DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.

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.

Eddie W Seay — Print or Type Name
Eddie W Seay — Signature
Agent — Title
5/11/2004 — Date
seay04@leaco.net — e-mail Address

EXHIBIT 12

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

Oil Conservation Division 1220 South St. Francis Dr.

Santa Fe, New Mexico 87505 FORM C-108 Revised 4-1-98

APPLICATION FOR AUTHORIZATION TO INJECT

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

II. OPERATOR: Gandy Corp.

ADDRESS: 1008 W. Broadway Hobbs N.M.

CONTACT PARTY: Dale Gandy 505-396-4998 PHONE:

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.

Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? _____ Yes _____ No Revised
If yes, give the Division order number authorizing the project:
Previous Approval SWD-836

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: Eddie W. Seay TITLE: Agent

SIGNATURE: Eddie W Seay DATE: 5/4/2004

* 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: when drilled

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

ATTACHMENT TO APPLICATION C-108

State T #2
Unit L, Sect. 6, T. 16 S., R. 36 E.
Lea Co., NM

III. Well data information sheets attached.

IV. No

V. Map attached.

VI. List of wells and data attached.

VII. Proposed Operation.
1) Average daily injection volume is 2000 bls. per day.
2) Closed system.
3) The average injection pressure is 500 psi with a maximum injection pressure of 1000 psi.
4) Produced water from the area, see attached water analysis.
5) Attached analysis.

VIII. The proposed disposal formation is interbedded shale and limestone. The primary geologic name is the San Andres and Glorietta formation which we plan to inject from approximately 4810'-6880'. The fresh water formation in this area is the Ogallala which ranges in thickness from top of H20 at 60' to the base of the fresh water at 240'.

IX. Acid as needed.

X. Previously submitted.

XI. Attached.

XII. I, Eddie W. Seay, have examined geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water pertaining to this well.

Eddie W Seay
Signature

5-8-2004
Date

Side 1

INJECTION WELL DATA SHEET

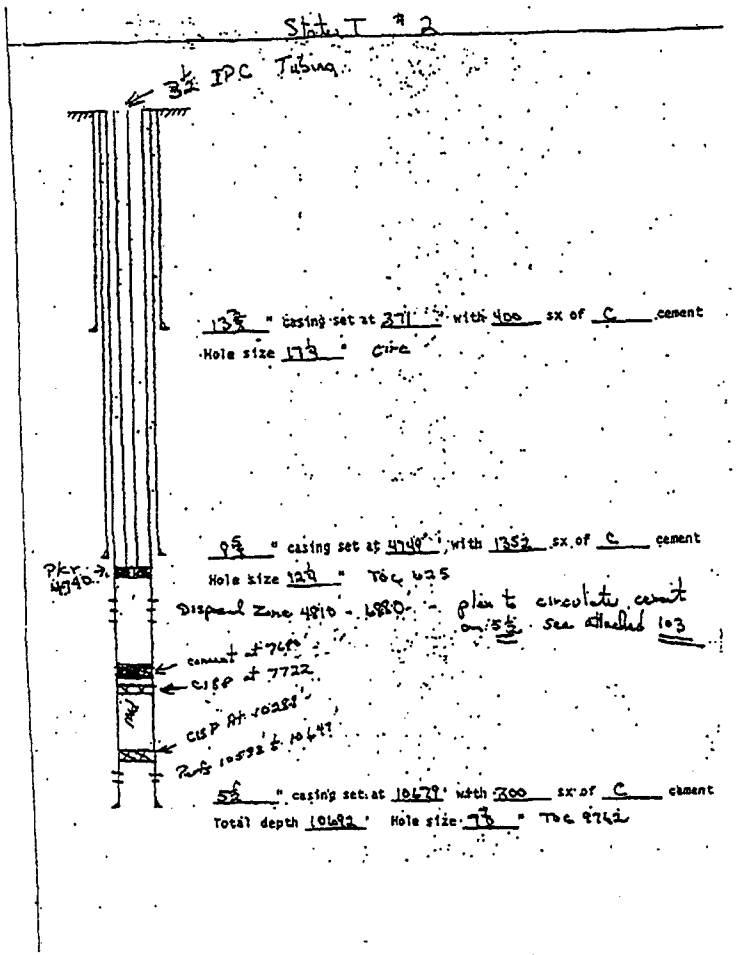
OPERATOR: Gandy Corp

WELL NAME & NUMBER: State T #2

WELL LOCATION: 4290 FS 500 FW | L | 6 | 16 | 36

FOOTAGE LOCATION | UNIT LETTER | SECTION | TOWNSHIP | RANGE

WELLBORE SCHEMATIC



WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17¼ " Casing Size: 13⅜ "

