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December 26, 2007

Florene Davidson  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

*Case 14068*

Dear Florene:

Enclosed for filing, on behalf of Cambrian Management, Ltd., are an application for approval of a waterflood project, together with a proposed advertisement. The advertisement has also been e-mailed to the Division. Please set this matter for the January 24, 2008 Examiner hearing. Thank you.

Very truly yours,



James Bruce

Attorney for Apollo Energy, L.P.

PERSONS BEING NOTIFIED

Bureau of Land Management  
2909 West Second Street  
Roswell, New Mexico 88201

Abo Petroleum Corporation  
MYCO Industries, Inc.  
Yates Drilling Company  
Yates Petroleum Corporation  
105 South Fourth Street  
Artesia, New Mexico 88210

Dwight A. Tipton  
P.O. Box 1025  
Lovington, New Mexico 88260

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BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF CAMBRIAN MANAGEMENT,  
LTD. FOR APPROVAL OF A WATERFLOOD  
PROJECT, CHAVES COUNTY, NEW MEXICO.**

Case No. 14068

*ORIGINAL*  
APPLICATION

*REVISED LATER  
TO ADD  
FOR TAX  
RATE REQUEST  
(WVJ)*

Cambrian Management, Ltd. applies for an order approving a lease waterflood project, and in support thereof, states:

1. The lands involved in this application are as follows:

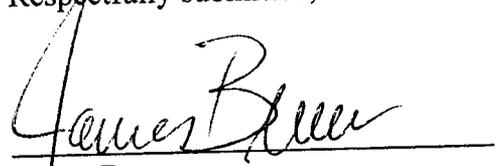
Township 8 South, Range 33 East, N.M.P.M.  
Section 18: W $\frac{1}{2}$ NE $\frac{1}{4}$  and E $\frac{1}{2}$ NW $\frac{1}{4}$ ,

Chaves County, New Mexico, containing 160.00 acres.

2. The above-described lands are covered by the "Davis Federal Lease" (United States Oil and Gas Lease NM 0174830).
3. Applicant is the operator of the San Andres formation in the Davis Federal Lease.
4. The above-described lands are in the Chaveroo-San Andres Pool. Under Division regulations, the pool is developed on statewide rules, with 40 acre well spacing, and wells to be located no closer than 330 feet to a quarter-quarter section line.
5. Applicant proposes to inject produced water into the San Andres formation from the Davis N Well No. 1, located 1980 feet from the north and west lines of Section 18. Applicant requests that the order entered pursuant to this application allow administrative approval for any future expansion of the project.
6. The Form C-108 for the project is attached hereto as Exhibit A.
7. Approval of this application will prevent waste and protect correlative rights.

**WHEREFORE**, applicant requests that, after notice and hearing, the Division enter its order approving the injection application and the Davis Federal Lease Waterflood Project.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James Bruce", written over a horizontal line.

James Bruce  
Post Office Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Cambrian Management, Ltd.