DATE IN 9-22-05 | SUSPENSE 10/8/05 | ENGINEER JONES | LOGGED IN 9-23-05 | TYPE SWD 1008 | APP NO. PSEM0526626457

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 _____

1107 - 1114
2214psi

[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 _____

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 June 10, 2003

APPLICATION FOR AUTHORIZATION TO INJECT

RECEIVED
SEP 22 2005
OIL CONSERVATION DIVISION

I. PURPOSE: _____Secondary Recovery _____Pressure Maintenance ___xx__Disposal ____Storage
Application qualifies for administrative approval? ___xx___Yes _____No

II. OPERATOR: _____Dakota Resources, Inc. (I)_____

ADDRESS: _____911 N. Midkiff, Midland, TX 79701_____

CONTACT PARTY: ____Pam Morphew_____PHONE: 432-697-3420

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 ___xx____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: _____Pam Morphew _____TITLE: ___Vice President_____

SIGNATURE: Pam Morphew _____DATE: ____9/16/05_____

E-MAIL ADDRESS: ___pamm@dakota.wtxcoxmail.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: _____

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

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

(1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.

(2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.

(3) A description of the tubing to be used including its size, lining material, and setting depth.

(4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

(1) The name of the injection formation and, if applicable, the field or pool name.

(2) The injection interval and whether it is perforated or open-hole.

(3) State if the well was drilled for injection or, if not, the original purpose of the well.

(4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.

(5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

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

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

(1) The name, address, phone number, and contact party for the applicant;

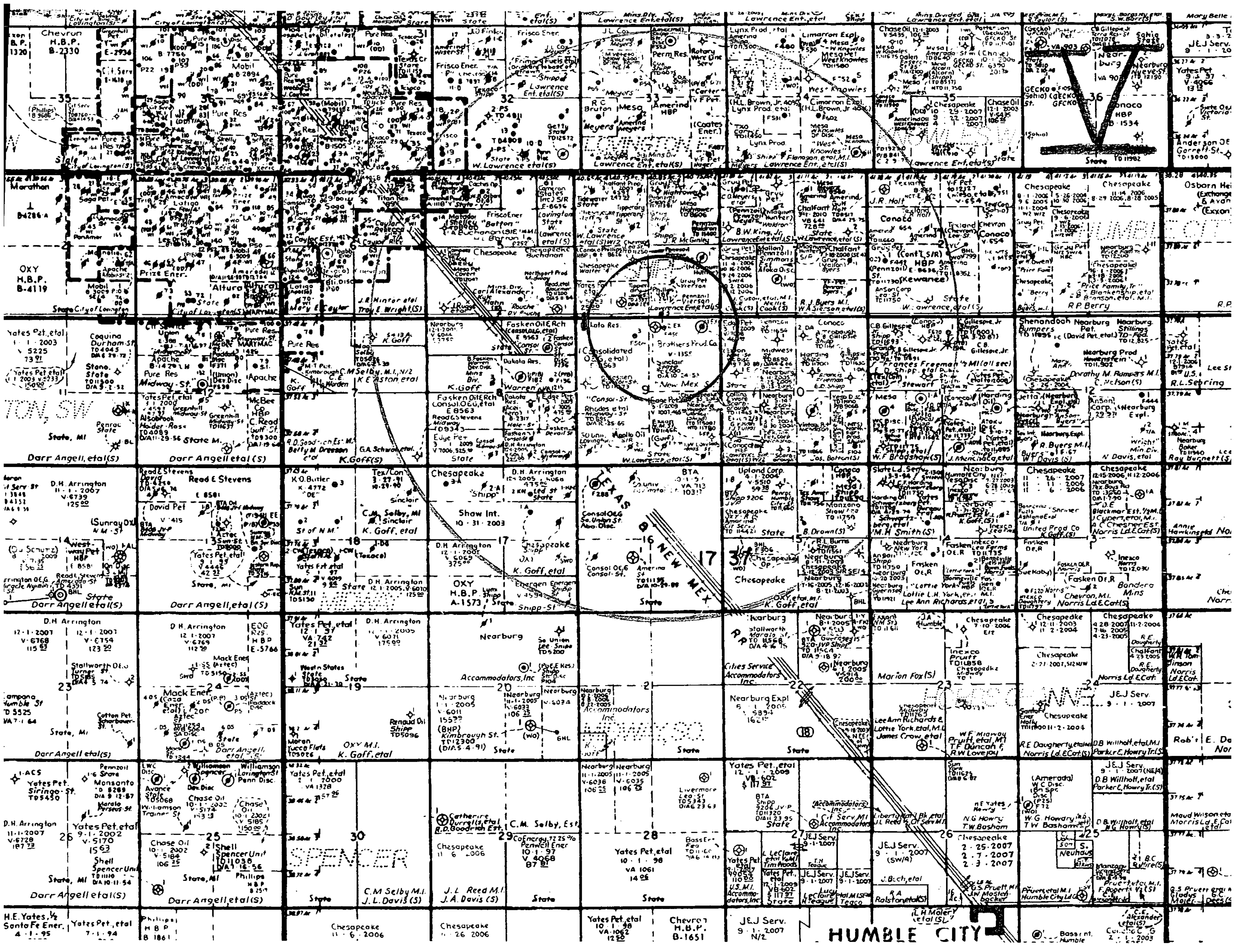
(2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;

(3) The formation name and depth with expected maximum injection rates and pressures; and,

(4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

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

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

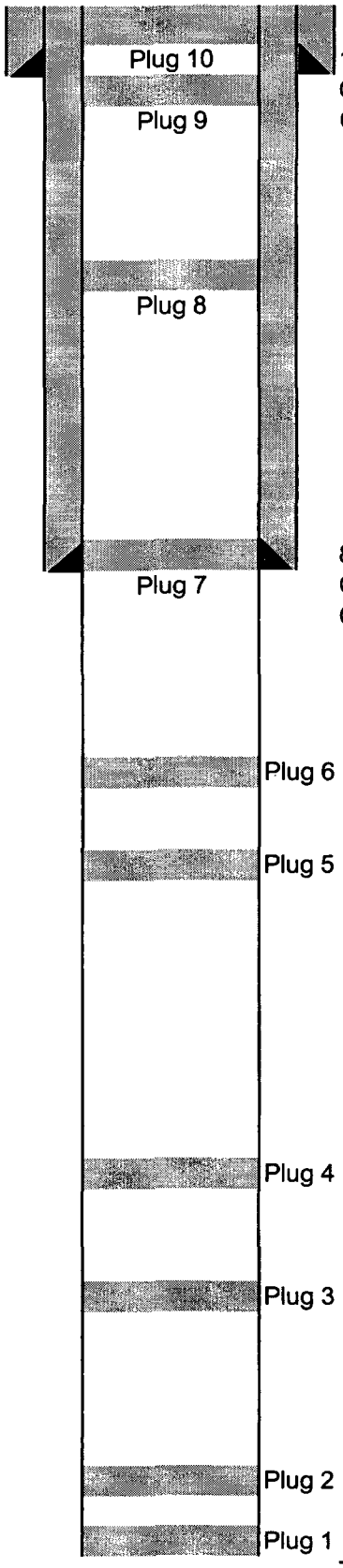


HUMBLE CITY
TEXAS
NEW MEX
Chevron H.B.P. B-2330
OXY H.B.P. B-4119
Darr Angell, etal (S)
Conoco HBP B-1534
Chesapeake
Nearburg
Yates Pet., etal
State

Requirement VI.

