C15

Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

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

5. Lease Serial No. NM97136
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.
8. Well Name and No. Adams Federal #1
9. API Well No. 30-015-22613
10. Field and Pool, or Exploratory Area Hackberry Bone Spring
11. County or Parish, State Eddy, NM

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other
2. Name of Operator
Hanley Petroleum Inc.
3a Address 415 West Wall, Suite 1500 Midland, TX 79701-4473
3b. Phone No. *(include area code)* (915) 684-8051
4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
660' FSL & 2080' FWL Section 31, T-19-S, R-31-E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☐ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☒ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity ✓
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☒ 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 recomplete 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 recompletion 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 from the Adams Federal #1 is trucked off-lease by Plains Marketing LP to one of the following salt water disposal systems:

Operator	Lease Name	Sec	Town	Range	County	SWD #
Scurlock Permian	Rohmer #1	23	22S	27E	Eddy	505
Dakota Resources	Whistle Stop	8	21S	28E	Eddy	461
Concho Resources	B.S.W.U. Plant	34	18S	30E	Eddy	4741

RECEIVED
OCD ARTESIA

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)* Barbara A. Reid
Title Assistant Secretary
Signature Barbara A. Reid
Date July 17, 2001

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

APPROVED
(ORIG. SGD.) DAVID R. GLASS
Approved by DAVID R. GLASS
PETROLEUM ENGINEER
JUL 24 2001
Title
Date

SEE ATTACHED FOR CONDITIONS OF APPROVAL

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 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.

P. O. BOX 1468
MONAHANS, TEXAS 79756
PH. 943-3234 OR 563-1040

Martin Water Laboratories, Inc.

709 W. INDIANA
MIDLAND, TEXAS 79701
PHONE 683-4521

RESULT OF WATER ANALYSES

LABORATORY NO. 59748
SAMPLE RECEIVED 5-7-97
RESULTS REPORTED 5-13-97

TO: Mr. Greg Wilkes
415 West Wall, Suite 1500, Midland, TX 79701

COMPANY Hanley Petroleum, Inc. LEASE Adams Federal #1
FIELD OR POOL Hanley Petroleum Inc.
SECTION ____ BLOCK ____ SURVEY ____ COUNTY Eddy STATE NM
SOURCE OF SAMPLE AND DATE TAKEN:

NO. 1 Produced water - taken from Adams Federal #1 (wellhead). 5-8-97
NO. 2 Produced water - taken from Adams Federal #1 (heater). 5-8-97
NO. 3
NO. 4

REMARKS: Bone Springs

CHEMICAL AND PHYSICAL PROPERTIES	NO. 1	NO. 2	NO. 3	NO. 4
Specific Gravity at 60° F	1.1094	1.1086		
pH When Sampled				
pH When Received	7.23	7.13		
Bicarbonate as HCO_3	537	525		
Supersaturation as $CaCO_3$	80	40		
Undersaturation as $CaCO_3$	--	--		
Total Hardness as $CaCO_3$	11,400	12,200		
Calcium as Ca	3,440	3,280		
Magnesium as Mg	680	972		
Sodium and/or Potassium	57,783	56,497		
Sulfate as SO_4	373	389		
Chloride as Cl	96,586	95,165		
Iron as Fe	25.6	88.2		
Barium as Ba	0	0		
Turbidity, Electric				
Color as Pt				
Total Solids, Calculated	159,399	156,828		
Temperature °F				
Carbon Dioxide, Calculated	59	68		
Dissolved Oxygen,				
Hydrogen Sulfide	0.0	0.0		
Resistivity, ohms/m at 77° F	0.066	0.067		
Suspended Oil				
Filtrable Solids as mg/l				
Volume Filtered, ml				
Calcium Carbonate Scaling Tendency	Marginal	None		
Calcium Sulfate Scaling Tendency	None	None		
Barium Sulfate Scaling Tendency	None	None		

Results Reported As Milligrams Per Liter

Additional Determinations And Remarks These results reveal a distinct consistency between the two waters represented except the water from the heater shows a significantly highter level of iron. The characteristics of these waters indicate a moderate corrosion rate with a resulting corrosion product dissolving in the water. We have identified no evidence in either of these waters of any potential scaling condition. We do not have natural Bone Springs recorded in the immediate area; but in examining our records in the surrounding area, we find that though Bone Springs does vary somewhat in characteristics, these records are comparable to some of our records of Bone Springs in the general area. Contact us for any additional assistance in interpretation of these results.

Form No. 3

By Waylan C. Martin, M.A.

cc: Mr. Daryl Rogers, Kel-Tech @ Midland

The following information is needed before your method of water disposal can be considered for approval.

1. Name(s) of formation(s) producing water on the lease.
   Bone Spring
2. Amount of water produced from each formation in barrels per day.
   04/01/01-06/15/01 ---- 582 bbl / 76 days = 8 BWPD
3. A water analysis of produced water from each zone showing at least the total dissolved solids, ph, and the concentrations of chlorides and sulfates.
   Copy attached
4. How water is stored on the lease.
   Produced water stored in fiberglass tank.
5. How water is moved to disposal facility.
   Produced water is trucked off lease.
6. Operator's name See Form 3160-5
   Lease name or well name and number
   Location by 1/4 1/4, section, township, and range of the disposal system.
   The appropriate NMOCD permit number.
7. For pit approvals we need:

   a. the pit size and location

   b. evaporation rate of the area compensated for annual rainfall

   c. estimated percolation rate based on the soil characteristics under and adjacent to the pit

   d. depth and areal extent of all useable water aquifers in the area (i.e., less than 10,000 ppm total dissolved solids).