

Form 3160-3
(August 2007)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No 1004-0137
Expires July 31, 2010**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.5. Lease Serial No.
NM 08277RECEIVED
JUN - 1 2010

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

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

1. Type of Well

☐ Oil Well☐ Gas Well☒ Other8. Well Name and No.
See attached list2. Name of Operator
Agua Sucia, LLC9. API Well No.
See attached list3a. Address
14605 South Memorial Drive
Bixby, OK 740083b. Phone No. (include area code)
(918) 366-795810. Field and Pool or Exploratory Area
Saladar4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
See attached list11. Country or Parish, State
Eddy County

12. CHECK THE 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 checked="" type="checkbox"/> Other <u>Change of operator</u>
	<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 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Agua Sucia, LLC requests that it be approved as operator of Lease NM 08277 as to depths from the surface to 1000 feet subsurface. The leased lands and a list of wells currently located on the lease is attached hereto.

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof.

Bond No. NM 8000019 *650+651 Effective date as per LR 2000 2/1/2010*

(This is an individual bond.)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed)
Denis Schoenherr SCHWENITZER

Title Managing Member

Signature

Date

2-25-10

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/s/ Don Peterson

Title

AFM

Date MAY 25 2010

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

CARLSBAD FIELD 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)

W

Lease NM 08277

SE/4NW/4, NE/4SW/4, and S/2SW/4 of Section 33, Township 20 South, Range 28 East,
N.M.P.M.

Saladar Well #3	API# 3001502447
Saladar Well #4	API# 3001502446
Saladar Well #5	API# 3001502444
Saladar Well #6	API# 3001502448
Saladar Well #7	API# 3001510468
Saladar Well #8	API# 3001502449
Saladar Well #12	API# 3001524179
Saladar Well #13	API# 3001524180
Saladar Well #14	API# 3001524181

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

Conditions of Approval

Augua Sucia, LLC. Saladar Wells #3, 4, 5, 6, 7, 8, 12, 13 & 14

1. Submit plan for approval of well operations within 30 days of this approval to change operator.

The Bureau of Land Management (BLM) and Minerals Management Service (MMS) definition of a Shut-in (SI) or Temporarily Abandoned (TA) are as follows. Shut-in well is a completion that is physically and mechanically capable of production in paying quantities or capable of service use. The definition of a temporarily abandoned well is a completion that is not capable of production in paying quantities but which may have value as a service completion.

43 CFR 3162.3-4 (C) requires that wells incapable of production in paying quantities be promptly plugged and abandoned and requires approval for any well temporarily abandoned for more than 30 days.

Therefore an Operator must submit a Sundry Notices as a Notice of Intent prior to beginning any operation it will be approved with condition of approval attached to properly TA the well. You need to submit a plan for the well within in 30 days stating you intent for the well.

Do one of the following.

- a. **Return the well to production or beneficial use.**
- b. **Submit notice of intent to plug and abandon.**

If you decide to **plug and abandon** the well do the following. Submit a Sundry Notice (form 3160-5, original and 3 copies) describe the proposed plugging program.

If you decide to **return the well to production**, submit a Sundry Notice (form 3160-5, original and 3 copies) of intent. Include the date you anticipated the well being placed back in service. 43 CFR 3162.4-1(c) also requires you to notify the Authorized officer, not later than the fifth business day after production is resumed for any well which has been off production for more than 90 days, the date on which such production was resumed. Notification may be by letter or Sundry Notice, or orally followed by letter or Sundry Notice.

2. All electrical lines going to well must be buried or placed on power poles as per electrical code.
3. Test all production flow lines for leaks prior to placing well on production.
4. Tank battery must be bermed/diked (must be able to contain 1 1/2 times the volume of the largest tank) and must be lined with a 20 mil. liner placed under tanks to contain spills.
5. All above ground structures and equipment on the lease shall be painted Shale Green (5Y 4/2). This is to be done within 90 days, if you have not already done so.
6. Submit for approval of water disposal method.
7. The following test must be performed on all wells prior to being placed on production or injection.

