

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

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.
NMMN106689

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		7. If Unit of CA/Agreement, Name and/or No.
2. Name of Operator OXY USA Inc.		8. Well Name and No. BANK 13 FEDERAL COM #001H
3a. Address PO BOX 50250 MIDLAND, TX 79710	3b. Phone No. (include area code) 432-685-5717.	9. API Well No. 30-015-39456
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 5-660 PSL 1980 FEL SWSE (O) SEC 13 T23S R28E B-330 FNL 1650 FEL NWNE(B) SEC13 T23S R28E		10. Field and Pool or Exploratory Area LOVING BRUSHY CANYON EAST
		11. County or Parish, State EDDY, NM

12. CHECK THE 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 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 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 recomple 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 recomple 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.)

THE LOVING BRUSHY CANYON EAST IS THE NAME OF FORMATION PRODUCING WATER ON THIS LEASE.
THE AVERAGE AMOUNT OF WATER PRODUCED IS 550 BBL PER DAY.
WATER IS STORED IN THREE 500 BBL FIBERGLASS TANKS.
WATER IS TRUCKED/HAULED TO THE DISPOSAL FACILITY.
THE DISPOSAL FACILITY IS OPERATED BY BUCKEYE DISPOSAL LLC.
THE FACILITY IS THE NEW MEXICO DU STATE NO. 001.
THIS FACILITY IS AN SWD.
THE LOCATION OF THIS DISPOSAL IS F 36 22S 27E.

NM OIL CONSERVATION
ARTESIA DISTRICT

JUL 25 2014

RECEIVED

RD 7-29-14
Accepted for record
NMBOD

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) DONALD KENDRICK		Title <i>PROD. COORD.</i>
Signature <i>[Signature]</i>		Date <i>5/28/13</i>
THIS SPACE FOR FEDERAL OR STATE OFFICE USE		
Approved by	Title	APPROVED JUL 21 2014 Date <i>[Signature]</i> for JAMES A. AMOS SUPERVISOR-EPS
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 to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

letter informed Operator that it would have to shut-in the well if it did not contact OCD by the corrective action due date. Lou Ann Bergstein signed for the letter which was sent certified mail (7007-2560-0002-2222-8339).

9. Deputy Inspector Inge received no response from Operator. As a result, on December 31, 2008, OCD issued Notice of Violation 02-08-24, alleging that Operator knowingly and willfully violated OCD Rule 704(A)(5) by not contacting OCD to schedule a Bradenhead test for the New Mexico DU State No. 001 after being advised to do so.
10. On January 20, 2009, an administrative conference was held on the Notice of Violation at the OCD's Artesia District Office. Tim Gum, Gerry Guye and Richard Inge were present in Artesia. James Millet, Operator's Operation Manager, participated in the conference by telephone. Daniel Sanchez, OCD Enforcement & Compliance Manager, and Sonny Swazo, OCD Assistant General Counsel, participated in the conference by telephone.
11. The following facts were presented at the conference:
 - Mr. Millet said he is not sure what happened to the October 14, 2008 letter but he did not receive it.
 - Mr. Millet said Operator's address has not changed during the time the letters were sent.
 - Lou Ann Bergstein signed for the letter of violation on December 5, 2008.
 - Mr. Millet said he received the letter of violation on December 15, 2008.
 - Mr. Millet said he was out of town the following week.
 - None of Operator's employees tried to contact OCD during December 5, 2008 to December 15, 2008.
 - Mr. Millet said he read the letter of violation on December 30, 2008, and he received the notice of violation around this time.
 - Mr. Millet said he contacted Tim Gum on January 7, 2009 to schedule the test.
 - The well underwent and passed a Bradenhead test on January 16, 2009.

II. CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. Operator is a person as defined by NMSA 1978, § 70-2-33(A) that may be subject to civil penalties under NMSA 1978, §70-2-31(A).
3. NMSA 1978, Section 70-2-31(A) states, "Any person who knowingly and willfully violates any provision of the Oil and Gas Act or any provision of any rule or order issued pursuant to that act shall be subject to a civil penalty of not more than one thousand dollars for each violation. For purposes of this subsection, in the case of a continuing violation, each day of violation shall constitute a separate offense."
4. Operator is subject to civil penalties under NMSA 1978, § 70-2-31(A) for knowing and willful violations of OCD Rule 704.

WATER PRODUCTION & DISPOSAL INFORMATION

In order to process your disposal request, the following information must be completed:

1. Name of formations producing water on the lease. Brushy Canyon

2. Amount of water produced from all formations in barrels per day. 1950

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. (One sample will suffice if water is commingled.)
4. How water is stored on lease: Fiberglass 500 bbls tanks
5. How water is moved to the disposal facility. Trucked
6. Identify the Disposal Facility by:
 - A. Facility Operators name. Buckeye Disposal LLC
 - B. Name of facility or well name and number. NM DU state No. 001 30-015-2453
 - C. Type of facility or well (WDW)(WIW) etc. WDW
 - D. Location by $\frac{1}{4}$ $\frac{1}{4}$ F Section 36 Township 22S Range 27E
7. Attach a copy of the State issued permit for the Disposal Facility.

Submit to this office, 620 EAST GREENE ST, CARLSBAD NM, 88220, the above required information on a Sundry Notice 3160-5. Submit 1 original and 3 copies, within abatement period. (This form may be used as an attachment to the Sundry Notice.)

BUREAU OF LAND MANAGEMENT

Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Disposal of Produced Water From Federal Wells
Conditions of Approval

Approval of the produced water disposal methodology is subject to the following conditions of approval:

1. This agency shall be notified of any change in your method or location of disposal.
2. Compliance with all provisions of Onshore Order No. 7.
3. This agency shall be notified of any spill or discharge as required by NTL-3A.
4. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
5. Any on-lease open top storage tanks shall be covered with a protective cover to prevent entry by birds and other wildlife.
6. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
7. If water is transported via a pipeline that extends beyond the lease boundary, then you need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.
8. Disposal at any other site will require prior approval.
9. Subject to like approval by NMOCD.

7/10/14