Form 3160-5 (September 2001)

UNITED STATES DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

FORM APPROVED OM B No. 1004-0135 Expires: January 31, 2004

5. Lease Serial No.

SUNDRY NOTICES AND REPORTS ON WELLS 2012

Do not use this form for proposals to drill or to re-enter an Office abandoned well. Use Form 3160-3 (APD) for such proposals around

_	NMNMSF-081160F					
5.	If Indian, Allottee or Tribe Name					

		'Bureau of La	ind ivianagemen	ĺ		
SUBMIT IN TRIPLICATE- Other instructions on reverse side.					7. If Unit or CA/Agreement, Name and/or No. 8. Well Name and No. SAN LUIS FEDERAL NO. 11 9. API Well No.	
1. Type of Well Gas Well Cother						
2. Name of Operator SAGEBRUSH OIL, INC.						
3a. Address	3b. Phone No. (include area code)		30045062 30.043.050			
HC 78 BOX 21 REGINA, NM 87046 575-638-9137				10. Field and Pool, or Exploratory Area		
4. Location of Well (Footoge, Sec., T., R., M., or Survey Description)					SAN LUIS MESAVERDE	
1670 FEL, 2294 FEL, SEC 21,	11. County or Parish, State					
					SANDAVOL, NM	
12. CHECK A	PPROPRIATE BOX(ES) TO	INDICATE NATUR	E OF NOTICE, R	EPORT, OF	OTHER DATA	
TYPE OF SUBMISSION		TYI	PE OF ACTION		•	
	Acidize	Deepen	Production (Sta	nt/Resume)	Water Shut-Off	
✓ Notice of Intent	Alter Casing	Fracture Treat	Reclamation	,	Well Integrity	
D	Casing Repair	New Construction	Recomplete		Other	
Subsequent Report	Change Plans	r-1	Temporarily Ab	andan		
Final Abandonment Notice	Convert to Injection	Plug and Abandon Plug Back	Water Disposal			
•			•		ork and approximate duration thereof.	

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.)

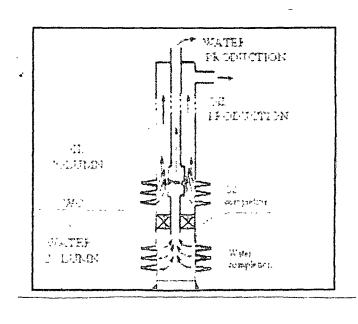
USING DOWNHOLE WATER SINK (DWS) TECHNOLGY TO DUAL COMPLETE A WELL IN ORDER TO PREVENT THE MOST COMMON CAUSE OF UNRECOVERED OIL IN RESERVOIRS WITH BOTTOM WATER DRIVE WHICH CAUSES WATER CONING. TO PREVENT BYPASSING OIL PRODUCTION THAT MAY RANGE FROM 40% TO 90%. EXCESSIVE WATER PRODUCTION, THE SINGLE REASON FOR SHUTTING-IN THOUSANDS OF WELLS AND MAKING THEM INACTIVE OR WATER-OUT, MAKING A LARGE NUMBER OF WELLS IDLE, NOT BECAUSE THE RECOURCES HAVE BEEN DEPLETED, BUT BECAUSE THE WATER CAUSES LARGE AMOUNTS OF LOST OIL PRODUCTION.

DRILL THROUGH THE OIL AND WATER COLUMNS AND DUAL-COMPLETED IN BOTH ZONES. THE WATER-DRAINAGE COMPLETION IS GRAVEL PACKED AND ISOLATED FROM THE OIL COMPLETION WITH A PACKER AND 3 1/2" TUBING. A DOWNHOLE PROGRESSIVE CAVITY PUMP LIFTS THE WATER TO THE TUBING, WHILE THE FORMATION PRESSURE DRIVES THE WATER-FREE OIL UP THE ANNULUS BETWEEN THE TUBING AND CASING. THE WATER IS PUMPED DIRECTLY TO THE DISPOSAL SYSTEM. DRAINING THE WATER FROM THE BOTTOM COMPLETION WILL CONTOL WATER SATURATION AROUND THE WELL AND PREVENT WATER INVASION INTO THE TOP COMPLETION, ATTACHED IS SCHEMATIC OF DWS WATER DRAINAGE-PRODUCTION.

IF THE ABOVE PLAN IS NOT SUCCESSFUL THE PROPOSAL IS TO SET A PACKER AT THE DEPTH OF THE WATER-OIL

Contact & Place water F115 with aerating fumps b	I AUGUSI 30 <i>0</i> 012.							
well was recurred to product to	RCVD MAR 6'12							
14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) BETH CHARLES	Title PRESIDENT	DIST. 3						
DE IN CHARLES	IMC PRESIDENT							
Signature Batchenles	Date 02/16/2012							
THIS SPACE FOR FEDERAL OR STATE OFFICE USE								
Approved by Original Signed: Stephen Mason	Title	Date FFR 7 0 2012						
Conditions of approval, if any, are attached. Approval of this notice does not warrant certify that the applicant holds legal or equitable title to those rights in the subject less which would entitle the applicant to conduct operations thereon.	3							
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								

(Instructions on page 2)



.