Well Name	Location	Unit Letter	Well Type	Spud Date	Depth	PBTD	Completion	Status	Last Known Operator
Jons 4 State	Sec 4 T17S, R37E 560 FSL & 1650 FWL	N	N/A	9/22/84	11,336	N/A	N/A-Dry Hole	P&A	Tipperary O&G
Viersen #2	Sec 4 T17S, R37E 1300 FSL & 1650 FEL	O	Oil	10/23/1985	11,281	11,232	Perfs 11,059-11,123 Acid w/ 5000 gals	P&A	Gruy Petroleum Mgmt
Vierson #3	Sec 4 T17S, R37E 150 FSL & 2080 FWL	O	Oil	1/2/1987	11,240	11,239	Perfs 11,067-11,090 Acid w/ 8500 gals	P&A	Pennzoil Expl & Prod.
Vierson #1	Sec 4 T17S, R37E 2130 FSL & 660 FEL	I	Oil	7/1/1985	11,390	11,346	Perfs 11,138-11,255 Acid w/ 3000 gals	P&A	Pennzoil Expl & Prod.
Lea "YL" State #1	Sec 4 T17S, R37E 2086 FSL & 2086 FWL	K	N/A	3/4/1986	11,250	N/A	N/A-Dry Hole	P&A	Chevron USA
Walter 4 #1	Sec 4 T17S, R37E 2260 FSL & 718 FWL	L	Oil/Gas	9/8/2002	11,350	Not Avail.	Perfs 10,998-11,036 Treatment N/A	Prod.	Chesapeake Operating
** New Mexico EX State #2	Sec 9 T17S, R37E 330 FNL & 1980 FEL	B	Oil/Gas	12/21/1985	11,300	11,238	Perfs 11,071-11,141 Natural Completion	Prod.	Dakota Resources, Inc.
New Mexico EX State #1	Sec 9 T17S, R37E 330 FNL & 660 FEL	A	Oil	3/20/1986	11,412	10,410	Perfs 10,352-10,376 Wolfcamp	P&A	Exxon Corp.
Consolidated State #1	Sec 9 T17S, R37E 2310 FSL & 330 FWL	E	N/A	1/10/1981	11,073	N/A	N/A-Dry Hole	P&A	Fasken Oil & Ranch

** Proposed Disposal Well

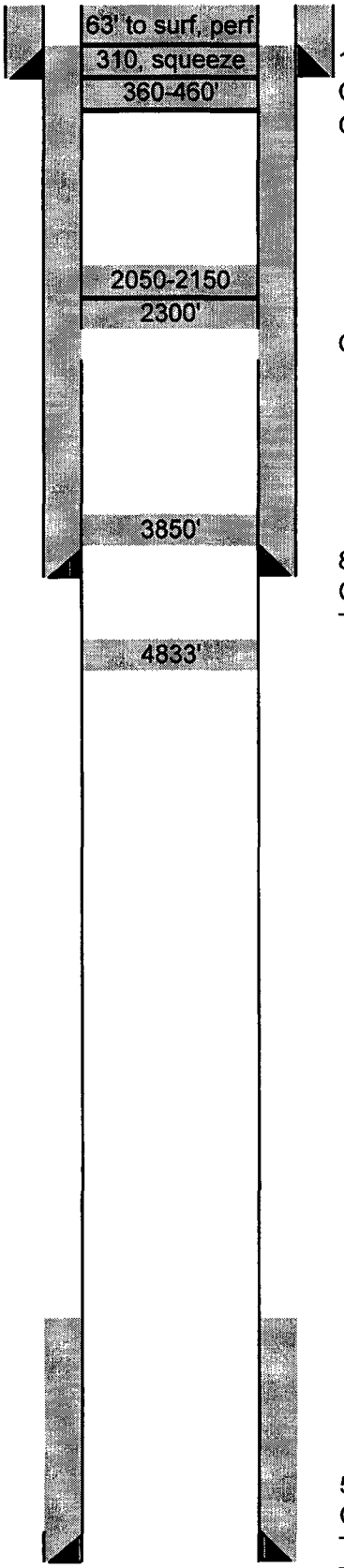


Jons 4 State

Sec. 4 (N), T-17-S, R-37-E
Lea County, New Mexico
560 FSL & 1650 FWL

Plugging Detail

Plug 1	35 sx @ 11,300'
Plug 2	35 sx @ 10,985
Plug 3	35 sx @ 9,342
Plug 4	35 sx @ 8,505
Plug 5	35 sx @ 6,335
Plug 6	35 sx @ 5,558
Plug 7	35 sx @ 4150-4250
Plug 8	35 sx @ 2000-2100
Plug 9	35 sx @ 350-450
Plug 10	10 sx @ surface



13 3/8" csg set @ 406'
Cmt w/ 420 sx
Circ. 25 sx

Cut off and fish csg
@ 2340'

8 5/8" csg set @ 4200'
Cmt w/ 1340 sx
TOC 310'

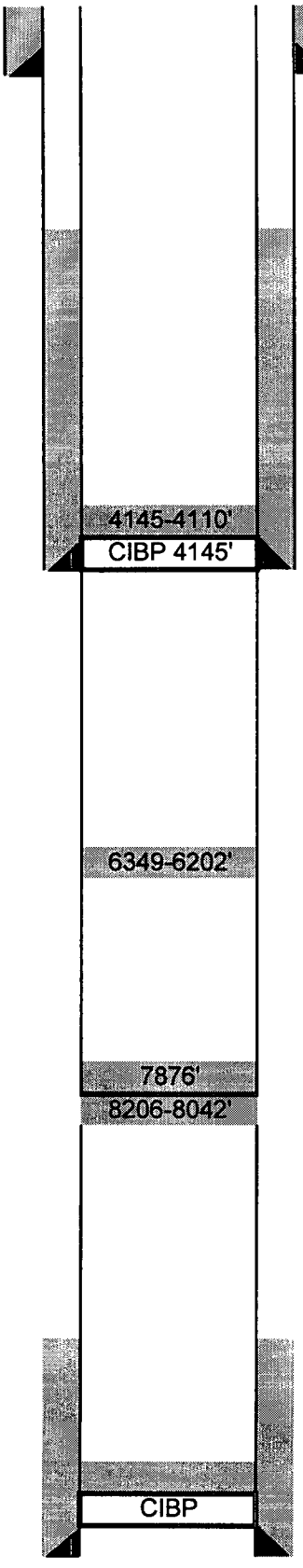
5 1/2" csg set @ 11,280'
Cmt w/ 400 sx
TOC 9612' (Cement Bond Log)
TD 11,281

Viersen #2

Sec. 4 (O), T-17-S, R-37-E
Lea County, New Mexico
1300 FSL & 1650 FEL

Plugging Detail

Spot 50 sx @ 5068. No Tag.
Re-spot 50 sx & tag @ 4833'
Perf @4200. Squeez 50 sx & tag
@ 3850.
Spot 50 sx @ 2500. Tag @ 2300'
Spot 35 sx @ 2150-2050
Spot 35 sx @ 460-360
Perf @ 310, Squeeze 70 sx
Spot 20 sx @ 63' to surface



13 3/8" csg set @ 405'
Cmt w/ 630 sx
Circ. 180 sx

8 5/8" csg set @ 4189'
Cmt w/ 1450 sx
TOC 1600'

Cut and pulled csg @ 7992'

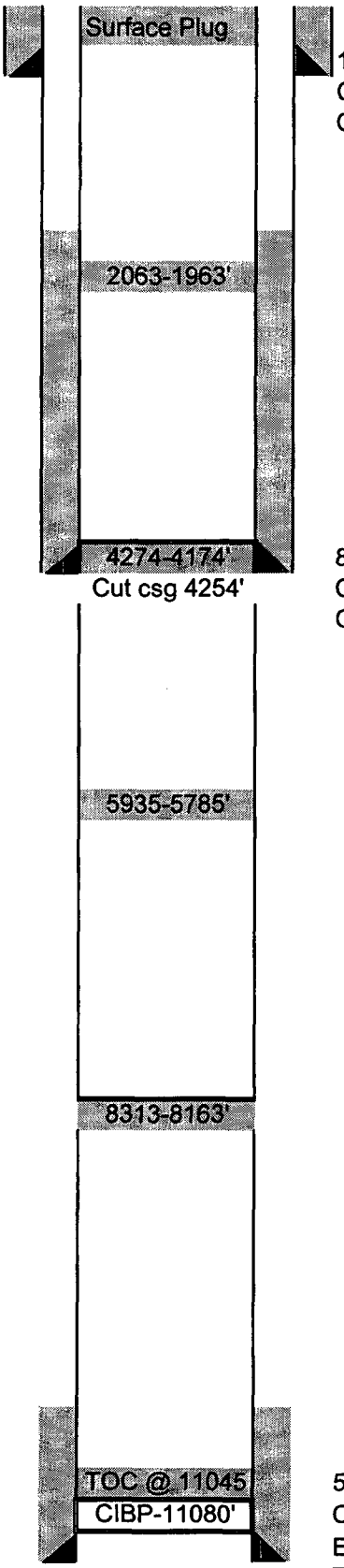
5 1/2" csg set @ 11,239'
Cmt w/ 350 sx
Est. TOC 9900'
TD 11,240'

