

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Operator Copy

HOBBS
OCDFORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

AUG 01 2013

5. Lease Serial No.
NMNM106689

6. Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☒ Oil Well☐ Gas Well☐ Other2. Name of Operator
OXY USA Inc.

3a. Address

PO BOX 50250 MIDLAND, TX 79710

3b. Phone No. (include area code)

432-685-5717

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.

BANK 13 FEDERAL COM #001H

9. API Well No.
30-015-39456

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

5-660 PSL 1980 FEL SWSE (O) SEC 13 T23S R28E

B-330 FNL 1650 FEL NWNE(B) SEC13 T23S R28E

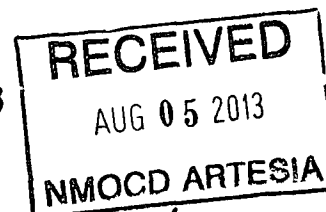
10. Field and Pool or Exploratory Area
LOVING BRUSHY CANYON EAST11. County or Parish, State
EDDY, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input checked="" type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

THE LOVING BRUSHY CANYON EAST IS THE NAME OF FORMATION PRODUCING WATER ON THIS LEASE.
THE AVERAGE AMOUNT OF WATER PRODUCED IS 550 BBLS PER DAY.
WATER IS STORED IN THREE 500 BBL FIBERGLASS TANKS.
WATER IS TRUCKED/HAULED TO THE DISPOSAL FACILITY.
THE DISPOSAL FACILITY IS OPERATED BY BUCKEYE DISPOSAL LLC.
THE FACILITY IS THE NEW MEXICO DU STATE NO. 001.
THIS FACILITY IS AN SWD.
THE LOCATION OF THIS DISPOSAL IS F 36 22S 27E.

Accepted for record
HOBBS

Please review the attached documents
and see if they were sent in error.
Current Water Disposal Template attached.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

DONALD KENDRICK

Title

PROD. COORD.

Signature

Date

5/22/13

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Office

DENIED

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

ACO No. 256

IN THE MATTER OF BUCKEYE DISPOSAL, L.L.C.,

Respondent.

**AGREED ORDER DIRECTING COMPLIANCE
AND ASSESSING CIVIL PENALTY**

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act"), and the regulations promulgated under the Act, the Director of the Oil Conservation Division of the Energy Minerals and Natural Resources Department of the State of New Mexico ("OCD") issues this Order to Buckeye Disposal, L.L.C. (hereinafter, "Operator") directing compliance with the Act and OCD Rules, and assessing a penalty for violations of the Act and OCD rules:

I. FINDINGS

1. The OCD is the state division charged with administration and enforcement of the Act and OCD Rules.
2. Operator is a corporation doing business in New Mexico.
3. Operator operates wells within New Mexico under OGRID 222759.
4. Operator's address of record with OCD is P.O. Box 2724, Lubbock, TX 79408.
5. Operator is operator of record of the following well:
 - New Mexico DU State No. 001; 30-015-24531; F-36-22S-27E
6. OCD Rule 19.15.9.704(A)(5) NMAC ("Rule 704") states, "The injection well operator shall advise the division of the date and time any initial, five-year or special tests are to be commenced in order that such tests may be witnessed."
7. On October 14, 2008, OCD Deputy Oil and Gas Inspector Richard Inge sent a letter to Operator at Operator's address of record with OCD to inform Operator that the New Mexico DU State No. 001 was due for a Bradenhead test in November 2008 and that Operator was to contact Deputy Inspector Inge to schedule the test.
8. Deputy Inspector Inge received no response from Operator. As a result, on December 1, 2008, Deputy Inspector Inge sent Operator a letter of violation (LOV No. 02-08-171) which required Operator to take corrective action by December 15, 2008. The letter was sent to the same address as the October 14, 2008 letter. The

III. ORDER & CIVIL PENALTY ASSESSMENT

1. Taking into account both aggravating and mitigating factors, the OCD hereby assesses a civil penalty against Operator totaling **One Thousand Dollars (\$1,000.00)**.
2. Operator shall pay the **One Thousand Dollars (\$1,000.00)** civil penalty upon its execution of this Order. Payment shall be made by certified or cashier's check made payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the New Mexico Oil Conservation Division, Attention: Director, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505.
3. By signing this Order, Operator expressly:
 - a. acknowledges the correctness of the Findings and Conclusions set forth in this Order;
 - b. agrees to comply with the Order;
 - c. waives any right, pursuant to the Oil and Gas Act or otherwise, to a hearing either prior or subsequent to the entry of this Order or to an appeal from this Order;
 - d. agrees that if it fails to comply with this Order, the Order may be enforced by suit or otherwise to the same extent and with the same effect as a Final Order of the Division entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act;
6. Nothing in this Order relieves Operator of its liability should its operations fail to adequately investigate and remediate contamination that poses a threat to ground water, surface water, human health or the environment. In addition, nothing in this Order relieves Operator of its responsibility for compliance with any other federal, state or local laws and/or regulations.

Done at Santa Fe, New Mexico this 6th day of February 2008. 9

By: _____

Mark Fesmire, P.E.

Director, Oil Conservation Division

ACCEPTANCE

Buckeye Disposal, L.L.C., hereby accepts the foregoing Order, and agrees to all of the terms and provisions as set forth in the Order.

Buckeye Disposal, L.L.C.

WATER PRODUCTION & DISPOSAL INFORMATION

In order to process your disposal request, the following information must be completed:

1. Name of formations producing water on the lease. Brushy Canyon
2. Amount of water produced from all formations in barrels per day. 1950
3. Attach a current water analysis of produced water from all zones showing at least the total dissolved solids, ph, and the concentrations of chlorides and sulfates. (One sample will suffice if water is commingled.)
4. How water is stored on lease. Fiberglass 500 bbls tanks
5. How water is moved to the disposal facility. Trucked
6. Identify the Disposal Facility by:
 - A. Facility Operators name. Buckeye Disposal LLC
 - B. Name of facility or well name and number. NM DU State No. 001 30-015-24531
 - C. Type of facility or well (WDW) (WIW) etc. WDW
 - D. Location by 1/4 1/4 F Section 36 Township 22S Range 27E
7. Attach a copy of the State issued permit for the Disposal Facility.

Submit to this office, **620 EAST GREENE ST, CARLSBAD NM, 88220**, the above required information on a Sundry Notice 3160-5. Submit 1 original and 3 copies, within abatement period. (This form may be used as an attachment to the Sundry Notice.)

WATER DISPOSAL ONSHORE ORDER #7

The following information is needed before your method of water disposal can be considered for approval.

1. Name(s) of formation (s) producing water on the lease.

2. Amount of water produced from each formation in barrels per day.

3. How water is stored on the lease.

4. How water is moved to disposal facility.

5. Operator's of disposal facility _____

- a. Lease name or well name and number _____

- b. Location by $\frac{1}{4}$ $\frac{1}{4}$ Section, Township, and Range of the disposal system _____

- c. The appropriate NMOCD permit number _____
