Sage Energy Company 909 NE Loop - Ste. 700 San Antonio, Texas 78209

> Re: Salt Water Disposal Sage Oil Company Shell-State #1-SWD

> > Unit K, Sec. 32, T-14-S, R-34-E

Lea County, New Mexico

Gentlemen:

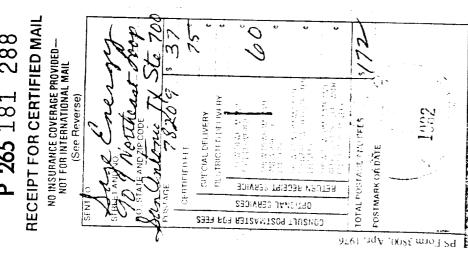
Attached is a waiver and a New Mexico Oil Conservation Form C-108, with attachments, which makes application to dispose of produced water into a porous formation, non-productive of oil or gas. If you have no obligations to the approval of this application, please indicate so by signing the attached waiver and forwarding it to the New Mexico Oil Conservation Commission in the enclosed envelope.

Should you have any questions or require additional information or data, please let us know at the earliest possible time.

Yours very truly,

FOY BOYD ASSOCIATES, INC.

John W. Mulloy - Agent Sage Oil Company



288 265 181