

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

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.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator **Nadel and Gussman HEYCO, LLC**3a. Address
PO BOX 1936 ~ ROSWELL NM 88202-19363b. Phone No. (include area code)
575.623.66014. Location of Well (Footage, Sec., T., R., M., or Survey Description)
330' FSL & 330' FWL, Sec. 3, T18S, R31E5. Lease Serial No.
NM-89879

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Mesquite 3 Federal #49. API Well No.
30-015-3643910. Field and Pool, or Exploratory Area
Shugart; Bone Spring North11. County or Parish, State
Eddy, New Mexico

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" 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 recomplate 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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

BLM Bond No. NMB00520
Surety Bond NO. B004230

1. Bone Spring Formation
2. BWPD: 3
3. Water Analysis: See Attached
4. Lease Storage: Stock Tanks
5. Water transported by truck to disposal
6. Disposal Facility
A) Kenemore Welding and Oilfield Services
B) New Mex A #2
C)WDW

D)SW/4 of SE/4 Section 25, T16S, R33E

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

RECEIVED

OCT 07 2010

NMOCD ARTESIA

ACCEPTED FOR RECORD

OCT 5 2010
/s/ JD Whitlock JrBUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Tammy R. Link

Title **Production Tech**

Signature

Date

09/20/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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

Date

Office

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)

* NMOCD Conditions of Approval Attached
David Gray

Celt



Catalyst Oilfield Services
11999 E Hwy 158
Gardendale, TX 79758
(432) 563-0727
Fax: (432) 224-1038

Water Analysis Report

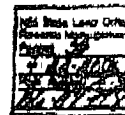
Customer:	NADEL AND GUSSMAN HEYCO, LLC	Sample #:	15824
Area:	Maljamar	Analysis ID #:	2644
Lease:	Mesquite 3 Federal		
Location:	4		0
Sample Point:	Wellhead		

		mg/l		meq/l	mg/l		meq/l
Sampling Date:	11/5/2009	Anions			Cations		
Analysis Date:	11/10/2009	Chloride:	105115.5	2964.93	Sodium:	54870.4	2386.73
Analyst:	Mitchell	Bicarbonate:	488.8	8.01	Magnesium:	1078.5	88.72
TDS (mg/l or g/m3):	0	Carbonate:			Calcium:	10130.4	505.51
Density (g/cm3):	1.12	Sulfate:	425.0	8.85	Strontium:		
Hydrogen Sulfide:					Barium:		
Carbon Dioxide:					Iron:	19.7	0.71
Comments:					Manganese:	3.320	0.12
		pH at time of sampling:		6			
		pH at time of analysis:					
		pH used in Calculation:		6			
		Temperature @ lab conditions (F):		70	Conductivity (micro-ohms/cm):		205900
					Resistivity (ohm meter):		.0486

Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl											
Temp	Calcite CaCO ₃		Gypsum CaSO ₄ ·2H ₂ O		Anhydrite CaSO ₄		Celestite SrSO ₄		Barite BaSO ₄		
°F	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	
80	0.37	33.22	-0.47	0.00	-0.46	0.00	0.00	0.00	0.00	0.00	
100	0.45	40.05	-0.53	0.00	-0.46	0.00	0.00	0.00	0.00	0.00	
120	0.54	46.87	-0.59	0.00	-0.43	0.00	0.00	0.00	0.00	0.00	
140	0.63	53.69	-0.63	0.00	-0.38	0.00	0.00	0.00	0.00	0.00	
160	0.73	60.81	-0.67	0.00	-0.31	0.00	0.00	0.00	0.00	0.00	
180	0.84	67.63	-0.69	0.00	-0.23	0.00	0.00	0.00	0.00	0.00	
200	0.95	74.46	-0.72	0.00	-0.13	0.00	0.00	0.00	0.00	0.00	
220	1.07	80.98	-0.74	0.00	-0.02	0.00	0.00	0.00	0.00	0.00	



NEW MEXICO
STATE LAND OFFICE
COMMERCIAL RESOURCES DIVISION
PO Box 1148, Santa Fe, NM 87504-1148



SALT WATER DISPOSAL EASEMENT

SALT WATER DISPOSAL EASEMENT NO. SWD-248

THIS EASEMENT, dated this *17th day of December, 2007*, made and entered into between the New Mexico Commissioner of Public Lands, hereinafter called the Commissioner, and *Kenemore Welding and Oilfield Services of P.O. Box 154, Maljamar, NM 88264*, hereinafter called the Grantee.

WITNESSETH:

THAT, whereas, the Grantee has filed in the State Land Office an application for a salt water disposal easement (the Easement) along with the sum of \$2,500.00, and a \$30.00 application fee;

NOW, THEREFORE, the Commissioner does grant to the Grantee an Easement for the sole and only purpose of underground disposal of produced salt water in connection with oil and gas operations that has not been treated with any chemicals over and beyond operational procedures per federal and state regulations (hereinafter "salt water"). The Easement shall cover the following described lands:

INSTITUTION	SECTION	TOWNSHIP	RANGE	SUBDIVISION	ACRES
C.S	25	16S	33E	SE 1/4 SE 1/4 SW 1/4 SE 1/4	2.50

WELL NAME: *New Mex A*

WELL NUMBER: #002

API NUMBER: 3002501269

TO HAVE AND TO HOLD for a term of *Five (5) years* beginning on the date of this Easement, subject to all terms and conditions set forth below:

GENERAL

- 1) **Annual Fee.** The Grantee shall pay the Commissioner an annual fee of *\$2,500.00 for the first year, \$5,000.00 the second year, \$7,500.00 the third year, \$10,000.00 the fourth year and \$10,000.00 the fifth year* due and payable in advance on or before the *17 day of December* of each year during the term of this easement on or before the effective date of this Easement as set forth above. In the event that this Easement is relinquished, cancelled or otherwise terminated prior to the Anniversary Date, the annual fee shall not be prorated for any part of the year during which the Easement is not in effect.
- 2) **Disposal Fee.** The Grantee shall pay the Commissioner the amount of \$0.10 per barrel of produced water injected into the Easement. The number of barrels injected shall be calculated on a monthly basis. On or before the 30th day following the Anniversary Date of this Easement, or the earlier



**BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972**

**Disposal of Produced Water From Federal Wells
Conditions of Approval**

Approval of the produced water disposal methodology is subject to the following conditions of approval:

1. This agency shall be notified of any change in your method or location of disposal.
2. Compliance with all provisions of Onshore Order No. 7.
3. This agency shall be notified of any spill or discharge as required by NTL-3A.
4. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
5. All above ground structures on the lease shall be painted Shale Green (5Y 4/2), or as per approved APD stipulations. This is to be done within 90 days, if you have not already done so.
6. Any on-lease open top storage tanks shall be covered with a protective cover to prevent entry by birds and other wildlife.
7. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
8. If water is transported via a pipeline that extends beyond the lease boundary, then you need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.
9. Disposal at any other site will require prior approval.
10. Subject to like approval by NMOCD.

9/30/2010

**NEW MEXICO OIL CONSERVATION DIVISION
DISTRICT 2 OFFICE
1301 W. GRAND AVENUE
ARTESIA, NM 88210
(575)748-1283**

CONDITIONS OF APPROVAL

Mesquite 3 Fed. #4 30-015-36439

1. Trucking companies being used by Nadel & Gussman HEYCO, LLC to haul produced water to disposal facilities- private or commercial- shall have an approved NMOCD Form C-133 (authorization to move produced water). A copy of this form shall be available in each truck being used to transport produced water.

DG

10/8/2010