Viersen #3

Sec. 4 (O), T-17-S, R-37-E
Lea County, New Mexico
150 FSL & 2080 FWL

Plugging Detail

5 1/2" CIBP @ 10,992', Spot 35' cmt
Spot 25 sx @ 8206-8042
Cut csg @ 7992'
Set 50 sx 8042-7876
Set 50 sx 6349-6202
Set several plugs, but never tagged
Mixed LCM, no change
Set 8 5/8" CIBP @ 4145
Set 10 sx 4145-4110
Rest of report missing



13 3/8" csg set @ 400'
Cmt w/ 400 sx
Circ. 85 sx

8 5/8" csg set @ 4200'
Cmt w/ 1950 sx
Circ 200 sx

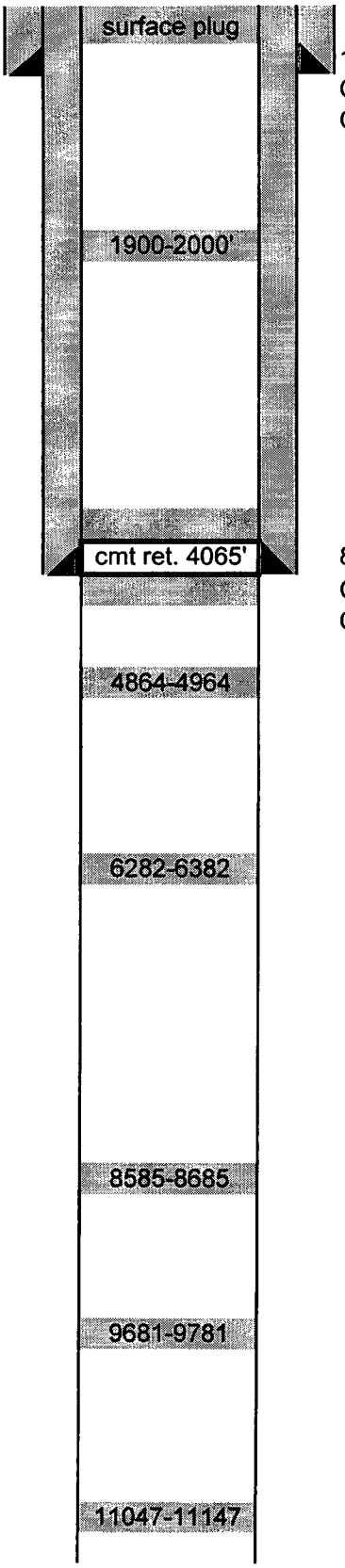
5 1/2" csg set @ 11,800'
Cmt w/ 320 sx
Est. TOC 10,300'
TD 11,390'

Viersen #1

Sec. 4 (I), T-17-S, R-37-E
Lea County, New Mexico
2130 FSL & 660 FEL

Plugging Detail

Set CIPB @ 11,080' w/ 35' cmt
TOC @ 11,045'
Spot 25 sx @ 8313-8163
Spot 25 sx @ 5935-5785
Cut 5 1/2" csg @ 4254'
Pump 50 sx, plug @ 4254'-Did not tag
Pump LCM & 50 sx, TOC @ 4274'
Plug 20'
Pump 50 sx @ 4274-4174
Spot 35 sx @ 2063-1963
Pump 10' Surface Plug



13 3/8" csg set @ 424'
Cmt w/ 475 sx
Circ.160 sx

8 5/8" csg set @ 4096'
Cmt w/ 1050 sx
Circ 130 sx

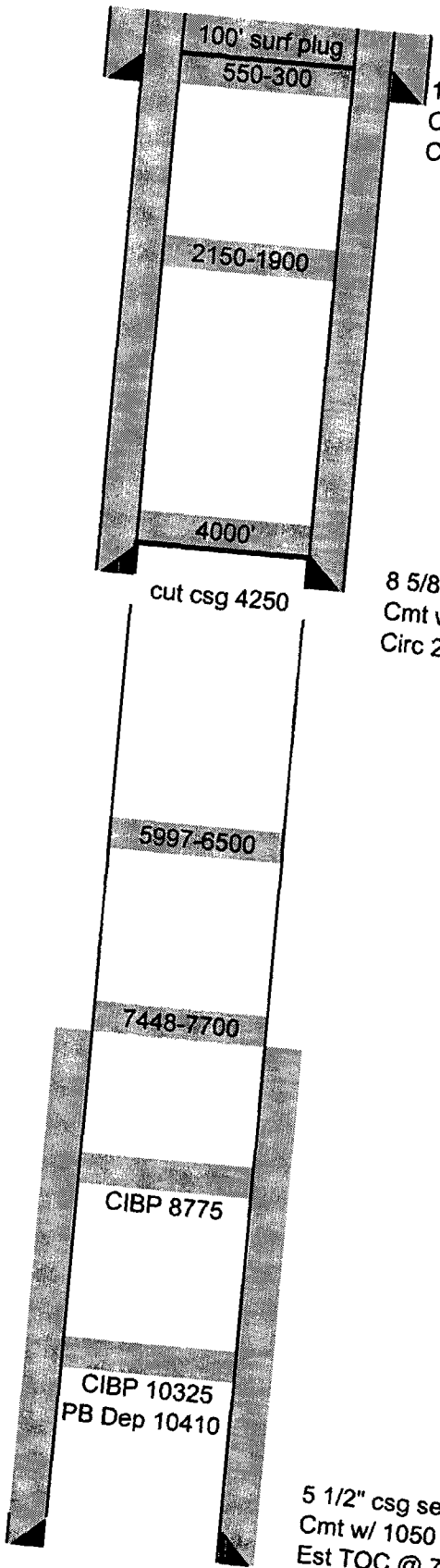
TD 11,250'

Lea "YL" State #1

Sec. 4 (K), T-17-S, R-37-E
Lea County, New Mexico
2086 FSL & 2086 FWL

Plugging Detail

50 sx @ 11,047-11,147
50 sx @ 9681-9781
70 sx @8585-8685
50 sx @ 6282-6382
70 sx @ 4864-4964
Set Cmt Retain @ 4065
pumped 75 sx below and 15 sx on top
50 sx @ 1900-2000
10 sx @ surface



13 3/8" csg set @ 462'
Cmt w/ 500 sx
Circ.90 sx

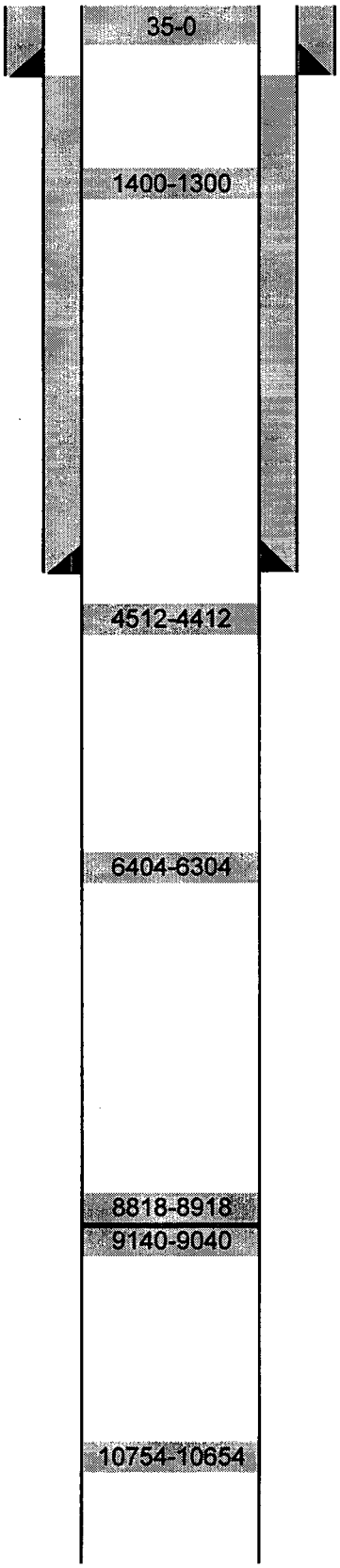
8 5/8" csg set @ 4198'
Cmt w/ 1700 sx
Circ 250 sx

5 1/2" csg set @ 11412'
Cmt w/ 1050 sx
Est TOC @ 7705'
TD 11,412'