Description of the CIT/MIT test requirements

- a. A bridge plug or packer must be installed as close to 50 feet above any open perforations or open hole as possible.
 - b. The wellbore must be filled with corrosion inhibited fluid and pressure tested to 500 psi. The casing shall be capable of holding this pressure for at least 30 minutes.
 - c. All downhole production/injection equipment (tubing, rods, etc.) shall be removed from the casing if they are not isolated by a packer.
 - d. A bradenhead test must be conducted. If the test indicates a problem exists, a remedial plan and time frame for remediation shall be submitted within ninety (30) days of the test.
 - e. Contact the appropriate BLM office at least 24 hours prior to the scheduled CIT/MIT test. For wells in Eddy County, 575-361-2822
8. All injection wells will require prior approval from BLM and NMOCD prior to placing back on injection.
 9. This agency shall be notified of any spill or discharge as required by NTL-3A.

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BUREAU OF LAND MANAGEMENT

BOND ABSTRACT

BLM BOND NO: NMB000650

DOCUMENT ID: OKC804110

DISPOSITION: ACCEPTED

CASE TYPE: 310434 O&G BOND ALL LANDS

NAME AND ADDRESS OF BOND PARTIES

B20090248 BONDED PRINCIPAL
AGUA SUCIA LLC
14605 S MEMORIAL DRIVE
BIXBY OK 74008

NAME AND ADDRESS OF SURETY PARTIES

S84000198001 SURETY
AMERICAN SAFETY CASUALTY
INSURANCE COMPANY
100 GALLERIA PKWY SE STE 700
ATLANTA GA 30339

SERIAL NUMBER(s):

NMNM 0008277

BOND AREA INDIVIDUAL
TYPE OF LAND FEDERAL-ALL RIGHTS
BOND TYPE SURETY

STATES COVERED NM
BOND AMOUNT \$100,000

BONDED ACTIVITY/PURPOSE

GENERAL LSE/DRILLING
UNIT OPERATOR
EXPLORATION
OPERATOR

COMMODITY(IES)

OIL & GAS L

ACTION CODE	ACTION DATE	ACTION TAKEN	ACTION REMARKS	PENDING
468	02/16/2010	BOND FILED		
469	03/11/2010	BOND ACCEPTED	EFF 02/16/2010,	NM92100
974	03/11/2010	AUTOMATED RECORD VERIF	SSP	

GENERAL REMARKS

LINE #	REMARK
001	THIS INDIVIDUAL BOND COVERS OIL AND GAS LEASES
002	NMNM08277 AND NMLC062254A

UNITED STATES DEPT OF INTERIOR

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BUREAU OF LAND MANAGEMENT

BOND ABSTRACT

BLM BOND NO: NMB000651

DOCUMENT ID: 09SBL0680

DISPOSITION: ACCEPTED

CASE TYPE: 310434 O&G BOND ALL LANDS

NAME AND ADDRESS OF BOND PARTIES

B20090248 BONDED PRINCIPAL
AGUA SUCIA LLC
14605 S MEMORIAL DRIVE
BIXBY OK 74008

NAME AND ADDRESS OF SURETY PARTIES

SERIAL NUMBER(s):

BOND AREA STATEWIDE
TYPE OF LAND FEDERAL-ALL RIGHTS
BOND TYPE LETTER OF CREDIT

STATES COVERED NM
BOND AMOUNT \$25,000

BONDED ACTIVITY/PURPOSE

GENERAL LSE/DRILLING
EXPLORATION
UNIT OPERATOR
OPERATOR

COMMODITY(IES)

OIL & GAS L

ACTION CODE	ACTION DATE	ACTION TAKEN	ACTION REMARKS	PENDING
468	01/08/2010	BOND FILED		NM92100
469	03/10/2010	BOND ACCEPTED	EFF 01/08/2010,	
974	03/10/2010	AUTOMATED RECORD VERIF	SSP	

GENERAL REMARKS

LINE # REMARK