Cemented with: 400 sx sx. or _____ ft³

Top of Cement: Circ. Method Determined: Cement to Surface

Intermediate Casing

Hole Size: 12¼ " Casing Size: 8⅝ "

Cemented with: 1352 sx. or _____ ft³

Top of Cement: 625 Method Determined: TS

Production Casing

Hole Size: 7⅞ " Casing Size: 5½ "

Cemented with: 300 sx. or _____ ft³

Top of Cement: 9762 Method Determined: TS

Total Depth: 10692 Perforated and circulated cement 8/2003 See C-103

Injection Interval

4810 ' feet to 6880 '

(Perforated or Open Hole; indicate which)

Side 2

INJECTION WELL DATA SHEET

Tubing Size: 3 1/2" Lining Material: IPC

Type of Packer: Baker Model "D"

Packer Setting Depth: 4740'

Other Type of Tubing/Casing Seal (if applicable): NONE

Additional Data

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

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

2. Name of the Injection Formation: San Andres / Glorietta

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

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

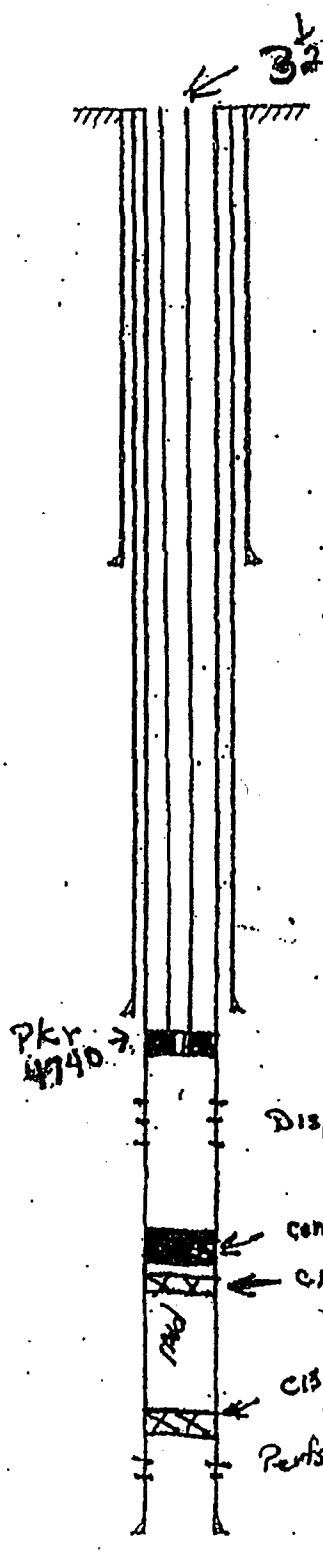
   Wolfcamp 10583 to 10647 CIBP with cement at 10288'

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

   Grayburg at approximately 3800'

   Tubb at approximately 7480'

State T #2



13⅜ " casing set at 371 ' with 400 sx of C cement
Hole size 17½ " Circ

9⅝ " casing set at 4749 ' with 1352 sx of C cement
Hole size 12¼ " TOC 625

Disposal Zone 4810' - 6880' - plan to circulate cement on 5½ See attached G103

5½ " casing set at 10679' with 300 sx of C cement
Total depth 10692' Hole size 7⅞ " TOC 9762

Submit 3 Copies To Appropriate District Office

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

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised June 10, 2003

WELL API NO.
30-025-03735

5. Indicate Type of Lease
STATE X FEE

6. State Oil & Gas Lease No.

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" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name
New Mexico State "T"

1. Type of Well:
Oil Well Gas Well Other X

8. Well Number
2

2. Name of Operator
Pronghorn Management Corporation

9. OGRID Number
122811

3. Address of Operator
P.O. Box 1772 Hobbs, NM 88241

10. Pool name or Wildcat
San Andres / Glorieta

4. Well Location

Unit Letter L : 4290 feet from the South line and 500 feet from the West line

Section 6 Township 16S Range 36E NMPM County Lea

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
3976' DR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	X	PLUG AND ABANDON	☐	REMEDIAL WORK	X	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	PLUG AND ABANDONMENT	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPLETION	☐	CASING TEST AND CEMENT JOB	☐		
OTHER:			☐	OTHER:			

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

See Attachment
Administrtative Order No. SWD-836

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

SIGNATURE _____ TITLE Agent DATE 8-19-03

Type or print name Devin Garner E-mail address: Garneroll@yahoo.com Telephone No.(505) 631-[illegible]770