New Mexico State EX #1
Sec. 9 (A), T-17-S, R-37-E
Lea County, New Mexico
330 FNL & 660 FEL

Plugging Detail

PB to 10, 410 and completed in Wolfcamp
Set CIBP @ 10325', dump 35' cement
Attempted Abo completion 8810-8860
Set CIBP @ 8775', cap w/ 35' cement
Cut off 5 1/2" csg @ 4250'
50 sx @ 7700-7448
50 sx @ 6500-5997
50 sx @ 4250
Reset plub from 4240 to 4000; w/ 56 sx
50 sx @ 2150-1900
50 sx @ 550-300
10 sx 100' to surface



13 3/8" csg set @ 398'
Cmt w/ 350 sx
Circ.60 sx

8 5/8" csg set @ 4462'
Cmt w/ 1600 sx
Est TOC @ 550' (Temp Surv)

TD 11,073'

Consolidated State No. 1

Sec. 9 (E), T-17-S, R-37-E
Lea County, New Mexico
2310 FSL & 330 FWL

Plugging Detail

35 sx @ 10754-10654
40 sx @ 9140-9040
40 sx @ 8918-8818
50 sx @ 6404-6304
40 sx @ 4512-4412
30 sx @ 1400-1300
10 sx @ 35-0

VIII & XII

DAKOTA RESOURCES INCORPORATED

911 North Midkiff
Midland, Texas 79701
(432) 697-3420

1406Camp Craft Rd, Ste 111
Austin, Texas 78746
(512) 306-8878

Geologic Data
FORM C-108 Attachment

Proposed SWD
Operator: Dakota Resources, Inc.
Well Name: State EX #2
Location: Section 9, T-17-S, R-37-E, Lea County, NM
API #: 003-025-29440

Proposed Injection Zone: 11,071-11,141 (existing perforations)
Formation: Strawn
Lithology: Limestone
Formation Thickness: 174'

Aquifers: Ogallala
Depth of Base Ogallala: 300'
Surface Casing: 13 3/8" at 444'

Examination of available geologic and engineering data indicate that there is no evidence of open faults that might allow for communication between the disposal zone and any aquifers at or near this wellbore, nor is any faulting or hydrologic connection between the proposed disposal zone and any aquifers recognized in the area.

Prepared 8/16/2005

Ron Pieper
Geologist
Dakota Resources, Inc.

XI

Endura Products Corporation

P.O. Box 3394, Midland, Texas 79702
Phone (432) 684-4233 Fax (432) 684-4277

WATER ANALYSIS

Date	**9/2/2005**	Endura Rep **Mitch Sawyer**		Code	**101022732**
Sampling Point/Date	**Wellhead 9/1/2005**			State	**New Mexico**
Company	**Dakota Resources**			County	**Lea**
Formation		Lease	**Doyce Cook Water Well**	Well	

DISSOLVED SOLIDS

CATIONS	mg/l	me/l
Sodium, Na+ (Calc.)	**138**	**6**
Total Hardness as Ca++	**96**	**0**
Calcium Ca++	**74**	**4**
Magnesium, Mg+	**13**	**1**
Barium, Ba++	**0**	**0**
Iron (Total) Fe+++*	**1**	**0**
ANIONS		
Chlorides, Cl-	**100**	**3**
Sulfate, SO4-	**175**	**4**
Carbonate, CO3-	**0**	**0**
Bicarbonates, HCO3-	**244**	**4**
Sulfide, S-*	**0**	**0**
Total Dissolved Solid	**745**	

OTHER PROPERTIES

pH*	**7.673**
Specific Gravity,60/60 F.	**1.000**
Turbidity	**13**

SCALING INDICIES

TEMP, F	CA CO3	CASO4*2H2O	CA SO4	BA SO4
80	**0.3046**	**-1.4812**	**-1.6229**	**-27.6461**
120	**0.5307**	**-1.4974**	**-1.4587**	**-27.8524**
160	**0.7591**	**-1.4557**	**-1.2443**	**-27.9611**

PERFORATIONS

XI

Endura Products Corporation

P.O. Box 3394, Midland, Texas 79702
Phone (432) 684-4233 Fax (432) 684-4277

WATER ANALYSIS

Date	**9/2/2005**	Endura Rep **Mitch Sawyer**		Code	**101022733**
Sampling Point/Date	**Wellhead 9/1/2005**			State	**New Mexico**
Company	**Dakota Resources**			County	**Lea**
Formation		Lease	**Parker Tools Water Well**	Well	

DISSOLVED SOLIDS

CATIONS	mg/l	me/l
Sodium, Na+ (Calc.)	**161**	**7**
Total Hardness as Ca++	**202**	**0**
Calcium Ca++	**195**	**10**
Magnesium, Mg+	**4**	**0**
Barium, Ba++	**0**	**0**
Iron (Total) Fe+++*	**1**	**0**
ANIONS		
Chlorides, Cl-	**260**	**7**
Sulfate, SO4-	**200**	**4**
Carbonate, CO3-	**0**	**0**
Bicarbonates, HCO3-	**390**	**6**
Sulfide, S-*	**0**	**0**
Total Dissolved Solid	**1,211**	

OTHER PROPERTIES

pH*	**7.255**
Specific Gravity,60/60 F.	**1.000**
Turbidity	**14**

SCALING INDICIES

TEMP. F	CA CO3	CASO4*2H2O	CA SO4	BA SO4
80	**0.4379**	**-1.1052**	**-1.2473**	**-27.7725**
120	**0.6698**	**-1.1219**	**-1.0835**	**-27.9801**
160	**0.9146**	**-1.0825**	**-0.8714**	**-28.0929**

PERFORATIONS

VII.

1. **Proposed Average Daily Rate to be injected: 3000 BWPD**
   Proposed Maximum Daily Rate to be injected: 4000 BWPD

2. **This will be a closed system**

3. **Average injection pressure 2000 psi with maximum**
   Maximum injection pressure of 4000 psi

4. **Source of injection fluid will be produced water.**

IX.

Stimulation Program:

1500 gal 15% NeFe Acid through perforations at 11,071 to 11,141'

Side 1

INJECTION WELL DATA SHEET

OPERATOR: Dakota Resources, Inc.

WELL NAME & NUMBER: New Mexico EX State #2

WELL LOCATION: 330 FNL & 1980 FEL (FOOTAGE LOCATION) B (UNIT LETTER) 9 (SECTION) 17S (TOWNSHIP) 37E (RANGE)

WELLBORE SCHEMATIC

See attached

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17 ½" Casing Size: 13 3/8"

Cemented with: 500 sx. *or* _____ ft^3

Top of Cement: surface Method Determined: circulated

Intermediate Casing

Hole Size: 12 ¼" Casing Size: 8 5/8"

Cemented with: 1500 sx. *or* _____ ft^3

Top of Cement: surface Method Determined: circulated

Production Casing

Hole Size: 7 7/8" Casing Size: 5 ½"

Cemented with: 2082 sx. *or* _____ ft^3

Top of Cement: 3700' Method Determined: calculated

Total Depth:
11,300

Injection Interval

11,071 feet to 11,141

(Perforated) or Open Hole; indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 2 7/8" Lining Material: Rice Duoline

Type of Packer: Baker Model "R"

