

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Corp. Division
1625 N. French Dr.
Hobbs, NM 88240
FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

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.

Lease Serial No.
NM-86172

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No. *Com*
Appleseed Fed *Well* #1

9. API Well No.
30-025-20377

10. Field and Pool, or Exploratory Area
Featherstone Bone Spring

11. County or Parish, State
Lea County, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Manzano Oil Corporation

3a. Address
P.O. Box 2107, Roswell, NM 88202

3b. Phone No. (include area code)
(505) 623-1996

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
1980' FNL & 660' FEL
Sec 17, T20S, R35E

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 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 recompleat 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 recompleat 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.)

Request approval for water disposal per attached.

14. I hereby certify that the foregoing is true and correct

| | |
|---|---------------------------------|
| Name (Printed/Typed) Allison Hernandez | Title Engineering Technician |
| Signature <i>Allison Hernandez</i> | Date 5/02/00 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (ORIG. SGD.) **GARY GOURLEY** **PETROLEUM ENGINEER** Date **MAY 1 2000**

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.

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.

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GENERAL INSTRUCTIONS

This form is designed for submitting proposals to perform certain well operations, and reports of such operations when completed, as indicated on Federal and Indian lands pursuant to applicable Federal law and regulations. Any necessary special instructions concerning the use of this

form and the number of copies to be submitted, particularly with regard to local area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from the local Federal office.

SPECIFIC INSTRUCTIONS

Item 4 - Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult the local Federal office for specific instructions.

Item 13 - Proposals to abandon a well and subsequent reports of abandonment should include such special information as is required by the local Federal office. In addition, such proposals and reports should include reasons for the abandonment; data on any former or present

productive zones, or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to top of any left in the hole; method of closing top of well and date well site conditioned for final inspection looking to approval of the abandonment.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 351 et seq., 25 U.S.C. 396; 43 CFR 3160.

PRINCIPAL PURPOSE: The information is used to: (1) Evaluate, when appropriate, approve applications, and report completion of subsequent well operations, on a Federal or Indian lease; and (2) document for administrative use, information for the management, disposal and use of National Resource lands and resources, such as: (a) evaluating the equipment and procedures to be used during a proposed subsequent well operation and reviewing the completed well operations for compliance with the approved plan; (b) requesting and granting approval to perform those actions covered by 43 CFR 3162.3-2, 3162.3-3, and 3162.3-4; (c) reporting the beginning or resumption of production, as required by 43 CFR 3162.4-1(c); and (d) analyzing future applications to drill or modify operations in light of data obtained and methods used.

ROUTINE USES: Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions in connection with congressional inquiries or to consumer reporting agencies to facilitate collection of debts owed the Government.

EFFECT OF NOT PROVIDING THE INFORMATION: Filing of this notice and report and disclosure of the information is mandatory for those subsequent well operations specified in 43 CFR 3162.3-2, 3162.3-3, 3162.3-4.

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) requires us to inform you that:

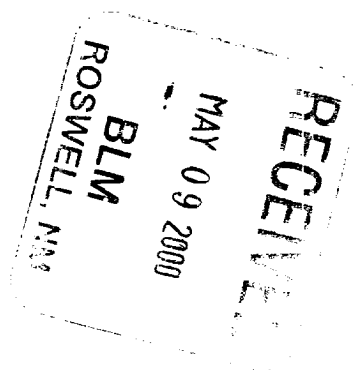
This information is being collected to evaluate proposed and/or completed subsequent well operations on Federal or Indian oil and gas leases.

Response to this request is mandatory.

BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 25 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, Bureau Clearance Officer, (WO-630), Mail Stop 401 LS, 1849 C St., N.W., Washington D.C. 20240 and the Office of Management and Budget, Interior Desk Officer, (1004-0135), Office of Information and Regulatory Affairs, Washington, D.C. 20503.



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 Bone Spring
2. Amount of water produced from all formations in barrels per day 60 BWPD
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 the water is commingled)
Attached.
4. How water is stored on the lease 500 bbl fiberglass tank
5. How water is moved to the disposal facility Flowline
6. Identify the Disposal Facility by:
 - A. Facility operators name Manzano Oil Corporation
 - B. Name of facility or well name & number Appleseed SWD #2
 - C. Type of facility or well (WDW) (WIW) etc. WDW
 - D. Location by 1/4 1/4 NESE Section 17 Township 20S
Range 35#
7. Attach a copy of the State issued permit for the Disposal Facility
Attached.

Submit to this office, 414 W. Taylor, Hobbs, NM 88240, the above required information on a Sundry Notice, form 3160-5. Submit 1 original and 5 copies, within 20 days from receipt of notice. (This form may be used as an attachment to the Sundry Notice). Call at (505)393-3612 if you have any questions.

