Form 3160-5 (August 2007)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED OMB NO 1004-0137

5. Lease Serial No.

SUNDRY NOTICES AND REPORTS ON WELLS

Expires July 31, 2010

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.						6 If Indian, Allottee or Tribe Name			
SUBMIT IN TRIPLICATE - Other instructions on page 2					7 I	7 If Unit or CA/Agreement, Name and/or No			
1 Type of Well X Oil Well Gas Well Other 2. Name of Operator EXG Resources Inc. 3a Address P.O. Box 2267 Midland, Texas 7970 4. Location of Well (Footage, Sec., T, R., M, or Survey II 1624 FSL & 243 FEL U/L I Sec 1, T-18-S, R-29-E	3b. Phone No. (<i>include area code)</i> 432-686-3689			Sar Fee 9. A 30- 10 Sar 11.	8 Well Name and No. Sand Tank 1 2H Fed Com 9. API Well No. 30-015-37216 10 Field and Pool, or Exploratory Area Sand Tank; Bone Spring 11. County or Parish, State Eddy NM				
12. CHECK APPROPRIATE	E BOX(ES) TO IND	ICATE NAT	URE OF 1	NOTICE,	REPORT,	OR OTH	ER DATA		
TYPE OF SUBMISSION			TY	PE OF AC	TION				
Notice of Intent X Subsequent Report Final Abandonment Notice	Acidize Alter Casing Casing Repair Change Plans Convert to Injection	New C	e Treat onstruction d Abandon	Re-	duction (Start clamation complete nporarily Aba	ŕ	Water Shut-Off Weil Integrity Other		
13. Describe Proposed or Completed Operation (clearly If the proposal is to deepen directionally or recomp Attach the Bond under which the work will be per following completion of the involved operations. I testing has been completed. Final Abandonment N determined that the final site is ready for final inspect. 1. Water is produced from the Bo. 2. The well makes approximately	lete horizontally, give su formed or provide the Bi f the operation results in Notices shall be filed onl action.) me Spring format	bsurface locati ond No. on file a multiple con y after all requ	ons and mea with BLM, upletion or r irements, in	isured and to /BIA Requecompletion cluding rec	rue vertical ured subseq n in a new u lamation, ha	depths of quent repon nterval, a l ave been o	all pertinent markers rts shall be filed with Form 3160-4 shall be completed, and the op	and zones in 30 days filed once erator has	
3. Water is stored in a 500 bbl fiberglass tank. Accepted for record NMOCD LF NMOCD ART									
5. Water is disposed of at the COG Operated - Sand Tank 32 State Com No. 2, located 1650' FSL & 1650' FEL, U/L J, Sec 32, T17S, R30E, Eddy County. 6. NMOCD order number SWD-684.									
Facility Diagram Attached. SEE ATTACHED FOR CONDITIONS OF APPROVAL						AUG 1 8 2012 /s/ JD Whitlock Jr			
14 I hereby certify that the foregoing is true and correct Name (Printed/Typed) Stan Wagner			BUREAU OF LAND MANAGEMENT Title Regulatory Analyst CARLSBAD FIELD OFFICE						
Signature Man Date 8/9/12									
THIS SPACE FOR FEDERAL OR STATE OFFICE USE									
Approved by			Title				Date		
Conditions of approval, if any, are attached Approval of this not the applicant holds legal or equitable title to those rights in the sul entitle the applicant to conduct operations thereon		fy that Office	e 						

Bureau of Land Management Carlsbad Field Office 620 E.Greene Street Carlsbad, New Mexico 88220 575-434-5972

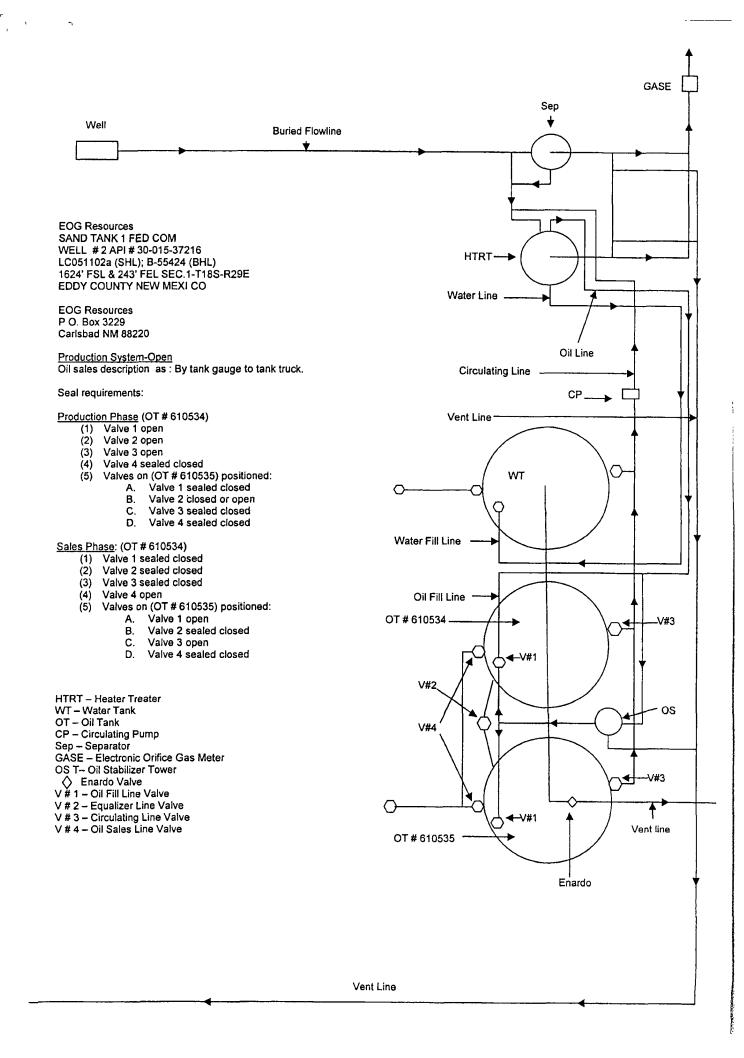
Water Production & Disposal Information

Sand Tank 1 Fed Com 2H

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

1.	Name of formations producing water on the lease.	Bone Springs
2.	Amount of water produced from all formations in ba	rel per day. <u>4 BWPD</u>
3.	How water is stored on the lease.	- 500 bbl fiberglass tank
4.	How water is moved to the disposal facility.	Trucked
5.	Identify the Disposal Facility by:	
	A. Facility Operators Name.	COG Operating LLC
	B. Name of facility or well name & number.	Sand Tank 32 State Com 2
	C. Type of facility or well (WDW) (WIW) etc.	WDW
	D. The Appropriate NMOCD permit number:	<u>SWD-684</u>
	1/4 1/4 NWSE Section 32	Township 17S Range 30E

Submit 1 original and 5 copies on Sundry Notice 3160-5



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.

4/28/2012