

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

Form C-103
June 19, 2008

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

WELL API NO. 30-015-28142
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Tracy 29 Federal #1
8. Well Number #1
9. OGRID Number 258858
10. Pool name or Wildcat Cedar Lakes Wolfcamp
11. Elevation (Show whether DR, RKB, RT, GR, etc.)

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.)	
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other SWD	
2. Name of Operator Biscuit Hills Disposal L.L.C.	
3. Address of Operator P.O. Box 564, Lovington, New Mexico 88260	
4. Well Location Unit Letter <u>O</u> : <u>950</u> feet from the <u>South</u> line an <u>1980</u> feet from the <u>East</u> line Section <u>29</u> Township <u>17S</u> Range <u>31E</u> NMPM County <u>Eddy</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.)	

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: <u>BEGIN CONSTRUCTION</u> <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

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.

Biscuit Hills Disposal L.L.C. application for a produced water disposal in Eddy County New Mexico was approved by Administrative Order SWD-1118. A fiberglass tank battery will be installed at the well. In order to achieve maximum grounding of the battery for lightning protection, if approved by the Artesia district office, in lieu of a plastic liner, we would like to lay a red clay barrier under the tank battery.

The planned battery will consist of six 500 bbl tanks one 750 bbl gun barrel and one steel 500 bbl overflow/skim tank arranged as in the accompanying diagram. A one foot thick compacted caliche layer will be laid as a base, topped by a red clay layer with a minimum thickness of eight inches. A one foot thick layer of compacted caliche will bring the battery area up to existing grade. A bare copper grounding grid will be laid in this caliche layer and then an elevated tank pad will be constructed over the grid with screened caliche having no rocks larger than 3". The tanks will be tied to the grounding grid utilizing grounding strips built into the wall of each tank.

The fire wall and tank pad dimensions are sized to accept additional tanks from the outset in case the produced water needs additional treatment or settling time before injection. A twelve foot width was allocated for the fire wall to allow for slumping over time and will overlap the edges of the clay layer.

Construction will begin after approval of the site plan by the BLM and the Artesia district office will be notified before commencement of any work.

ACCEPTED FOR RECORD

Spud Date:

Rig Release Date:

SEP 25 2008

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
Gerry Gave, Deputy Field Inspector
NM OGD-District II ARTESIA
SIGNATURE [Signature] TITLE Manager DATE 22 SEPT 2008

Type or print name D. M. Harrod E-mail address: D Harrod@msn.com PHONE: 575-396-6862

For State Use Only

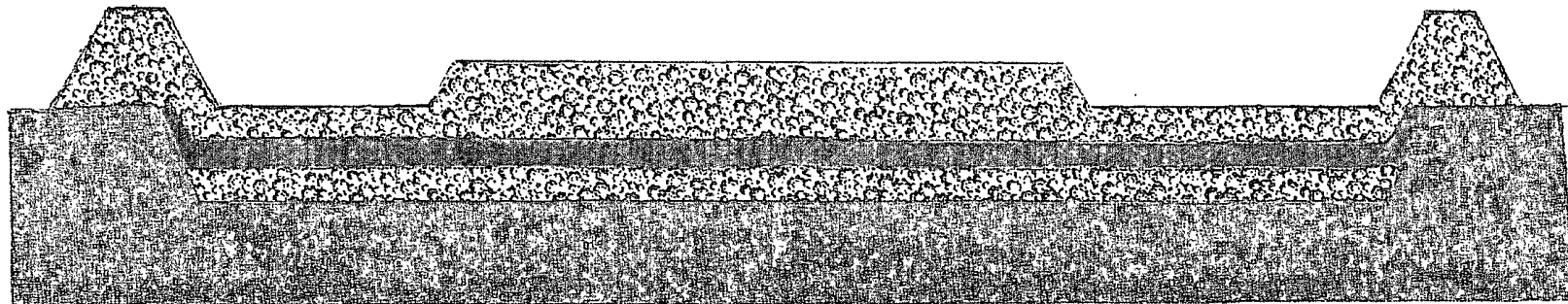
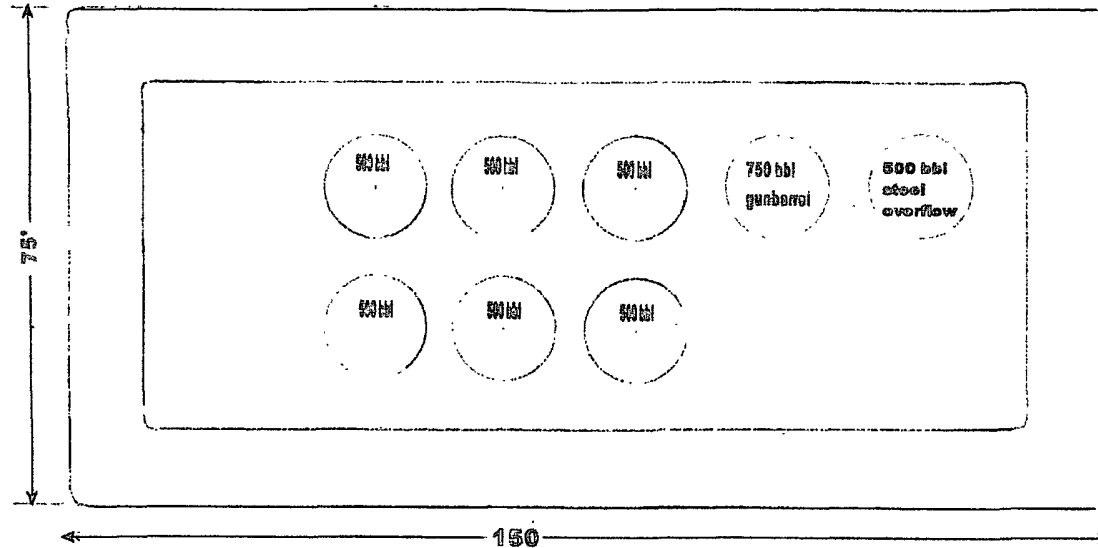
APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any): _____

BISCUIT HILLS DISPOSAL L.L.C.
P.O. BOX 564
LOVINGTON, NEW MEXICO 88260
(575)-396-6862

PROPOSED TANK BATTERY DIAGRAM TRACY 29 FED. #1

API No. 30-015-28142



- Predominant soil type in the area is blow sand
- Compacted caliche layers
- Red clay layer with 80% compaction factor and minimum 8 inch thickness