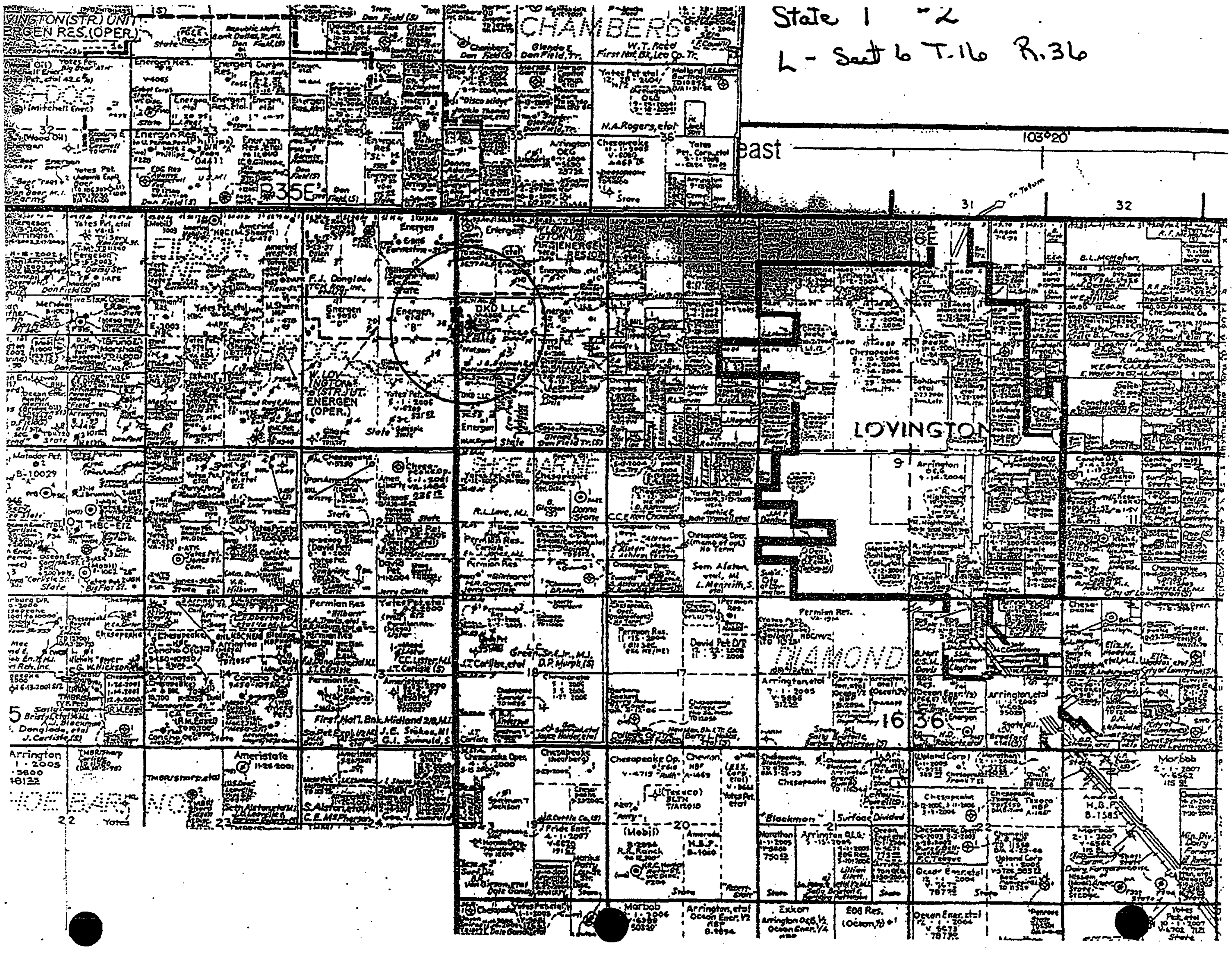
(This space for State use)

