

LEGAL NOTICE

Stevenson Oil Company, 1304 W. Aspen, Lovington, NM 88260 has filed Form C-108 (Application for Authority to Inject) with the New Mexico Oil Conservation Division for administrative approval for salt water disposal in its Sun State Well No. 1. The well, API No. 30-005-20558 is located 680 FSL & 660 FWL in Section 36, Township 7 South, Range 30 East in Chaves County, New Mexico. Produced water from the San Andres formation will be disposed into the San Andres formation from approximately 3570 to 3620 feet at a maximum injection pressure of 714 psi and a maximum rate of 1000 barrels per day.

Interested parties wishing to object to the proposed application must file with the New Mexico Oil Conservation Division, 1220 St. Francis Dr., Santa Fe, NM 87505 within 15 days of the date of this notice. Additional information may be obtained from Stevenson Oil Company (505)631-1149 or its agent, SOS Consulting, LLC, (903)488-9850.

**C-108 ITEM XIII – PROOF OF NOTIFICATION
INTERESTED PARTY LIST**

SURFACE OWNER

State of New Mexico
New Mexico State Land Office
Oil & Gas Division
P.O. Box 1148
Santa Fe, NM 87504

SURFACE LESSEE

Ganada, Inc.
P.O. Box 9
Sudan, TX 79371

MINERAL LESSEE

Kerr-McGee O/G Onshore, LP
Land Department
5735 Pineland Drive, Suite 300
Dallas, TX 75231

OFFSET OPERATOR IN AREA OF REVIEW

Remuda Operating Company
505 North Big Spring, Suite 602
Midland, TX 79701

C-108 ITEM XIII - PROOF OF NOTIFICATION

7007 0220 0004 0036 7240

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	\$ 42
Certified Fee	270
Return Receipt Fee (Endorsement Required)	220
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.32



Sent To *New Mexico Steel*

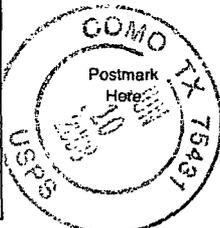
Street, Apt. No.,
or PO Box No.

City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

7007 0220 0004 0036 7233

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	\$ 42
Certified Fee	270
Return Receipt Fee (Endorsement Required)	220
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.32



Sent To *Remuda Operating*

Street, Apt. No.,
or PO Box No.

City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

7007 0220 0004 0036 7226

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	\$ 42
Certified Fee	270
Return Receipt Fee (Endorsement Required)	220
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.32



Sent To *Kerr Steel*

Street, Apt. No.,
or PO Box No.

City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions

7007 0220 0004 0036 7217

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	\$ 42
Certified Fee	270
Return Receipt Fee (Endorsement Required)	220
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.32

