

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD Artesia

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 <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM100844
2. Name of Operator COG Operating LLC		6. If Indian, Allottee or Tribe Name
3a. Address 550 W. Texas Ave., Suite 1300 Midland, TX 79701	3b. Phone No. (include area code) 432-685-4372	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 22, T16S, R28E, Unit E		8. Well Name and No. Comet 22 Federal Tank Btty
		9. API Well No. see below
		10. Field and Pool, or Exploratory Area
		11. County or Parish, State Eddy County, 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.)

Comet 22 Federal #4 30-015-35716  
Comet 22 Federal Com #3 30-015-35821

Producing Formation: Crow Flats; Wolfcamp & Crow Flats; Abo  
Amount produced: 118 BWPD  
Water stored in 500 bbl Water Tank

Water being trucked by Riverside Transporter to public disposal.

Loco Hills Disposal Company  
SWD Permit #NM01-0004

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

*Sec 16 17-30  
Evaporation pond*

**Accepted for record**  
**NMOCD/RS**  
**12/22/10**

**ACCEPTED FOR RECORD**

DEC 14 2010

*J.D. W. Little*

BUREAU OF LAND MANAGEMENT  
CARLSBAD FIELD OFFICE

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

Diane Kuykendall

Signature

Title Production Manager

Date

12/06/2010

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

**RECEIVED**

DEC 16 2010

**NMOCD ARTESIA**

Approved by

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.

Title

Date

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)

**ATTACHMENT TO OCD 711 PERMIT APPROVAL**  
**PERMIT NM-01-0004**  
**LOCO HILLS WATER DISPOSAL, INC.**  
**SURFACE WASTE MANAGEMENT FACILITY**  
**SW/4 SW/4 Section 16, Township 17 South, Range 30 East, NMPM**  
**Eddy County, New Mexico**  
**(May 26, 2000)**

**FACILITY AND EVAPORATION POND OPERATION**

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least fifty (50) feet and contain the following information: a) name of the facility; b) location by section, township and range; and c) emergency phone number.
2. Disposal may occur only when an attendant is on duty. Alternately, the facility may choose to use a computerized disposal system with PIN numbers to secure the facility from unauthorized dumping. The processing, evaporation and landfarm portion of the facility must be secured when no attendant is present.
3. All produced water must be unloaded into tanks. The produced water must reside in the tank and skimmer pit system long enough to allow for oil separation. Oil recovered must be stored in above-ground storage tanks. Per Division Rule 310, oil may not be stored or retained in earthen reservoirs or in open receptacles. Free oil must be removed regularly from the skim pits and sump.
4. All existing above-ground tanks located at the facility and containing materials other than fresh water must be bermed to contain one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater. All above-ground tanks must be labeled as to contents and hazards.
5. All new or replacement above-ground tanks containing materials other than fresh water must be placed on an impermeable pad and be bermed to contain one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater.
6. Below-grade sumps and below-grade tanks must be cleaned and visually inspected annually. Results must be recorded and maintained for OCD review. If sump/tank integrity has failed the OCD must be notified within 48 hours of discovery and the sump/tank contents and contaminated soils must be removed and land farmed at the facility landfarm or disposed of at an OCD-approved facility. Soil remediation must follow OCD surface impoundment closure guidelines. The permittee must submit a report to the OCD Santa Fe and Artesia offices that describes the investigation and remedial actions taken.
7. Overflow collection ditches must be cleaned and visually inspected annually. Results must be recorded and maintained for OCD review.
8. All new or replacement below-grade sumps and below-grade tanks at the facility must have impermeable secondary containment with a leak detection monitoring system. The secondary

containment system must be inspected for fluids weekly. Results must be recorded and maintained for OCD review. If fluids are present they must be checked and the analyses must be furnished to the OCD Santa Fe and Artesia offices.

9. The produced water receiving and treatment area must be inspected daily for tank, piping and berm integrity.
10. Any design changes to the surface waste management facility must be submitted to the OCD Santa Fe office for approval.
11. The evaporation ponds must have a minimum freeboard of three (3) feet. A device must be installed in the ponds to accurately measure freeboard.
12. Adequate freeboard will be maintained on all skim pits to prevent overflow.
13. The evaporation ponds may not contain any free oil.
14. The evaporation ponds and skim pits must be inspected on at least a daily basis and immediately following each consequential rainstorm or windstorm. The OCD Santa Fe and Artesia offices must be notified within 48 hours if any defect is noted. Repairs must be made as soon as possible. If the defect will jeopardize the integrity of the pond or pit, additional wastes may not be placed into the pond or pit until repairs have been completed.
15. Monitoring of the Santa Rosa Formation 60-foot monitoring wells (MH-2, MH-4, MH-5, MH-6, MH-7, MH-8, MH-9, and MH-10) must be performed quarterly and records of the date, inspector and status of the monitor well must be maintained. If fluid is present in the Santa Rosa Formation monitor wells the fluids in the pond and monitor wells must be measured for conductivity. If the pond and monitor well fluid conductivity measurements are similar the OCD Santa Fe and Artesia offices must be notified within 48 hours. Within 72 hours of discovery of water similarities, Loco Hills Water Disposal will submit a plan to the OCD Santa Fe and Artesia offices for review and approval that describes what procedures will be taken, to investigate the lateral extent of the waste water plume.
16. Annual reports regarding quarterly monitor well sampling must be furnished to the OCD Santa Fe office in database form and must include a graphical plot showing water level and conductivity in each well for all preceding quarters.
17. Monitoring of the Rustler Formation monitor wells (MH-1, MH-3, MH-11, MH-12, and MH-13) is not required. Loco Hills Water Disposal should secure these wells from potential vandalism, dumping or injection.
18. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted, covered or otherwise rendered nonhazardous to migratory birds.

**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.

9/30/2010