

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED

Budget Bureau 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

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other	8. Well Name and No. #10 G
2. Name of Operator Robert L. Bayless, Producer LLC	9. API Well No. 30-045-31646
3a. Address PO Box 168, Farmington, NM 87499	10. Field and Pool, or Exploratory Area Basin Fruitland Coal
3b. Phone No. (include area code) (505) 326-2650	11. County or Parish, State San Juan, New Mexico
4. Location of Well (Footage, Sec., T., R., M., or Survey Description)	

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

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" 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
	<input type="checkbox"/> Change Plans <input type="checkbox"/> Plug and Abandon <input type="checkbox"/> Temporarily Abandon <input type="checkbox"/> Water Disposal Approval
	<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 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.)

Robert L. Bayless is requesting approval to dispose of produced water for the wells behind the subject lease. Attached you will find the information required per Onshore Order No. 7.

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Diane Jaramillo	Title Administration/Gas Marketing
Signature <i>Diane Jaramillo</i>	Date July 23, 2004
THIS SPACE FOR FEDERAL OR STATE OFFICE USE	
Approved by <i>Hay Sam</i>	Title EP/ROW Team
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 operation thereon.	Date 7/28/04
	Office ERO
Title 18 U.C.S. Section 1001 and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly and willfully to make any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.	

W25
NMOCB

Onshore Order No. 7 Requirements

NMNM05791

Onshore Order No. 7 and Title 43 CFR 3162.5-1, requires the following information be submitted in order to process water disposal requests.

1. Name of formations producing water on the lease. See Attachment A
1. Amount of water produced from all formations in barrels per day.
See Attachment A
2. Attach a current water analysis of produced water from all zones showing at least the total dissolved solids, ph, and the concentrations of chlorides and sulfates.
See Attachment B
4. How water is stored on the lease. See Attachment C
5. How water is moved to the disposal facility. See Attachment C
6. Identify the Disposal Facility by:
 - A. Facility operators name
 - B. Name of facility or well name and number.
 - C. Type of facility or well (WDW) (WIW) etc.
 - D. Location by 1/4 1/4, Section, Township, and Range.
See Attachment C
7. Attach a copy of the State issued permit for the Disposal Facility.
Attached

Submit to BLM office, the above-required information on a Sundry Notice 3160-5.
Submit 1 original and 2 copies.

ATTACHMENT A

Robert L. Bayless, Producer LLC
Lease No. NMNM - 05791

Well Name	API	Location	Producing Formation	Water BBL/D
Graham WN Federal B #10G	30-045-31646	Sec. 10, T27N, R18W, San Juan County, NM	Basin Fruitland Coal	1.0
Graham WN Federal B #11G	30-045-31708	Sec. 4, T27N, R18W, San Juan County, NM	Basin Fruitland Coal	1.0

ATTACHMENT B
NMNM 05791**HALLIBURTON****Water Analysis Report**

To:	<u>Bayless</u>	Date:	<u>6/23/2004</u>
Submitted by:	<u>Halliburton Energy Services</u>	Date Rec:	<u>6/21/2004</u>
Attention:	<u>Noreen</u>	Report #:	<u>FLMM4448</u>
Well Name:	<u>Graham B #10</u>	Formation:	<u>Produced</u>

Specific Gravity	1.020	
pH	7.0	
Resistivity	0.69	@ 70° F
Iron (Fe)	0	Mg / L
Potassium (K)	400	Mg / L
Sodium (Na)	4142	Mg / L
Calcium (Ca)	257	Mg / L
Magnesium (Mg)	78	Mg / L
Chlorides (Cl)	7200	Mg / L
Sulfates (SO ₄)	0	Mg / L
Carbonates (CO ₃)	0.0	Mg / L
Bicarbonates (HCO ₃)	407	Mg / L
Total Dissolved Solids	12483	Mg / L

Respectfully: Bill LoughridgeTitle: Senior ScientistLocation: Farmington, NM

NOTICE: This report is limited to the described sample tested. Any person using or relying on this report agrees that Halliburton shall not be liable for any loss or damage whether due to act or omission resulting from such report or its use.

ATTACHMENT B
NMNM 05791

Operator: Bayless	Sample Date: May 10, 2004
	Analysis Date: May 10, 2004
Well : Granly	District: Farmington
Formation: Graham 116	Requested by: Keving McCord
County:	Technician: Mike Brown/Ben Barela
Depth:	Source: Well

PHYSICAL AND CHEMICAL DETERMINATION

SPECIFIC GRAVITY: 1.000 AT 80 Degrees F.			
pH:	6.3	MAGNESIUM:	10 ppm
RESISTIVITY:	1.91 ohm/meter	CALCIUM:	24 ppm
IRON:	0 ppm	BICARBONATES:	366 ppm
H2S:	0 ppm	CHLORIDES:	3200 ppm
POTASSIUM:	50 ppm	SODIUM :	2170 ppm
SULFATES:	90.00 ppm	TDS:	5912 ppm

CaCO3 Scale Tendency = Remote
CaSO4 Scale Tendency = Remote

REMARKS:

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ee
Data contained in this document is based on the best information & most current test procedures and materials available. No liability is expressed or implied.

