Form 31*6*2-5 (April2004)

UNITEDSTATES DEPARTMENT OF THE INTERIOR OCD-MORRS

BUREAU OF LAND MANAGEMENT

FORMAPPROVED

| SUNDRY | NOTICES | AND | REPORTS | ON | WELLS | |
|--------|---------|-----|---------|----|-------|--|

| OM B No | 1004-0137 |
|---------|---------------|
| Expires | March 31, 200 |
| | |

| BUREAU OF LAND MANAGEMENT | 5 Lease Serial No |
|---|--|
| SUNDRY NOTICES AND REPORTS O | |
| Do not use this form for proposals to drill or | |
| abandoned well. Use Form 3160 - 3 (APD) for s | |
| SUBMIT IN TRIPLICATE - Other instructions of | 7 If Unit or CA/Agreement, Name and/or No 36147 |
| 1. Type of Well GasWell Other | 8 Well Name and No. |
| 2. Name of Operator | JCT 18 FEDERAL 1 |
| THOMPSON, J. CLEO 3a Address 3b PhoneN | 9 API Well No 0 (include area code) 30-025-38178 |
| | 550-8887 10 Field and Pool, or Exploratory Area |
| 4. Location of Well (Footage, Sec., T., R, M., or Survey Description) | SAWYER(DEVONIAN)55290 |
| 542' FNL & 2100' FWL, UL: C SEC. 18, T9S, R38E | 11. County or Parish, State LEA NM |
| 12. CHECK APPROPRIATE BOX(ES)TO INDICATE | NATURE OF NOTICE, REPORT, OR OTHER DATA |
| TYPE OF SUBMISSION | TYPE OF ACTION |
| If the proposal is to deepen directionally or recomplete horizontally, give subsur Attach the Bond under which the work will be performed or provide the Bond Mollowing completion of the involved operations. If the operation results in a mutesting has been completed. Final Abandonment Notices shall be filed only after determined that the site is ready for final inspection.) | Struction Recomplete X Other APPROVAL TO DISPOSE WATER Cluding estimated starting date of any proposed work and approximate duration thereof face locations and measured and true vertical depths of all pertinent markers and zones. It is on file with BLM/BIA. Required subsequent reports shall be filed within 30 days largle completion or recompletion in a new interval, a Form 3160-4 shall be filed once all requirements, including reclamation, have been completed, and the operator has |
| 14 I hereby certify that the foregoing is true and correct Name (Printed/Typed) JIM STEVENS | Title OPERATIONS MANAGER |
| Signature J. Sterry | Date 08/07/2007 |
| THIS SPACE FOR FEDERAL | OR STATE OFFICE USE FOR RECORD |

which would entitle the applicant to conduct operations thereon.

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

Office

Fitle 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 of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction FREDEUM ENTRY OF The United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction FREDEUM ENTRY OF The United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction FREDEUM ENTRY OF The United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction FREDEUM ENTRY OF THE United States any false, ficting the United States and FREDEUM ENTRY OF THE UNITED STATES AND THE UNIT

Title

(Instructions on page 2)

AUG 3 0 2007

The following information is needed before your disposal of produced water can be approved, per Onshore Oil & Gas Order #7.

You may attach this information to your Sundry Notice (3160-5). Submit all required information as per this attachment, submit a Sundry Notice (3160-5), one original and five copies to this office within the required time.

| 1. N | fame(s) of all formation(s) producing water on the lease. DEVONIAN |
|------|---|
| 2. A | mount of water produced from all formations in barrels per day. LESS THAN BBL/DAY |
| | CURRENT water analysis of produced water from all zones showing at least the total dissolved solids, ph, and the concentrations of chlorides and sulfates. |
| 4. H | ow water is stored on the lease. FIBENGLASS TANK |
| | ow water is moved to the disposal facility. TRUCK (PROPOSED) SE HAVE NOT HAULED AND WATER FROM PACILITY |
| В. | Operators' Name Operators' Name Well Name JCT FEDERAL 18 # Well type and well number Location by quarter/quarter, section, township, and range NELL 195 195 18 |

7. A copy of the Underground Injection Control Permit - issued for the injection well by the Environmental Protection Agency or New Mexico Oil Conservation Division where the State has achieved primacy.

THIS WELL PRESENTLY DOES NOT MAKE ANY WATER, IT CENTAINLY WILL IN THE FUTURE. WE WILL PORTUND COPY OF INJECTION PERMIT WHEN WE PAVE SELECTED A WATER HAULER

SUNDRY NOTICE SPECIAL STIPULATIONS

| | This sundry is accepted for record only. The following additional information will be needed in order to approve this operation: Operator must submit a copy of the injection permit and a water analysis when water is produced for approval. | | | |
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| Engineering can be reached at 505-706-2779 for any variances that might be necessary. | | | | |
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| <u>F Wrigh</u> | ht 8/27/07 | | | |
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