Form 3160-5
(November 1994)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division
1625 N. French Dr.
Hobbs, NM 88240

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

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

5. Lease Serial No.: NMLC060824
6. If Indian, Allottee or Tribe Name:
7. If Unit or CA/Agreement, Name and/or No.:

1. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other
8. Well Name and No.: Olson Blinebry 2
2. Name of Operator: Gruy Petroleum Management Co.
9. API Well No.: 30 - 025 - 293710
3a. Address: P.O. Box 140907 Irving, TX 75014-0907
3b. Phone No. *(include area code)*: 972.401.3111
10. Field and Pool, or Exploratory Area: Jalmat Tansill YT 7RV (Pro Gas)
4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*: 500' FSL & 500' FWL, SWSW
29 023S 037E, NMPM Unit H
11. County or Parish, State: Lea , NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☐ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☒ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other Request Water Disposal permission
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 recomplete 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 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.)

Gruy respectfully requests permission to dispose of the salt water produced on this lease to Chaparral Service Inc. For water analysis and state permit information, please see the attached documents.

RECEIVED
APR 2004
Hobbs
OCD

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*: Natalie Krueger
Title: Production Assistant
Signature: Natalie Krueger
Date: April 15, 2004

APPROVED
ACTING DISTRICT MANAGER

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
APR 22 2004		
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	

DAVID R. GLASS

Title 18 U.S.C. Section 1001, makes 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 reverse)

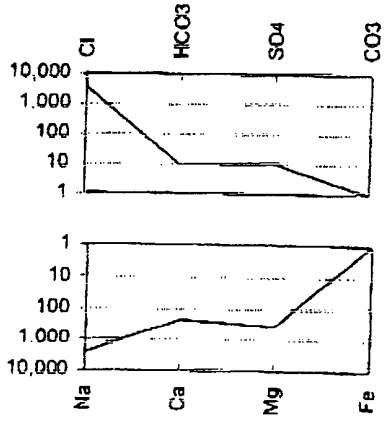
GWW

CAPITAN CHEMICAL
WATER ANALYSIS REPORT

	Gruy Petroleum	Date Sampled	: 03/30/04
Lease Name	: Olson-Blinberry	Capitan Rep.	: Sam Seed
Well Number	: #2	Company Rep.	: Danny Emerson
Location	: Lea County, N.M.		

ANALYSIS					
1. pH	6.96				
2. Specific Gravity @ 60/60 F.	1.076				
3. CaCO3 Saturation Index @ 80 F.	+1.253	'Calcium Carbonate Scale Possible'			
@ 140 F.	+2.383	'Calcium Carbonate Scale Possible'			
Dissolved Gasses					
4. Hydrogen Sulfide	0	PPM			
5. Carbon Dioxide	322	PPM			
6. Dissolved Oxygen	NR	PPM			
Cations	mg/L	/ Eq. Wt.	=	MEQ/L	
7. Calcium (Ca++)	4,500	/ 20.1	=	223.88	
8. Magnesium (Mg++)	4,404	/ 12.2	=	361.01	
9. Sodium (Na+) Calculated	66,042	/ 23.0	=	2,871.37	
10. Barium (Ba++)	Not Determined	/ 68.7	=	0.00	
Anions					
11. Hydroxyl (OH-)	0	/ 17.0	=	0.00	
12. Carbonate (CO3=)	0	/ 30.0	=	0.00	
13. Bicarbonate (HCO3-)	586	/ 61.1	=	9.58	
14. Sulfate (SO4=)	491	/ 48.8	=	10.06	
15. Chloride (Cl-)	122,000	/ 35.5	=	3,436.62	
Other					
16. Soluble Iron (Fe)	0	/ 18.2	=	0.00	
17. Total Dissolved Solids	198,022				
18. Total Hardness As CaCO3	29,375				
Calcium Sulfate Solubility @ 90 F.	3,103				
20. Resistivity (Measured)	0.110	Ohm/Meters	@ 63	Degrees (F)	

Logarithmic Water Pattern



PROBABLE MINERAL COMPOSITION

COMPOUND	Eq. Wt.	X	MEQ/L	=	mg/L
Ca(HCO3)2	81.04	X	9.58	=	777
CaSO4	68.07	X	10.06	=	685
CaCl2	55.50	X	204.23	=	11,335
Mg(HCO3)2	73.17	X	0.00	=	0
MgSO4	60.19	X	0.00	=	0
MgCl2	47.62	X	361.01	=	17,192
NaHCO3	84.00	X	0.00	=	0
NaSO4	71.03	X	0.00	=	0
NaCl	58.46	X	2,871.37	=	167,860

50 YEARS

1935 - 1985

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

ORDER SWD-292

THE APPLICATION OF CHAPARRAL SERVICE, INC.

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Chaparral Service, Inc. made application to the New Mexico Oil Conservation Division on October 22, 1985, for permission to complete for salt water disposal its Lea No. 1 well located in Unit B of Section 17, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico.

