

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 the reverse side

1. Type of Well

☐ Oil Well

☒ Gas Well

☐ Other

2. Name of Operator

COLEMAN OIL & GAS, INC.

3a. Address

PO DRAWER 3337

Farmington NM 87499-3337

3b. Phone No. (include area code)

(505) 327-0356

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1185' FNL AND 1190' FWL, SECTION 19, T26N, R11W

5. Lease Serial No.

NOG-0103-1466

6. If Indian, Allottee, or Tribe Name

NAVAJO ALLOTTED

7. If Unit or CA. Agreement Designation

8. Well Name and No.

MEG #2

9. API Well No.

30-045-30998

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

SAN JUAN COUNTY, NM

12. CHECK APPROPRIATE BOX(S) 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"/> Altering 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 SEE BELOW
	<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 or pertinent markers and sands. Attach the Bond under which the work will be performed or provide the Bond No. on file with the 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 Notice 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.)

Coleman Oil & Gas, Inc., intends to dispose of produced water into the Cowsaround SWD #1 as per the conditions stated in the Department of the Interior Onshore Oil & Gas Order No. 7 for Off-Lease Water Disposal.



070 Farmington, NM

2003 JUN -4 AM 10:27

RECEIVED

14. I hereby certify that the foregoing is true and correct.

Name (Printed/ Typed)

WENDY ROGERS

Signature

Title

PRODUCTION ACCT.

Date

06-02-03

Approved by

Title

Date

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

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 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 reverse)

NMOCD

MEG #2

Onshore Order No. 7 and Title 43 CFR 3162.5-1.

The above noted lease/well disposes water without approval. 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. BASIN FRUITLAND COAL
2. Amount of water produced from all formations in barrels per day. 7 bbls per day @ 4/2003.
3. 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.
4. How water is stored on the lease. TANK
5. How water is moved to the disposal facility. TRUCK
6. Identify the Disposal Facility by :
 - a. Facility operators name. COLEMAN OIL & GAS, INC.
 - b. Name of facility or well name & number. COWSAROUND SWD #1
 - c. Type of facility or well (WDW)(WIW) etc. SWD
 - d. Location by 1/4 1/4 - section 16 township 26N range 12W
7. Attach a copy of the State issued permit for the Disposal Facility.

Submit to this office, the above required information on a Sundry Notice 3160-5. Submit 1 original and 2 copies. (You may also complete this form and attach it to the Sundry Notice.)

BACK UP DISPOSALS: ELM RIDGE - CBU
CARSON

BASIN DISPOSAL

Analytical Laboratory Report for:
Coleman Oil**BJ Unichem
Chemical Services****UNICHEM Representative: Tony Snow**

Production Water Analysis

Listed below please find water analysis report from: MEG, #2

Lab Test No: 2003117474
Specific Gravity: 1.017**Sample Date:** 04/17/2003**TDS:** 23942
pH: 6.51

Cations:	mg/L	as:
Calcium	358	(Ca ⁺⁺)
Magnesium	78.17	(Mg ⁺⁺)
Sodium	7973	(Na ⁺)
Iron	34.29	(Fe ⁺⁺)
Barium	11.81	(Ba ⁺⁺)
Strontium	19.81	(Sr ⁺⁺)
Manganese	0.69	(Mn ⁺⁺)
Anions:	mg/L	as:
Bicarbonate	1159	(HCO ₃ ⁻)
Sulfate	8	(SO ₄ ⁼)
Chloride	14300	(Cl ⁻)
Gases:		
Carbon Dioxide	246	(CO ₂)
Hydrogen Sulfide	0	(H ₂ S)

Coleman Oil

Lab Test No: 2003117474



**DownHole SAT™ Scale Prediction
@ 100 deg. F**

Mineral Scale	Saturation Index	Momentary Excess (lbs/1000 bbls)
Calcite (CaCO ₃)	1.27	.0852
Aragonite (CaCO ₃)	1.07	.0214
Witherite (BaCO ₃)	.0145	-12.69
Strontianite (SrCO ₃)	.157	-2.02
Magnesite (MgCO ₃)	.292	-.623
Anhydrite (CaSO ₄)	.00158	-679.27
Gypsum (CaSO ₄ *2H ₂ O)	.00189	-677.29
Barite (BaSO ₄)	.989	-.0327
Celestite (SrSO ₄)	.00161	-181.38
Silica (SiO ₂)	0	-55.26
Brucite (Mg(OH) ₂)	< 0.001	-1.38
Magnesium silicate	0	-114.29
Siderite (FeCO ₃)	256.89	.356
Halite (NaCl)	.00179	-183017
Thenardite (Na ₂ SO ₄)	< 0.001	-59567
Iron sulfide (FeS)	0	-.0115

Interpretation of DHSat Results:

The Saturation Index is calculated for each mineral species independently and is a measure of the degree of supersaturation (driving force for precipitation) under the conditions modeled. This value ranges from 0 to infinity with 1.0 representing a condition of equilibrium where scale will neither dissolve nor precipitate. Values less than 1.0 are undersaturated and values greater than 1.0 are supersaturated. The scale is logarithmic, i.e. a Saturation Index of 3 is 10 times more saturated than a value of 2.