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**Oilfield Solutions, Inc.
2614 S.C.R. 1257, Midland, Tx. 79706**

WATER ANALYSIS REPORT

Company: MANZANO
 Location: APPLESEED # 1
 Source:
 Date Sampled: April 7, 2000

Sampled By: L Chem
 Analysis Date: April 18, 2000
 Salesman: Louis Edgett

| ANALYSIS | mg/L | EQ. WT. | MEQ/L |
|--|----------------|---------|----------|
| 1. pH | 6.00 | | |
| 2. Specific Gravity 80/60 f. | 1.097 | | |
| 3. Hydrogen Sulfide | Negative | | |
| 4. Carbon Dioxide | Not Determined | | |
| 5. Dissolved Oxygen | Not Determined | | |
| 6. Hydroxyl (OH-) | 0 / | 17.0 = | 0.00 |
| 7. Carbonate (CO3=) | 0 / | 30.0 = | 0.00 |
| 8. Bicarbonate (HCO3-) | 403 / | 61.1 = | 6.60 |
| 9. Chloride (Cl-) | 88,980 / | 35.5 = | 2,506.48 |
| 10. Sulfate (SO4=) | 3,109 / | 48.8 = | 63.71 |
| 11. Calcium (Ca++) | 11,703 / | 20.1 = | 582.24 |
| 12. Magnesium (Mg++) | 3,842 / | 12.2 = | 314.92 |
| 13. Sodium (Na+) | 38,631 / | 23.0 = | 1,679.63 |
| 14. Barium (Ba++) | Not Determined | | |
| 15. Total Iron (Fe) | 0.00 | | |
| 16. Dissolved Solids | 146,668 | | |
| 17. Filterable Solids | | | |
| 18. Total Solids | 146,668 | | |
| 19. Total Total Hardness As CaCO3 | 45,040 | | |
| 20. Suspended Oil | | | |
| 21. Volume Filtered (ml) | | | |
| 22. Resistivity @ 75 F. (calculated) | 0.053 /cm. | | |
| 23. CaCO3 Saturation Index | | | |
| @ 80 F. | 0.1638 | | |
| @ 100 F. | 0.1462 | | |
| @ 120 F. | 0.4062 | | |
| @ 140 F. | 0.7662 | | |
| @ 160 F. | 1.1162 | | |
| 24. Calcium Sulfate solubility @ 90 F. | 1,547 mg/L | | |

| PROBABLE MINERAL COMPOSITION | | | |
|------------------------------|---------|---|-----------------|
| COMPOUND | EQ. WT. | X | MEQ/L = mg/L |
| Ca(HCO3)2 | 81.04 | | 8.60 535 |
| CaSO4 | 68.07 | | 63.71 4,337 |
| CaCl2 | 55.50 | | 511.93 28,412 |
| Mg(HCO3)2 | 73.17 | | 0.00 0 |
| MgSO4 | 60.19 | | 0.00 0 |
| MgCl2 | 47.62 | | 314.92 14,996 |
| NaHCO3 | 84.00 | | 0.00 0 |
| NaSO4 | 71.03 | | 0.00 0 |
| NaCl | 58.45 | | 1,676.83 98,191 |

Chemist: _____

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NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

Handwritten initials: DS, AL, S.L.

ADMINISTRATIVE ORDER SWD-670

**APPLICATION OF MANZANO OIL CORPORATION FOR SALT WATER DISPOSAL,
LEA COUNTY, NEW MEXICO.**

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Rule 701(B), Manzano Oil Corporation made application to the New Mexico Oil Conservation Division on June 18, 1997, for permission to complete for salt water disposal its Appleseed SWD Federal Well No.2 located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 17, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant herein, Manzano Oil Corporation is hereby authorized to complete its Appleseed SWD Federal Well No.2 located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 17, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico, in such manner as to permit the injection of salt water for disposal purposes into the Yates and Seven Rivers formations at approximately 3935 feet to 4065 feet through 2 3/8-inch plastic-lined tubing set in a packer located at approximately 3900 feet.

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IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 787 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Yates or Seven Rivers formations. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for the entry of such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

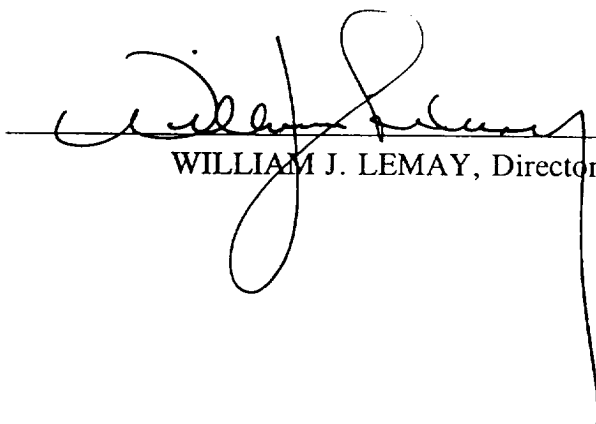
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Administrative Order SWD-670
Manzano Oil Corporation
August 15, 1997
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The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Approved at Santa Fe, New Mexico, on this 15th day of August, 1997.


WILLIAM J. LEMAY, Director

WJL/BES/kv

xc: Oil Conservation Division - Hobbs
Bureau of Land Management - Carlsbad

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