

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM 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 ☐ Other

2 Name of Operator

SUNDOWN ENERGY LP

3a Address

13455 NOEL RD, STE. 2000, DALLAS, TX 75240

3b Phone No (include area code)

214-368-6100

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

1650' FSL & 1980' FEL, SEC 20, T-22S, R-28E

5. Lease Serial No.

NM 86542

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Federal AE #1

9. API Well No.

30-025-23027

10. Field and Pool, or Exploratory Area

Herradura Bend (Delaware)

11. County or Parish, State

Eddy Co. NM

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 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.)

Produced water is stored in fiberglass tank. Well produces approx. 50 bbls water per day. Water is trucked to disposal.

Water is disposed of at the Exxon State SWD. Permit #SWD-180 located in Sec 16, T21S-R27E and also at the

State DU. Permit #306104 located in Sec 36, T22S-R27E.

Water analysis is attached.

Gas anaysis is attached.

**SUBJECT TO LIKE
APPROVAL BY STATE**

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

Accepted for record

14 I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Jimmy Lewis

Title

Production Foreman

Signature

Jimmy Lewis

Date

3-24-10

ACCEPTED FOR RECORD

MAR 31 2010

/s/ JD Whitlock Jr

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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 right in the subject lease

which would entitle the applicant to conduct operations thereon

Office

U S C

Section

(Instructions on page 2)



Laboratory Services, Inc.

2609 West Marland
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

FOR: Sundown Energy
Attention: Wes Ables
P. O. Box 1567
Carlsbad, New Mexico 88221

SAMPLE: Separator Gas
IDENTIFICATION: A. E. Federal #1
COMPANY: Sundown Energy
LEASE:
PLANT:

SAMPLE DATA: DATE SAMPLED: 3/9/10 1:00 pm
ANALYSIS DATE: 3/10/10
PRESSURE - PSIG 10
SAMPLE TEMP. °F
ATMOS. TEMP. °F 68

GAS (XX) LIQUID ()
SAMPLED BY: Will McDaniel
ANALYSIS BY: Vickie Sullivan

REMARKS: H2S = 37,882 PPM

COMPONENT ANALYSIS

COMPONENT	MOL PERCENT	GPM
Hydrogen Sulfide (H2S)	3.788	
Nitrogen (N2)	9.907	
Carbon Dioxide (CO2)	0.636	
Methane (C1)	5.069	
Ethane (C2)	40.320	10.757
Propane (C3)	21.444	5.895
I-Butane (IC4)	4.935	1.611
N-Butane (NC4)	7.242	2.278
I-Pentane (IC5)	2.460	0.898
N-Pentane (NC5)	1.495	0.540
Hexane Plus (C6+)	2.705	1.174
	100.000	23.153

BTU/CU.FT. - DRY 2012
AT 14.650 DRY 2008
AT 14.650 WET 1971
AT 14.73 DRY 2017
AT 14.73 WET 1982

MOLECULAR WT. 39.1723

SPECIFIC GRAVITY -
CALCULATED 1.347
MEASURED

MITCHELL ANALYTICAL LABORATORY

2638 Faudree
Odessa, Texas 79765-8538
561-5579

Company: **Nalco Company**

Well Number: AE Federal #1
Lease: Sundown Energy
Location:
Date Run: 3/18/2010
Lab Ref #: 10-mar-n52886

Sample Temp: 70
Date Sampled: 3/12/2010
Sampled by: Chad Wood
Employee #: 27-016
Analyzed by: DOM

Dissolved Gases

		Mg/L	Eq. Wt.	MEq/L
Hydrogen Sulfide	(H ₂ S)	282.00	16.00	17.63
Carbon Dioxide	(CO ₂)	NOT ANALYZED		
Dissolved Oxygen	(O ₂)	NOT ANALYZED		

Cations

Calcium	(Ca++)	7,236.00	20.10	360.00
Magnesium	(Mg++)	2,113.04	12.20	173.20
Sodium	(Na+)	42,496.16	23.00	1,847.66
Barium	(Ba++)	NOT ANALYZED		
Manganese	(Mn+)	.78	27.50	.03

Anions

Hydroxyl	(OH-)	.00	17.00	.00
Carbonate	(CO ₃ =)	12.00	30.00	.40
BiCarbonate	(HCO ₃ -)	24.44	61.10	.40
Sulfate	(SO ₄ =)	1,245.00	48.80	25.51
Chloride	(Cl-)	83,591.85	35.50	2,354.70
Total Iron	(Fe)	2.32	18.60	.12
Total Dissolved Solids		137,003.59		
Total Hardness as CaCO ₃		26,753.46		
Conductivity MICROMHOS/CM		181,800		

pH 7.820

Specific Gravity 60/60 F. 1.095

CaSO₄ Solubility @ 80 F. 33.16MEq/L, CaSO₄ scale is unlikely

CaCO₃ Scale Index

70.0	.736	100.0	1.056	130.0	1.616
80.0	.826	110.0	1.316	140.0	1.616
90.0	1.056	120.0	1.316	150.0	1.956

Nalco Company

**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. Subject to like approval by NMOCD.

3/25/2010