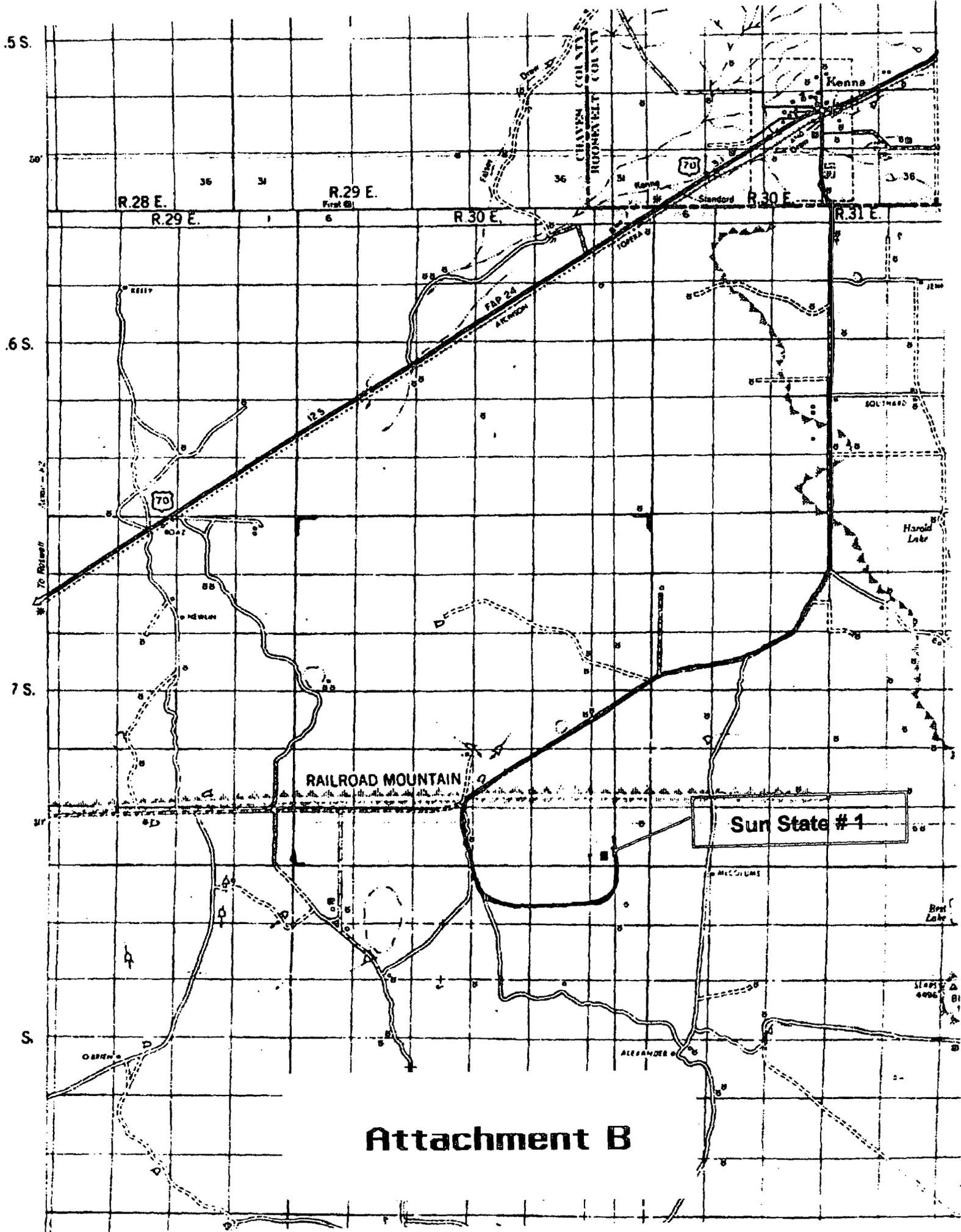


Sent To *CANADA INC*

Street, Apt. No.,
or PO Box No.