The Momentary excess is a measure of how much scale would have to precipitate to bring the system back to a non-scaling condition. This value ranges from negative (dissolving) infinity to positive (precipitating) infinity. The Momentary Excess represents the amount of scale possible while the Saturation Level represents the probability that scale will form.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

ADMINISTRATIVE ORDER SWD-764
(2nd Corrected)

APPLICATION OF PENDRAGON ENERGY PARTNERS FOR PRODUCED WATER DISPOSAL, SAN JUAN COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Pendragon Energy Partners made application to the New Mexico Oil Conservation Division on February 9, 2000, for permission to complete for produced water disposal its Cowsaround SWD Well No. 1 (API No. 30-045-30096) located 2220 feet from the South line and 1680 feet from the West line (Unit K) of Section 16, Township 26 North, Range 12 West, NMPM, San Juan County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant herein, is hereby authorized to complete its Cowsaround SWD Well No. 1 (API No. 30-045-30096) located 2220 feet from the South line and 1680 feet from the West line (Unit K) of Section 16, Township 26 North, Range 12 West, NMPM, San Juan County, New Mexico, in such a manner as to permit the injection of produced water for disposal purposes into the Mesaverde formation from approximately 2,000 feet to 3,882 feet through 2 7/8 inch plastic-lined tubing set in a packer located at approximately 1,908 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 400 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Mesaverde formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Aztec district office of the Division of the date and time of the installation of disposal equipment and of any mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Aztec district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

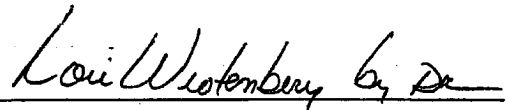
PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Administrative Order SWD-764 (2nd Corrected)
Pendragon Energy Partners
April 1, 2002
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Approved at Santa Fe, New Mexico, on this 1st day of April, 2002.



LORI WROTENBERY, Director

LW/DRC

cc: Oil Conservation Division – Aztec
State Land Office – Oil and Gas Division

NOG01031466

Meg com #2

API No. 3004530998

Conditions of Approval for Disposal of Produced Water
Under Onshore Oil and Gas Order No. 7

1. All existing earthen pits (emergency, reserve, production) must be closed according to the standards contained in either the Approved Application for Permit to Drill (AAPD) or if applicable the New Mexico Pit Closure standards by July 9, 2003.
2. The closed pit areas will be recontoured and reseeded according to the standards contained in either the AAPD. If no reclamation procedures are contained in the AAPD, an on-site will be scheduled with the Federal Indian Minerals Office at (505) 599-6375 prior to beginning pit closure.
3. All excess or unused equipment, pipe, pipe fittings and trash shall be removed at the time the pits are closed.
4. All storage tanks (oil or water) shall be surrounded by a berm/dike sufficient to contain 150% of the capacity of the total volume of the tanks surrounded or 1 day of production whichever is greater. Berm/dike walls will be compacted with appropriate equipment to assure proper construction.
5. All above ground facilities shall be painted in accordance with the AAPD. If no painting requirements are contained in the AAPD, an on-site will be scheduled with the Federal Indian Minerals Office at (505) 599-6375.
6. Bermed/diked areas will be fenced to existing standards at the time the pits are closed and the berms/dikes and fencing shall be maintained.
7. Access to the inside of all fenced areas shall be included in fence design.
8. Compressor units on this well location not equipped with a drip pan for containment of fluids shall be lined with an impervious material at least **8 mils thick** and a **12 inch berm**. The compressor will be painted to match the well facilities. Any variance to this will be approved by the authorized officer (AO). When compressor units are washed, or any other equipment associated with the locations, the fluids (i.e., scrubber cleaners) will be properly disposed of to avoid ground contamination or hazard to livestock or wildlife.
9. Use of pesticides and herbicides shall comply with applicable federal/state laws. Pesticides and herbicides shall be used only in accordance with their registered uses and within limitations imposed by the Secretary of the Interior. Prior to the use of pesticides, holder shall obtain from the AO written approval of a plan showing the type and quantity of material to be used, pest(s) to be controlled, method of application, location of storage and disposal of containers, and any other information deemed necessary. Emergency use of pesticides shall be approved in writing by the AO prior to use.
10. The holder shall be responsible for weed control and selective control of invasive weeds on disturbed and reclaimed areas within the limits of the well pad, associated road and pipeline ROW. The holder is responsible for consultation with the AO and/or local authorities for acceptable weed control methods within limits imposed in the conditions of approval.
11. Discovery of Threatened/Endangered/Sensitive Species (TES) - Plant/Animal: If, in its operations, the operator/holder discovers any Threatened/Endangered/Sensitive Species - Plant/Animal, then work in the vicinity of the discovery will be suspended and the discovery promptly reported to the Federal Indian Minerals Office at (505) 599-6375. BLM will then specify what action is to be taken. Failure to notify the BLM about a discovery may result in civil or criminal penalties in accordance with the Endangered Species Act of 1973 (as amended).