Packer Setting Depth: 10,971

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

Additional Data

1. Is this a new well drilled for injection? _____Yes ___xx__No

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

   Oil & Gas Exploration and Production

2. Name of the Injection Formation: Strawn

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

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. _____

   None

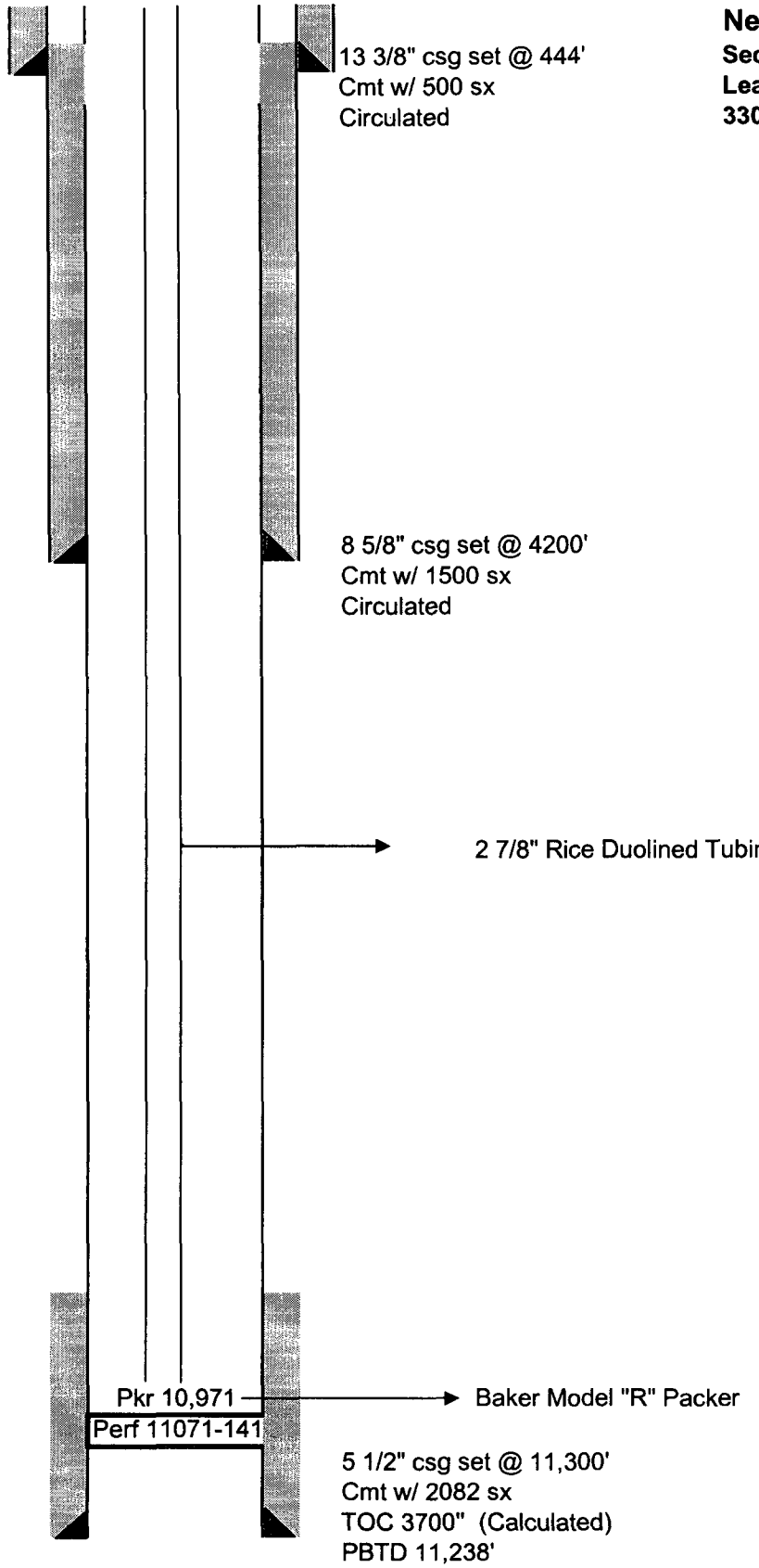
5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: _____

   San Andres (4870'), Glorietta (6371'), Clearfork (7144')', Abo (8609'), Wolfcamp (9455'),

   Penn (10515'), Strawn (11038'), and Atoka (11208')

   _____

New Mexico EX State #2
Sec. 9 (B), T-17-S, R-37-E
Lea County, New Mexico
330 FNL & 1980 FEL



AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea.

I, KATHI BEARDEN

Publisher

of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not a supplement thereof for a period.

of 1

weeks.

Beginning with the issue dated

August 18 2005

and ending with the issue dated

August 18 2005

Kathi Bearden

Publisher

Sworn and subscribed to before me this 12th day of September 2005

Dora Montz

Notary Public.

My Commission expires
February 07, 2009
(Seal)

OFFICIAL SEAL
DORA MONTZ
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: _____

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937, and payment of fees for said publication has been made.

LEGAL NOTICE
August 18, 2005

NOTICE OF APPLICATION FOR FLUID INJECTION WELL PERMIT

Dakota Resources, Inc., 011 N. Midkiff, Midland, TX 79701, can be contacted by calling (432) 697-3420 and asking for Pam Morphew, has applied to the Oil Conservation Division of New Mexico for a permit in inject fluid into a formation which is productive of oil or gas.

The applicant proposes to inject produced fluid into the Strawn formation in the New Mexico EX state No. 1. The well is located 330' FNL and 1980' FEL of Section 9, T-17-S, R-37-E, Lea County6, New Mexico, Shipp Strawn Field. Fluid will be injected through perforations from 11, 071-11,141'. Maximum injection rate will be 3,000 BWPD with a maximum injection pressure of 4,000 psi.

Interested parties having objections or requests for hearing should submit such in writing within fifteen (15) days of publication, to the Oil Conservation Division, P.O. Box 2088, Santa Fe, New Mexico 87501.
#21729

Required Notice

02106322000 02578364
DAKOTA RESOURCES
911 N. MIDKIFF
MIDLAND, TX 79701

Notification List

Yates Petroleum Corporation
105 S. 4th
Artesia, NM 88210

Fasken Oil & Ranch Ltd.
303 W. Wall Ave., Ste. 1800
Midland, TX 79701-5116

Gruy Petroleum Management Co.
3300 N. "A", Bldg 8, Ste. 120
Midland, TX 79705

ExxonMobil
800 Bell Street
Houston, TX 77002

Chesapeake Operating Inc.
P.O. Box 18496
Oklahoma City, OK 73154

Critical Notification

Pennzoil Expl & Prod./
Shell Oil Company
910 Louisana Street
Houston, TX 77002

Tipperary Oil Corporation
P.O. Box 3179
Midland, TX 79702

Chevron USA
P.O. Box 200027
Houston, TX 77216

State of New Mexico
Commission of Public Lands
P.O. Box 2308
Santa Fe, NM 87504

7002 3150 0005 0542 2910

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HOUSTON, TX 77002

Postage	$ 0.60
Certified Fee	2.30
Return Reciept Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 4.65

UNIT ID: 0704
MIDLAND, TX VILLAGE STA.
SEP 19 2005
Postmark Here
Clerk: KM8X7R
09/19/05 USPS

Sent To: Exxon Mobil
Street, Apt. No.; or PO Box No.: 800 Bell Street
City, State, ZIP+4: Houston, TX 77002

PS Form 3800, June 2002 — See Reverse for Instructions

7002 3150 0005 0540 8082

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SANTA FE, NM 87504

Postage	$ 0.60
Certified Fee	2.30
Return Reciept Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 4.65

UNIT ID: 0704
MIDLAND, TX VILLAGE STA.
SEP 19 2005
Postmark Here
Clerk: KM8X7R
09/19/05 USPS

Sent To:
Street, Apt. No.; or PO Box No.:
City, State, ZIP+4:

PS Form 3800, June 2002 — See Reverse for Instructions

7002 3150 0005 0542 2873

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OFFICIAL USE

HOUSTON, TX 77216

Postage	$ 0.60
Certified Fee	2.30
Return Reciept Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 4.65

UNIT ID: 0704
MIDLAND, TX VILLAGE STA.
SEP 19 2005
Postmark Here
Clerk: KM8X7R
09/19/05 USPS

Sent To: Chevron USA
Street, Apt. No.; or PO Box No.: P.O. Box 200027
City, State, ZIP+4: Houston, TX 77216

PS Form 3800, June 2002 — See Reverse for Instructions

7002 3150 0005 0542 2880

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OFFICIAL USE

MIDLAND, TX 79702

Postage	$ 0.60
Certified Fee	2.30
Return Reciept Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 4.65

UNIT ID: 0704
MIDLAND, TX VILLAGE STA.
SEP 19 2005
Postmark Here
Clerk: KM8X7R
09/19/05 USPS

Sent To: Tipperary Oil Corporation
Street, Apt. No.; or PO Box No.: P.O. Box 3179
City, State, ZIP+4: Midland, TX 79702

PS Form 3800, June 2002 — See Reverse for Instructions

7002 3150 0005 0542 2903

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OFFICIAL USE

OKLAHOMA CITY, OK 73154

Postage	$ 0.60
Certified Fee	2.30
Return Reciept Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 4.65

UNIT ID: 0704
MIDLAND, TX VILLAGE STA.
SEP 19 2005
Postmark Here
Clerk: KM8X7R
09/19/05 USPS