Attachment C

Robert L. Bayless, Producer LLC
Lease No. NMNM 05791

Well Name	How Water is Stored on Lease	How Water is Moved to Disposal Facility	Disposal Facility Name	Type of Facility	Location
Graham WN Federal B #10G	Tank	Trucked	Basin Disposal, Inc	WDW	SE/4 NW/4, Sec. 3, T29N, R11W, San Juan County, NM
		Trucked	Key Energy	WDW	SW/4 NW/4, Sec. 2, T29N, R12W, San Juan County, NM
Graham WN Federal B #11G	Tank	Trucked	Basin Disposal, Inc	WDW	SE/4 NW/4, Sec. 3, T29N, R11W, San Juan County, NM
		Trucked	Key Energy	WDW	SW/4 NW/4, Sec. 2, T29N, R12W, San Juan County, NM



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

MAY 19 1999

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

May 17, 1999

CERTIFIED MAIL

RETURN RECEIPT NO. P-326-936-515

Mr. Jerry Sandel
Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87401

RE: OCD Rule 711 Permit Approval (NM-01-0005)
Basin Disposal, Inc.
Commercial Surface Waste Management Facility
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico

Dear Mr. Sandel:

The permit application for the Basin Disposal, Inc. (Basin) commercial surface waste management facility located in the SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico is hereby approved in accordance with New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. This permit approval is conditional upon the receipt and approval by the Director of financial assurance in the amount of \$120,000. According to the schedule outlined in the financial assurance section of the enclosed attachment, 25 % of the \$120,000 financial assurance (\$30,000) is required within thirty (30) days of the date of this permit approval letter. The application consists of the permit application Form C-137 dated November 5, 1997, inspection report response letter dated November 4, 1997, supplemental materials dated February 18, 1998, January 12, 1999, January 15, 1999, and February 15, 1999; materials from the original permit application dated August 15, 1985; and permit modification dated September 3, 1992.

The construction, operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved treatment, evaporation and landfill methods must receive prior OCD approval. Basin is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this facility permit does not relieve Basin Disposal, Inc. of liability

Mr. Jerry Sandel
May 17, 1999
Page 2

should your operation result in actual pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Basin Disposal, Inc. of responsibility for compliance with other federal, state or local laws and/or regulations.

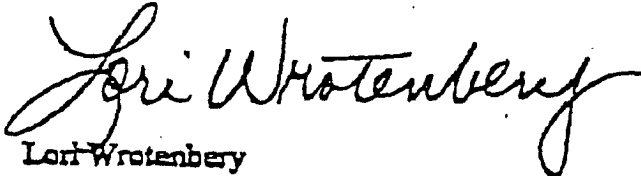
Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered non-hazardous to migratory birds. In addition, OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs or open receptacles.

The Basin Disposal, Inc. Commercial Surface Waste Management Facility Permit NM-01-0005 will be reviewed at least once every five (5) years from the date of this approval letter. The facility is subject to periodic inspections by the OCD.

Enclosed are two copies of the conditions of approval. Please sign and return one copy to the OCD Santa Fe Office within five working days of receipt of this letter.

If you have any questions please do not hesitate to contact Martyne J. Kieling at (505) 827-7153.

Sincerely,



Lori Wrotenberg
Director

LW/mjk

xc with attachments:
Aztec OCD Office



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

MIKE T.

February 18, 2000

CERTIFIED MAIL
RETURN RECEIPT NO. 7-559-573-275

Mr. Michael Talovich
Key Four Corners Inc.
Water Disposal Facility
P.O. Box 900
Farmington, NM 87499

RE: OCD Rule 711 Permit Approval NM-01-0009
Key Four Corners Inc.
Commercial Surface Waste Management Facility
SW/4 NW/4 of Section 2, Township 29 North, Range 12 West, NMPM
San Juan County, New Mexico

Dear Mr. Talovich:

The permit application for the Key Four Corners Inc. (Key) commercial surface waste management facility located in the SW/4 NW/4 of Section 2, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico is hereby approved in accordance with New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. This permit approval is conditional upon the receipt and approval by the Director of financial assurance in the amount of \$176,200. Financial assurance is required within thirty (30) days of the date of this permit approval letter. The application consists of the permit application Form C-137 dated March 3, 1998, the inspection report response letter dated March 20, 1998, the original permit application dated March 15, 1989, materials from the hearing file related to Order No. R-9485 dated April 2, 1991, Order No. R-9485-A dated July 19, 1991, Order No. R-10738 dated January 17, 1997, and Order No. R-10756 dated January 27, 1997, and materials submitted in conjunction with subsequent permit modifications dated December 4, 1992; February 16, 1993; March 22, 1993; April 12, 1993; August 8, 1994 and September 5, 1997.

The operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved water disposal process and landfarming methods must receive prior OCD approval. Key is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this facility permit does not relieve Key of liability should your operation result in pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Key of responsibility for compliance with other federal, state or local laws and/or regulations.