City, State, ZIP+4

PS Form 3800, August 2006 See Reverse for Instructions



Attachment B

NM WAIDS



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

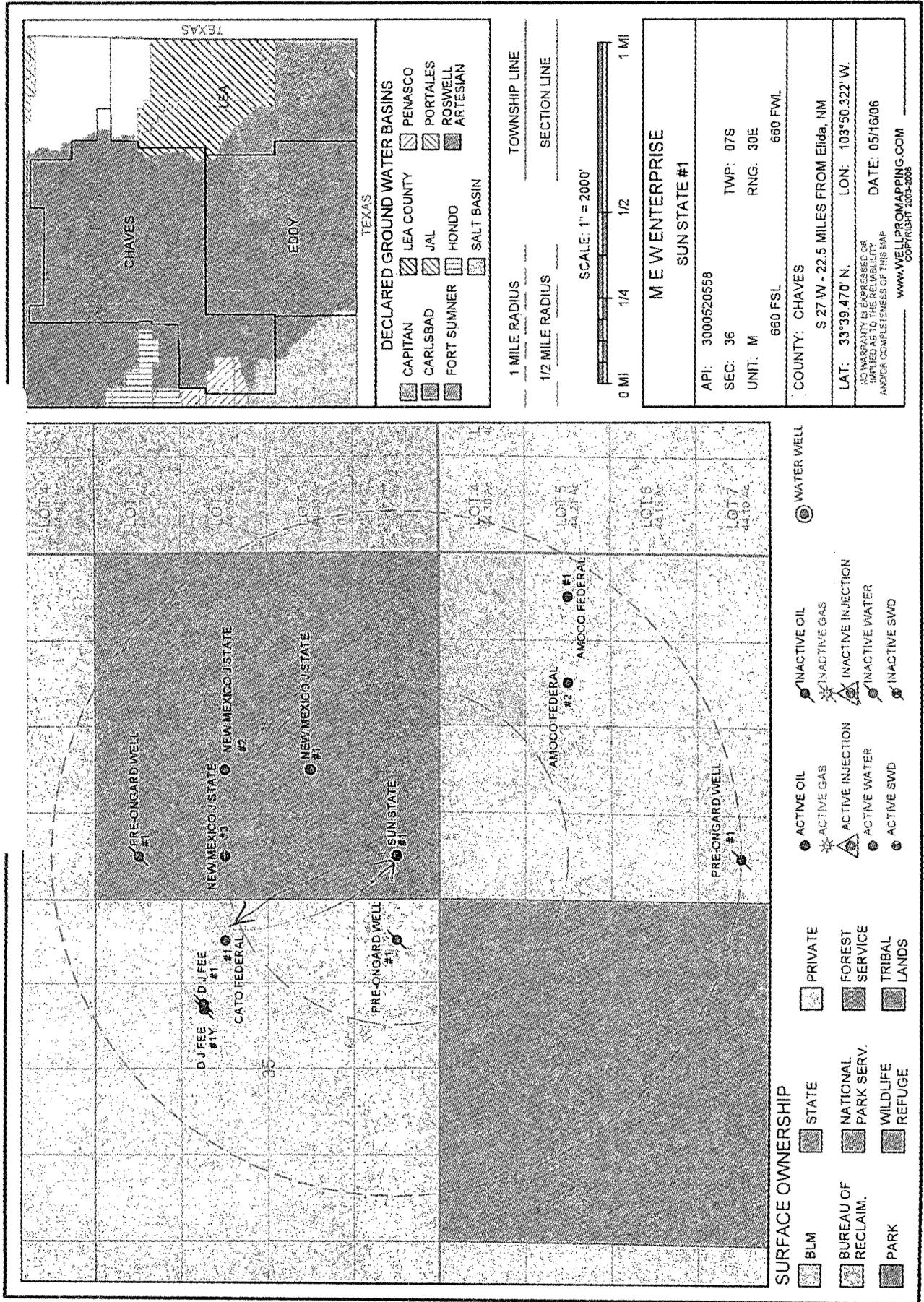
SELECT/DESELECT ALL

Submit



Attachment D

Attachment B



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

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.

8/28/2006

TIPTON OIL & GAS ACQUISITIONS

P.O. BOX 1234
LOVINGTON, NM 88260
505-396-8753 FAX 392-2656

RECEIVED

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

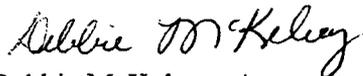
Dear Mr. Jones:

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

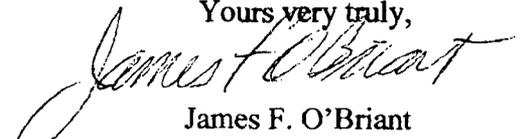
Re: Application to Convert Producing Well to SWD
Tipton Oil and Gas
Sun State Well No. 1 (API # 30-005-20558)
Chaves County, New Mexico

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)

Injection Permit Checklist (7/8/08)

Case R- SWD 1039A PMX IPI Permit Date 7/16/08 UIC Qtr July/Aug/Sept

Wells 1 Well Name: Sup State #1

API Num: (30-) 005-20558 Spud Date: 11/7/76 New/Old: OLD (UIC primacy March 7, 1982)

Footages 660 FSL/FWL Unit M Sec 36 Tsp 7S Rge 30E County Chaves

Operator: Stevenson Oil Company Contact JACK STAVENSON / SAS CONSULTING, LLC

OGRID: 258867 RULE 40 Compliance (Wells) OK (Finan Assur) X

Operator Address: 1304 W. ASPEN ST. LOVINGTON, NM 88260

Current Status of Well: owned BY MEW Enterprises; inherit TO T.A. (IBP was Set)

Planned Work to Well: RE-iterate SWD Permit Planned Tubing Size/Depth: 2 3/8 @ 3495'

	Sizes Hole.....Pipe	Setting Depths	Cement Sx or Cf	Cement Top and Determination Method
Existing <input checked="" type="checkbox"/> Surface	<u>8 5/8</u>	<u>339</u>	<u>125</u>	<u>0</u>
Existing <input type="checkbox"/> Intermediate				
Existing <input checked="" type="checkbox"/> Long String	<u>4 1/2</u>	<u>3720</u>	<u>800</u>	<u>0</u>

DV Tool --- Liner --- Open Hole --- Total Depth 3720 PBDT 3713

Well File Reviewed Y/N

Diagrams: Before Conversion After Conversion Elogs in Imaging File:

Intervals:	Depths	Formation	Producing (Yes/No)
Above (Name and Top)			
Above (Name and Top)	<u>2764</u>	<u>SA</u>	
Injection..... Interval TOP:	<u>3570</u>		
Injection..... Interval BOTTOM:	<u>3620</u>		
Below (Name and Top)			

Cata; SA Pool area

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

Sensitive Areas: Capitan Reef --- Cliff House --- Salt Depths ---

.... Potash Area (R-111-P) --- Potash Lessee --- Noticed? ---

Fresh Water: Depths: 0-350 Wells(Y/N) NONE Analysis Included (Y/N): --- Affirmative Statement

Salt Water: Injection Water Types: SA Analysis? ---

Injection Interval..... Water Analysis: SA Hydrocarbon Potential ---

Notice: Newspaper(Y/N) Surface Owner SLO Mineral Owner(s) ---

RULE 701B(2) Affected Parties: Gardner Inc / KERR MCB / REMUDA

Area of Review: Adequate Map (Y/N) and Well List (Y/N)

Active Wells 1 Num Repairs 0 Producing in Injection Interval in AOR yes
..P&A Wells 1 Num Repairs 0 All Wellbore Diagrams Included? yes

Questions to be Answered:
well has Perf up hole

Required Work on This Well: _____ Request Sent _____ Reply: _____

AOR Repairs Needed: _____ Request Sent _____ Reply: _____

Request Sent _____ Reply: _____