Sent To: Chesapeake Operating, Inc.
Street, Apt. No.; or PO Box No.: P.O. Box 18496
City, State, ZIP+4: Oklahoma City, OK 73154

PS Form 3800, June 2002 — See Reverse for Instructions

7002 3150 0005 0542 2897

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OFFICIAL USE

HOUSTON, TX 77002

Postage	$ 0.60
Certified Fee	2.30
Return Reciept Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 4.65

UNIT ID: 0704
MIDLAND, TX VILLAGE STA.
SEP 19 2005
Postmark Here
Clerk: KM8X7R
09/19/05 USPS

Sent To: Pennzoil Expl & Prod
Street, Apt. No.; or PO Box No.: 910 Louisiana
City, State, ZIP+4: Houston, TX 77002

PS Form 3800, June 2002 — See Reverse for Instructions

7002 3150 0005 0542 2927

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OFFICIAL USE

MIDLAND, TX 79705

Postage	$ 0.60	UNIT ID: 0704
Certified Fee	2.30	
Return Reciept Fee (Endorsement Required)	1.75	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	$ 4.65	09/19/05

MIDLAND, TX VILLAGE STA. Postmark Here SEP 19 2005 Clerk: KM8X7R USPS

Sent To: Gruy Petroleum Management
Street, Apt. No.; or PO Box No.: 3300 N 'A' Bldg 2, Suite 120
City, State, ZIP+4: Midland, TX 79705

PS Form 3800, June 2002 — See Reverse for Instructions

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MIDLAND, TX 79701

Postage	$ 0.60	UNIT ID: 0704
Certified Fee	2.30	
Return Reciept Fee (Endorsement Required)	1.75	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	$ 4.65	09/19/05

MIDLAND, TX VILLAGE STA. Postmark Here SEP 19 2005 Clerk: KM8X7R USPS

Sent To: Fasken Oil & Ranch Ltd.
Street, Apt. No.; or PO Box No.: 303 W Wall, Suite 1800
City, State, ZIP+4: Midland, TX 79701-5116

PS Form 3800, June 2002 — See Reverse for Instructions

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OFFICIAL USE

ARTESIA, NM 88210

Postage	$ 0.60	UNIT ID: 0704
Certified Fee	2.30	
Return Reciept Fee (Endorsement Required)	1.75	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	$ 4.65	09/19/05

MIDLAND, TX VILLAGE STA. Postmark Here SEP 19 2005 Clerk: KM8X7R USPS

Sent To: Yates Petroleum Corporation
Street, Apt. No.; or PO Box No.: 105 S. 4th
City, State, ZIP+4: Artesia, NM 88210

PS Form 3800, June 2002 — See Reverse for Instructions

Dakota Resources Inc. SWD Application 9/22/05													
30-025-29440	NEW MEXICO EX STATE #002	BROTHERS PROD CO INC	330	N	1980	E	B	9	17S	37E	**30-025-29440**	2936	11300
API	**WELL NAME**	**OPERATOR**	**FTG NS**	**NS CD**	**FTG EW**	**EW CD**	**UL2**	**Sec**	**Tsp**	**Rge**	**Dist**	**OGRID_CDE**	**TVD DEPTH**
30-025-05431	PRE-ONGARD WELL #001	PRE-ONGARD WELL OPERATOR	330	N	2310	E	B	9	17S	37E	**330**	214263	6500
30-025-29829	VIERSEN #003	PENNZENERGY EXPLORATION AND PRODUCTION LLC	150	S	2080	E	O	4	17S	37E	**490**	17183	11240
30-025-29711	CONSOLIDATED STATE #003	DAKOTA RESOURCES INC (I)	660	N	2128	W	C	9	17S	37E	**1,218**	5691	11300
30-025-29367	PRE-ONGARD WELL #001	PRE-ONGARD WELL OPERATOR	330	N	660	E	A	9	17S	37E	**1,320**	214263	11412
30-025-29445	VIERSEN #002	GRUY PETROLEUM MANAGEMENT CO.	1300	S	1650	E	O	4	17S	37E	**1,663**	162683	11281
30-025-28806	PRE-ONGARD WELL #001	PRE-ONGARD WELL OPERATOR	560	S	1650	W	N	4	17S	37E	**1,875**	214263	11336

Dakota Resources Inc. SWD Application 9/22/(										
30-025-29440	NEW MEXICO EX STATE #002	B	S	O				ACTIVE	80.00	1
API	**WELL NAME**	**OCD UL**	**LAND TYPE**	**WELL TYPE**	**SPUD DATE**	**PLUG DATE**	**FORMATION AND NOTES**	**STATUS**	**ACRES**	**NBR COMPLS**
30-025-05431	PRE-ONGARD WELL #001	B	S	O	1900-01-01	1900-01-01	SINCLAIR OIL & GAS /STATE 335	PLUGGED		
30-025-29829	VIERSEN #003	O		O	1900-01-01	1900-01-01	PENNZOIL EXPL & PRO/VIERSEN	PLUGGED		
30-025-29711	CONSOLIDATED STATE #003	C	S	O			STRAWN	ACTIVE	80.00	1
30-025-29367	PRE-ONGARD WELL #001	A	S	O	1900-01-01	1900-01-01	EXXON CORP /NEW MEXICO EX STATE	PLUGGED		
30-025-29445	VIERSEN #002	O	P	O		2002-11-18	P&A 11-18-02	PLUGGED		
30-025-28806	PRE-ONGARD WELL #001	N	S	O	1900-01-01	1900-01-01	TIPPERARY OIL & GAS/JONS 4 STATE	PLUGGED		

Dakota Resources Inc. SWD Application 9/22/(								
30-025-29440	NEW MEXICO EX STATE #002	SHIPP;STRAWN	55695	200501	305	3183	8	0
API	**WELL NAME**	**2004 PRODUCING**	**POOL**	**LAST PROD**	**DAYS PROD 2004**	**GAS PROD 2004**	**OIL PROD 2004**	**WATER PROD 2004**
30-025-05431	PRE-ONGARD WELL #001							
30-025-29829	VIERSEN #003							
30-025-29711	CONSOLIDATED STATE #003	SHIPP;STRAWN	55695	200501	197	3441	0	0
30-025-29367	PRE-ONGARD WELL #001							
30-025-29445	VIERSEN #002			199410	0	0	0	0
30-025-28806	PRE-ONGARD WELL #001							

DAKOTA Resources
NM EX State #2

Jones, William V., EMNRD

From: Jones, William V., EMNRD
Sent: Wednesday, October 12, 2005 2:09 PM
To: 'pamm@dakota.wtxcoxmail.com
Cc: Kautz, Paul, EMNRD; Ezeanyim, Richard, EMNRD
Subject: SWD Proposal State EX #2 30-025-29440

Hello Ms. Morphew:
In evaluating your submittal, we have the following questions and comments:

1) The address in your newspaper ad for the OCD is over a year out of date. Our rules require the applicant to use the correct address. If you desire to pursue this application, please correct this (see our web site for the latest address) and rerun the ad and send evidence for our files.

2) There appears to be a Dakota operated Strawn well making only gas within 1/2 mile called the Consolidated State #3 30-025-29711 and a very prolific Chesapeake operated Strawn well making both oil and gas called the Walter 4 #1 within 1 mile. Chesapeake has another producing Strawn well within one mile also. Your list of Area of Review wells failed to contain the Consolidated State #3 - why did you leave it out?

3) Please send a copy of the returned receipt from Chesapeake proving that they received your notice of intent to inject.

Please have your engineer or geologist compare the perforation depths on the proposed injection well versus the producing wells.
Also, if these are in the same interval, send a waterflood calculation with mobility ratios, showing that injection into the Strawn gas interval will not cause waste of gas reserves. Injection of water into or near a producing gas interval must be justified.

It is doubtful that this application can be approved administratively - depending on your answers to these questions. Please notify your team to be prepared to present this application before the Division in a public hearing.