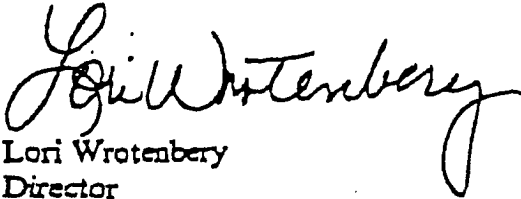
Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered nonhazardous to migratory birds. In addition, OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs or open receptacles.

The facility is subject to periodic inspections by the OCD. The conditions of this permit will be reviewed by the OCD no later than five (5) years from the date of this approval and the facility will be inspected at least once a year. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of the five (5) year review. The financial assurance may be adjusted to incorporate any closure cost changes.

Enclosed are two copies of the conditions of approval. Please sign and return one copy to the OCD Santa Fe Office within five working days of receipt of this letter.

If you have any questions please do not hesitate to contact Martyne J. Kieling at (505) 827-7153.

Sincerely,

A handwritten signature in cursive script, reading "Lori Wrotenbery".

Lori Wrotenbery
Director

LW/mjk

xc with attachments:
Aztec OCD Office



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

August 26, 1996

CERTIFIED MAIL

RETURN RECEIPT NO. Z-765-962-950

Mr. George Coleman
Coleman Oil and Gas, Inc.
P.O. Box 443
Farmington, New Mexico 87499

RE: Approval of Discharge Plan UIC-CLI-005 (Formerly GW-235)
Class I Non-Hazardous Oil Field Waste Disposal Well
Coleman Oil and Gas, Inc.
Sunco Disposal Well No. 1
Unit Letter E, Sec 2, Twn 29 N, Rng 12 W
San Juan County, New Mexico

Dear Mr. Coleman:

The discharge plan UIC-CLI-005 for the Coleman Oil and Gas (Coleman) Class I non-exempt non-hazardous oil field waste disposal well located in unit letter E, Section 2, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico, is hereby approved under the conditions contained in the enclosed attachment. The application consists of the original New Mexico Oil Conservation Division (OCD) Order SWD-457 issued January 13, 1992, the discharge plan application for a Class I disposal well dated May 6, 1996, and supplemental information dated May 13, 1996 and June 21, 1996. Enclosed are two copies of the conditions of approval. Please sign and return one copy to the OCD Santa Fe Office within five working days of receipt of this letter.

The discharge plan was submitted pursuant to Section 5101.B.3 of the New Mexico Water Quality Control Commission (WQCC) Regulations. It is approved pursuant to Sections 5101.A and 3109.C. Please note Sections 3109.E and 3109.F which provide for possible future amendments or modifications of the plan. Please be advised that approval of this plan does not relieve Coleman of liability should operations result in pollution of surface or ground waters, or the environment.

Please be advised that all exposed pits, including lined pits and open top tanks (exceeding 16 feet in diameter) shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Mr. George Coleman
August 26, 1996
Page 2

The monitoring and reporting shall be as specified in the above referenced materials. Please note that Section 3104 of the regulations requires that when a plan has been approved, discharges must be consistent with the terms and conditions of the plan. Pursuant to Section 3107.C Coleman is required to notify the Director of any facility expansion, production increase, pressure increase, or process modification that would result in any change in the discharge of water quality or volume.

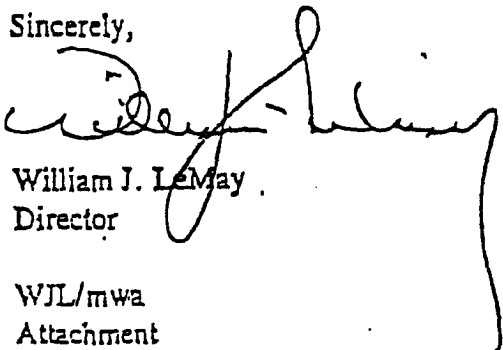
Pursuant to Section 3109.G.4, this plan is for a period of five (5) years. This approval will expire August 26, 2001, and Coleman should submit an application for renewal in ample time before this date. Note that under Section 5101.G of the regulations, if a discharger submits a discharge plan renewal application at least 180 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved.

The discharge plan application for the Coleman Class I non-hazardous oil field waste disposal well is subject to WQCC Regulation 3114. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of \$50 plus a flat fee of \$1,380 for Class I injection wells. The OCD has not received the \$50 filing fee or the \$1,380 flat fee. The \$50 dollar filing fee is due upon receipt of this approval. The flat fee of \$1,380 may be paid in a single payment due on the date of the discharge plan approval or in five equal installments over the expected duration of the discharge plan. Installment payments shall be remitted yearly, with the first installment due on the date of the discharge plan approval and subsequent installments due on this date of each calendar year.

Please make all checks payable to: NMED-Water Quality Management and addressed to the OCD Santa Fe Office.

On behalf of the staff of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,



William J. Lemay
Director

WJL/mwa
Attachment

xc: OCD Aztec Office
David Catanach, UIC Director, OCD Santa Fe