

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

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.**

5. Lease Serial No
NM 019403

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
Phoenix Hydrocarbons Operating Corporation

3a. Address
P O Box 3638, Midland, Texas 79702

3b. Phone No. (include area code)
432-686-9869

7. If Unit of CA/Agreement, Name and/or No

8. Well Name and No.
Largo Federal #3

9. API Well No.
30-045-20901-00-00

10. Field and Pool or Exploratory Area
Blanco Mesaverde & Otero Chacr

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
790' FNL & 790' FEL
A, Sec 14, T-27-N, R-80W

11. Country or Parish, State
San Juan, New Mexico

12 CHECK THE 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 checked="" 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 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

NOTICE OF FAILED MECHANICAL INTEGRITY TEST FROM NMOCD, DATED 6/22/07

PROBLEM SITED: Bradenhead Doughnut was leaking.

WORK DONE: Doughnut could not be removed. Welded cap on top of Bradenhead and onto casing, stopping leaking Bradenhead doughnut.

DATE: AUGUST 24, 2007

RECEIVED

SEP 24 2007

Bureau of Land Management
Farmington Field Office

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

Name (Printed/Typed)
Phyllis R. Gunter

Title AGENT

Signature

Phyllis R. Gunter

Date

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

ACCEPTED FOR RECORD

Approved by

SEP 25 2007

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

FARMINGTON FIELD 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)

*Please do another BH test
and Submit to OGD.*

NMOCD



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

02-Jul-07

PHOENIX HYDROCARBONS OPERATING CORP

PO BOX 3638

MIDLAND TX 79702-

NOTICE of Failed Mechanical Integrity

Dear Operator:

The bradenhead test(s) reported on the following well or wells failed to meet mechanical integrity standards of the New Mexico Oil Conservation Division. The test detail section which follows indicates preliminary findings and/or probable causes of the failure. This determination is based on a test of your well or facility by you and/or an OCD Compliance Officer employed by the Oil Conservation Division. Additional testing during the repair operation may be necessary to properly identify the full nature of the well failure.

Please notify the proper district office of the Division at least 48 hours prior to the date and time that the well(s) will be retested so a Compliance Officer may witness the test.

MECHANICAL INTEGRITY TEST DETAIL SECTION

LARGO FEDERAL No.003

30-045-20901-00-00

Active Gas (Producing)

A-14-27N-8W

Test Date: 6/22/2007

Permitted Injection PSI:

Actual PSI:

Test Reason: Annual IMIT

Test Result: F

Repair Due: 9/25/2007

Test Type: Bradenhead Test

FAIL TYPE: Other External Failure

FAIL CAUSE:

Comments on MIT: bradenhead doughnut has a leak - bradenhead did not blow down when opened - casing did not change while bradenhead was open or closed - this is a duel - chacra 106 mesaverde 145 on tubings

In the event that a satisfactory response is not received to this letter of direction by the "Repair Due:" date shown above, enforcement action will occur. Such enforcement may include this office issuing a NOTICE OF VIOLATION with a penalty and/or applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well for your violation of OCD rules.

Sincerely,

Henry Villanueva

RCVD SEP 24 '07
OIL CONS. DIV.
DIST. 3

Aztec OCD District Office

Note Bradenhead Tests are performed every 3 years. Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data "Failure Type" and "Failure Cause" and any Comments are not to be interpreted as a diagnosis of the condition of the wellbore. Additional testing should be conducted by the operator to accurately determine the nature of the actual failure. * Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas

CC. / Wellfile, Bum



NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
1000 RIO BRAZOS ROAD
AZTEC NM 87410
(505) 334-6178 FAX: (505) 334-6170
[http://emnr.state.nm.us/ocd/District III/3district.htm](http://emnr.state.nm.us/ocd/District%20III/3district.htm)

BRADENHEAD TEST REPORT

(submit 1 copy to above address)

Date of Test 6-22-07 Operator Phoenix Hydr API #30-0 45-20901
Property Name Lugo Fred Well No. 3 Location: Unit A Section 14 Township 27 Range 8
Well Status (Shut-In or Producing) Producing Initial PSI: Tubing 145 Intermediate 1/A Casing 59 Bradenhead 0

OPEN BRADENHEAD AND INTERMEDIATE TO ATMOSPHERE INDIVIDUALLY FOR 15 MINUTES EACH

Testing	PRESSURE			INTERM	
	BH	Bradenhead Int	Csg	Int	Csg
TIME					
5 min			59		
10 min			59		
15 min			59		
20 min					
25 min					
30 min					

FLOW CHARACTERISTICS	
BRADENHEAD	INTERMEDIATE
Steady Flow <input checked="" type="checkbox"/>	
Surges	
Down to Nothing	RCVD JUN 22 '07
Nothing	OIL CONS. DIV.
Gas	DIST. 3
Gas & Water	RCVD SEP 24 '07
Water	OIL CONS. DIV.
	DIST. 3

If bradenhead flowed water, check all of the descriptions that apply below:

CLEAR ☐ FRESH ☐ SALTY ☐ SULFUR ☐ BLACK ☐

5 MINUTE SHUT-IN PRESSURE

BRADENHEAD 0

INTERMEDIATE 1/A

REMARKS:

Bradenhead cloughered has leak.
Bradenhead did not blow down when opened
Casing did not change

By Paul Francisco

Witness Monica Kuhlman

(Position)

E-mail address _____

Failure