Regards,

William V. Jones Engineering Bureau Oil Conservation Division Santa Fe

Pam Morphew

From: Jones, William V., EMNRD [William.V.Jones@state.nm.us]
Sent: Wednesday, October 12, 2005 3:27 PM
To: pamm@dakota.wtxcoxmail.com
Subject: FW: SWD Proposal State EX #2 30-025-29440

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

Cc: Kautz, Paul, EMNRD; Ezeanyim, Richard, EMNRD
Subject: SWD Proposal State EX #2 30-025-29440

Hello Ms. Morphew:
In evaluating your submittal, we have the following questions and comments:

Re-submitted for publication 10/26/05

1) The address in your newspaper ad for the OCD is over a year out of date. Our rules require the applicant to use the correct address. If you desire to pursue this application, please correct this (see our web site for the latest address) and rerun the ad and send evidence for our files.

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It is doubtful that this application can be approved administratively - depending on your answers to these questions. Please notify your team to be prepared to present this application before the Division in a public hearing.

Regards,

William V. Jones Engineering Bureau Oil Conservation Division Santa Fe

Chesapeake –
Walter 4 #1 Perfs 10,998 – 11,036

Dakota
Consolidated #3 Perfs 10,944 – 10,960

memorandum

Date: 11/8/2005

From: Pam Morphew

RE: SWD Proposal State EX #2

To: William V. Jones

Please find enclosed the additional information that you requested on our application to convert the above referenced well to SWD. Dakota's Consolidated #3 was inadvertently omitted from the area of review with the first package. It has now been included on the table of review wells and with a well bore schematic. Please advise if you need any additional information.

Pam Morphew

Dakota Resources, Inc.

911 N. Midkiff, Midland, TX 79701

432-397-3420

pamm@dakota.wtxcoxmail.com

pm/pm

Pam Morphew

From: rpieper [rpieper@austin.rr.com]
Sent: Tuesday, November 01, 2005 7:34 AM
To: Pam Morphew
Subject: Memo #2: Proposed Strawn SWD Completion, New Mexico EX State

To: Pam Morphew

From: Ron Pieper

Date: 10/31/05

Re: Proposed Strawn SWD Completion, New Mexico EX State #2, Section 9, T-17-S, R-37-E, and Exhibit Stratigraphic Cross Section A-A' (Strawn Section).

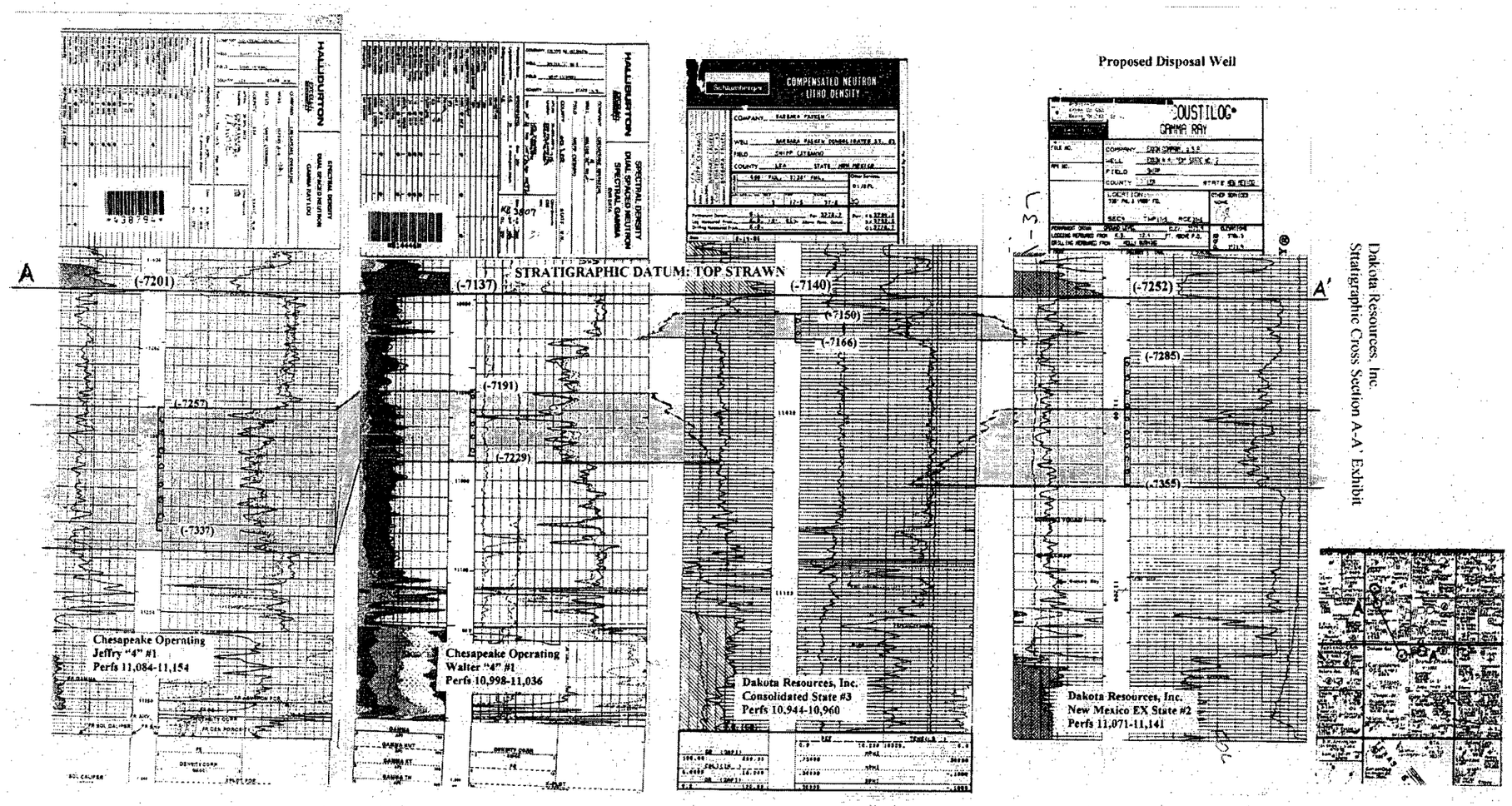
Stratigraphic Cross Section A-A' shows the three active Strawn wells in a one-mile radius around the EX State #2 well being proposed for completion in the Strawn as a SWD. These are the Chesapeake "4" #1 Jeffry, Chesapeake "4" #1 Walter, and the Dakota Resources #3 New Mexico State Consolidated well. Each of the wells is demonstrated to be separated in the perforated Strawn section from the proposed SWD.

The nearest of the two recent completions by Chesapeake (Walter "4" #1), nearly 3/4 mile away, and 115' high at the top of the Strawn, appears, although no test pressures are available, to be a separate reservoir, undrained by the wells like the EX #2 drilled in the mid 1980's, by virtue of the high Initial Potential Flow rates reported for the well. The highest perforation in the proposed SWD is 56' low to the lowest perforation in the Chesapeake Walter well. Chesapeake's Jeffry (offset to the Walter) well is 64' low at the Top of the Strawn, and is perforated in a correlative interval to the Walter, and good initial flow rates again indicate separation from the proposed SWD.

Dakota's Consolidated #3 well, while considerably closer to the Propsed SWD, is perforated in what appears to be a completely different porosity zone than the proposed SWD or the Chesapeake wells. The main porosity zone developed in the middle of the Strawn section, and perforated in the proposed SWD, is not present in the #3 Consolidated well. The Consolidated #3 well is currently producing only 8 MCFD out of the Strawn.

In conclusion, none of the active Strawn wells in the radius of investigation appear to be connected to, and furthermore, are structurally high to, the proposed EX #2 SWD.

Dakota Resources, Inc.
Stratigraphic Cross Section A-A' Exhibit



Advertising Receipt

Hobbs Daily News-Sun
201 N Thorp
P O Box 850
Hobbs, NM 88241-0850
Phone: (505) 393-2123
Fax: (505) 397-0610

DAKOTA RESOURCES
911 N. MIDKIFF
MIDLAND, TX 79701

Cust#: 02106322-000
Ad#: 67534143
Phone: (432)697-3420
Date: 10/26/05

Ad taker: C2 **Salesperson:** 06 **Classification:** 672

Description	Start	Stop	Ins.	Cost/Day	Surcharges	Total
07 07 Daily News-Sun	10/28/05	10/28/05	1	34.37		34.37
Bold						1.00
Affidavit for legals						3.00

Payment Reference:

Total:	38.37
Tax:	2.57
Net:	40.94
Prepaid:	0.00
Total Due	40.94

LEGAL NOTICE
October 28, 2005

NOTICE OF APPLICATION FOR FLUID
INJECTION WELL PERMIT

Dakota Resources, Inc., 911 N. Midkiff, Midland, TX 79701,
can be contacted by calling (432) 697-3420 and asking for Pam Morphew, has applied to the C
Conservation Division of New Mexico for a permit in inject fluid into a formation which is
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The applicant proposes to inject produced fluid into the Strawn formation in the New Mexico E
state No. 1. The well is located 330' FNL and 1980' FEL of Section 9, T-17-S, R-37-E, Lea
County6, New Mexico, Shipp Strawn Field. Fluid will be injected through perforations from 11,
071-11,141'. Maximum injection rate will be 3,000 BWPD with a maximum injection pressure o
4,000 psi.