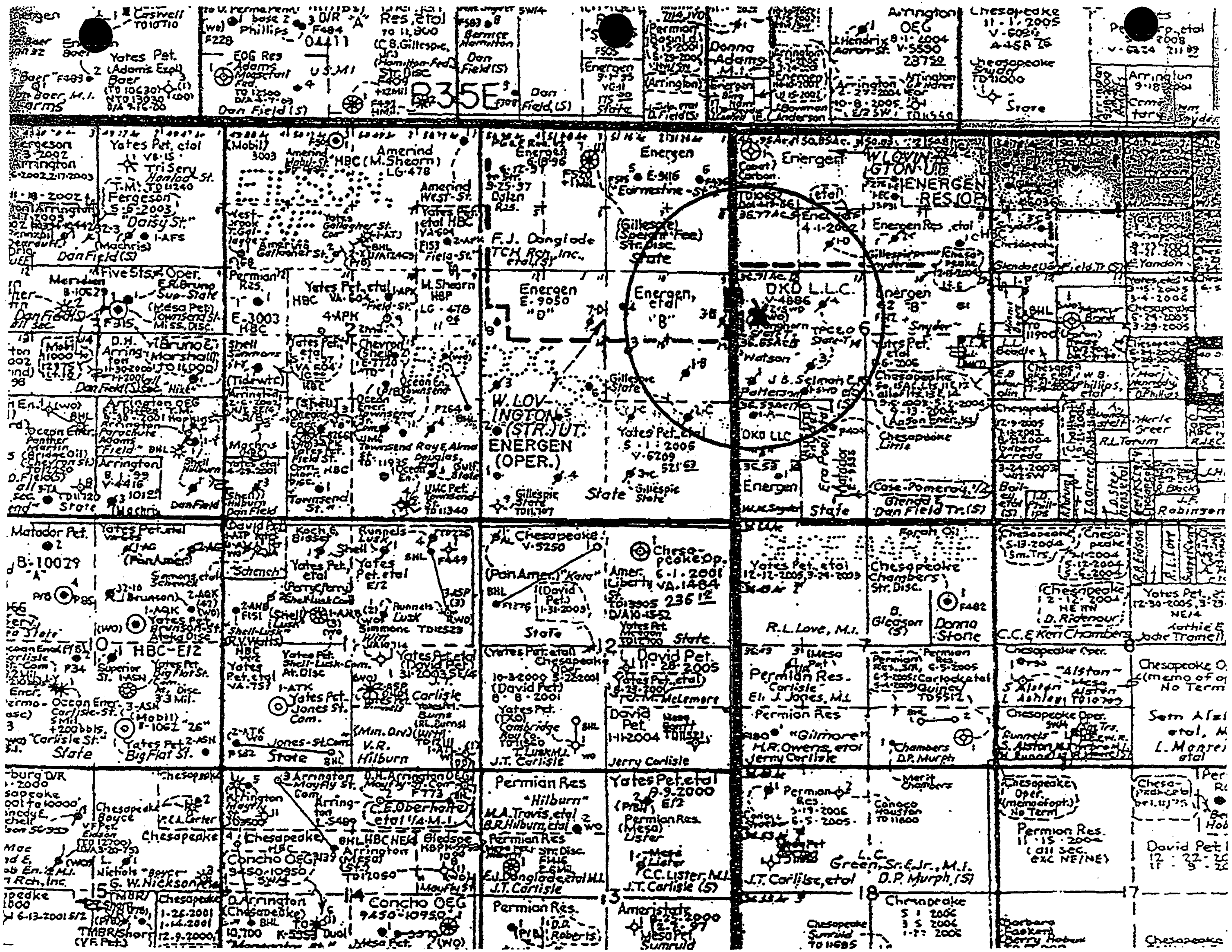
APPPROVED BY _____ TITLE Dist. Supervisor DATE 8/19/03

Conditions of approval, if any:

1. Set CIBP @ 10288'. Dump 25' of cement on top.
2. Set CIBP @ 7722'. Dump 25'. Dump 25' cement on top.
3. GIH w/ packer and find hole @ 7700'+-.
4. Pump 150 sxs cement through packer and WOC.
5. GIH and tag up @ 7690'. Calculate TOC @ 6700'+-.
6. GIH w/ packer and find hole in 5 ½ casing @ 4750'-4800'+-.
7. Pump 150 sxs of cement through packer and WOC.
8. GIH w/ tubing and tag up @ 4700'+-. Calculate TOC @ 4750'+-.
9. GIH w/ wire line and shot 4 holes @ 4320'. Establish circulation down 5 ½ and up 8 5/8.
10. GIH w/ cement retainer. Establish circulation down 5 ½ and up 8 5/8.
11. Rig up BJ and pump 140 sxs of Poz cement and 360 Class C cement. Circulate up 8 5/8.
12. WOC.
13. GIH w/ drill collar and bit and drill out cement and dement retainer.
14. Spot acid.
15. GIH w/ wire line and shoot 2 JSPF @ 4810'-4850'.
    5290'-5300'
    6210'-6260'
    6300'-6360'
    6440'-6455'
    6610'-6630'
    6770'-6880'
16. GIH w/ Model D production packer and 3 ½" plastic coated tubing. Set packer @ 4740'.
17. Nipple up wellhead.
18. Load Backside w/ KCL.

State 1 #2
L - Sect 6 T.16 R.36




R35E
DKD L.L.C.
W. LOVINGTON (STR.) UT.
ENERGEN
(OPER.)
W. LOVINGTON UT.
ENERGEN
RES (OP)
Energen
F.J. Danglade
TCH Rch. Inc.
Yates Pet. etal
HBC (M.Shearn)
Amerind
Permian Res.
Chesapeake
Concho OEG
David Pet.
R.L. Love, M.I.
J.T. Carlisle
State
Dan Field (S)