201 THORP
HOBBS, NM 88240

BATCH: 534
S-A-L-E-S D-R-A-F-T
75990976
347402866554

REF: 0001
CD TYPE: AMEX
TR TYPE: MAIL/PHONE
INV:
DATE: OCT 31, 05 12:55:07

AUS: NO MATCH
TOTAL $40.94*

ACCT: 3006 EXP: **/**
AP: 166286

CARDMEMBER ACKNOWLEDGES RECEIPT OF GOODS AND/OR SERVICES IN THE AMOUNT OF THE TOTAL SHOWN HEREON AND AGREES TO PERFORM THE OBLIGATIONS SET FORTH BY THE CARDMEMBER'S AGREEMENT WITH THE ISSUER

AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea.

I, KATHI BEARDEN

Publisher

of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not a supplement thereof for a period.

of 1

weeks.

Beginning with the issue dated

October 28 2005

and ending with the issue dated

October 28 2005

Kathi Bearden

Publisher

Sworn and subscribed to before

me this 1st day of

November 2005

Dora Montz

Notary Public.

My Commission expires
February 07, 2009
(Seal)

OFFICIAL SEAL
DORA MONTZ
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: _____

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937, and payment of fees for said publication has been made.

LEGAL NOTICE
October 28, 2005

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Interested parties having objections or requests for hearing should submit such in writing within fifteen (15) days of publication, to the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, NM 87505.
#21891

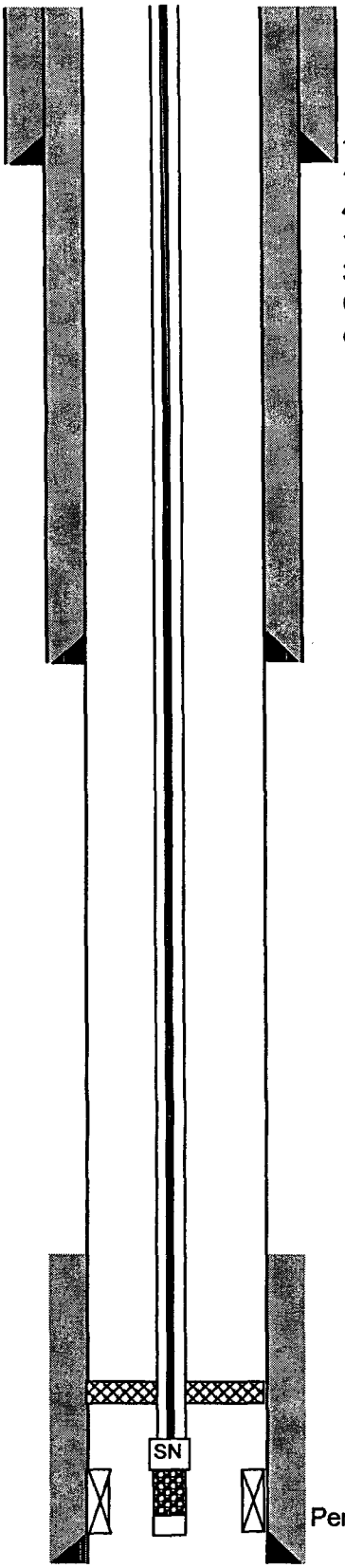
02106322000 67534143

DAKOTA RESOURCES
911 N. MIDKIFF
MIDLAND, TX 79701

Consolidated State #3

660 FNL & 2128 FWL
Sec. 9 - T17S-R37E
Lea County, New Mexico

Drilled 4/86



13 3/8" csg set @ 673'
1' guide shoe
41.8' 61# / H-40 csg
1 float insert
363.78' 48#/ft. H-40 csg
Cmt: 250 sx lite w/ 2% CaCl + 100sx class "C"
circ'd 39 sx excess cement

8 5/8" csg set @ 4285'
1' guide shoe
38.88' 32# K-55
1.5' float collar
1856.22' 32# K-55
2395.42' 24# K-55
Cmt: 1450 lite + 200 sx class "C"
circ'd 147 sx.

Perf: 10944-960 w/ 4 jspf (66 total holes)
Acidized w/ 1000 gal. 15% NeFe

5 1/2" csg set @ 11,300'
1.6' float shoe
42.29' 20#/ft. LT&C (plain)
1.50' float collar
177.92 20#/ft. LT&C (plain)
276.76' 20#/ft. LT&C (ruff coat)
10,792' : 8.12' 20#/ft. LT&C - marker joint

Perfs: 10,944'-960' w/ 4 JSPF

TD @ 11,300 PBTD @ 11,261

11/87: Put well on pump
24' 2x1 1/16x24' RHBC pump w/ 1x10 GA
2' 1 7/8x2' Norris 78 Pony rod
500' 20 7/8x25' Norris 78 rods
7375' 295 3/4x25' Norris 78 rods
3050' 122 7/8x25' Norris 78 rods
26' 1 1/4x26' pol. Rod w/ 1.5"x16' liner

2/90: Acidized w/5000 gal.
Dowell SXE 15% oil invert acid

5/94: Pump stuck
RIH w/ same rod configuration
Polish rod 7/8"x25' Norris 90

10/95: Pulled all rod and pump out of hole and laid down.

Requirement VI.

Well Name	Location	Unit Letter	Well Type	Spud Date	Depth	PBTD	Completion	Status	Last Known Operator
Jons 4 State	Sec 4 T17S, R37E 560 FSL & 1650 FWL	N	N/A	9/22/84	11,336	N/A	N/A-Dry Hole	P&A	Tipperary O&G
Viersen #2	Sec 4 T17S, R37E 1300 FSL & 1650 FEL	O	Oil	10/23/1985	11,281	11,232	Perfs 11,059-11,123 Acid w/ 5000 gals	P&A	Gruy Petroleum Mgmt
Vierson #3	Sec 4 T17S, R37E 150 FSL & 2080 FWL	O	Oil	1/2/1987	11,240	11,239	Perfs 11,067-11,090 Acid w/ 8500 gals	P&A	Pennzoil Expl & Prod.
Vierson #1	Sec 4 T17S, R37E 2130 FSL & 660 FEL	I	Oil	7/1/1985	11,390	11,346	Perfs 11,138-11,255 Acid w/ 3000 gals	P&A	Pennzoil Expl & Prod.
Lea "YL" State #1	Sec 4 T17S, R37E 2086 FSL & 2086 FWL	K	N/A	3/4/1986	11,250	N/A	N/A-Dry Hole	P&A	Chevron USA
Walter 4 #1	Sec 4 T17S, R37E 2260 FSL & 718 FWL	L	Oil/Gas	9/8/2002	11,350	Not Avail.	Perfs 10,998-11,036 Treatment N/A	Prod.	Chesapeake Operating
New Mexico EX State #2	Sec 9 T17S, R37E 330 FNL & 1980 FEL	B	Oil/Gas	12/21/1985	11,300	11,238	Perfs 11,071-11,141 Natural Completion	Prod.	Dakota Resources, Inc.
New Mexico EX State #1	Sec 9 T17S, R37E 330 FNL & 660 FEL	A	Oil	3/20/1986	11,412	10,410	Perfs 10,352-10,376 Wolfcamp	P&A	Exxon Corp.
Consolidated State #1	Sec 9 T17S, R37E 2310 FSL & 330 FWL	E	N/A	1/10/1981	11,073	N/A	N/A-Dry Hole	P&A	Fasken Oil & Ranch
Consolidated State #3	Sec 9 T17S, R37E 660 FNL & 2128 FWL	C	Gas	4/1/86	11,600	11,261	Perfs 10944-960	Prod.	Dakota Resources, Inc.