The Division Director finds:

(1) That application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;

(2) That satisfactory information has been provided that all offset operators and surface owners have been duly notified; and

(3) That the applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met.

(4) That no objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED:

That the applicant herein, Chaparral Service, Inc. is hereby authorized to complete its Lea No. 1 well, located in Unit B of Section 17, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, in such a manner as to permit the injection of salt water for disposal purposes into the San Andres formation at approximately 4,000 feet to approximately 5,000 feet through 2 7/8 inch plastic lined tubing set in a packer located at approximately 4025 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.

That 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.

That 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 800 psi.

That 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 San Andres formation. That such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

That the operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment so that the same may be inspected.

That the operator shall immediately notify the supervisor of the Division's Hobbs district office of the failure of the tubing, casing, or packer, in said well or the leakage of water from or around said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER, That jurisdiction of this cause is hereby retained by the Division for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after notice and hearing, the Division may terminate the authority hereby granted in the interest of conservation. That applicant shall submit monthly reports of the disposal operations in accordance with Rule 706 and 1120 of the Division Rules and Regulations.

Approved at Santa Fe, New Mexico, on this 13th day of November, 1985.

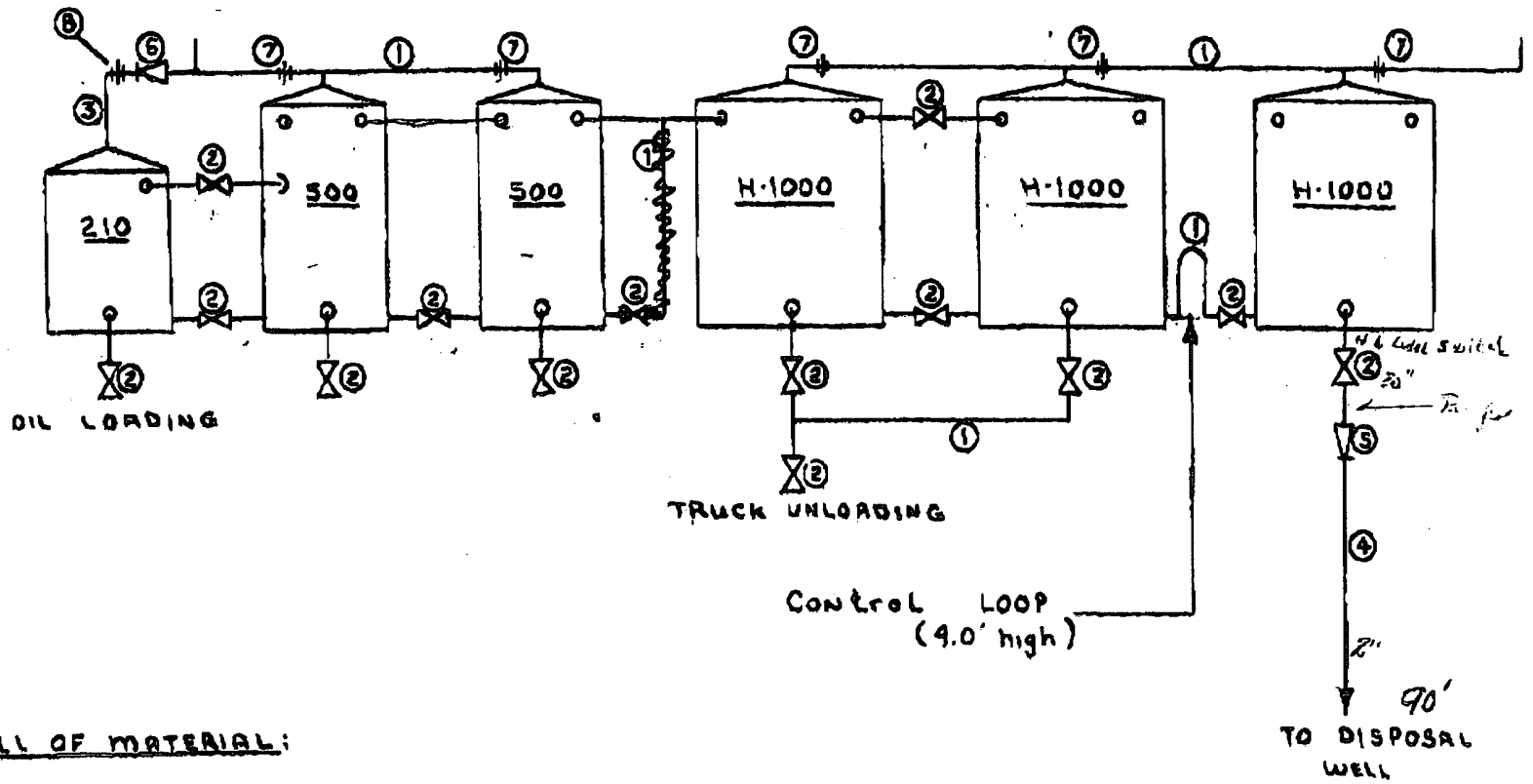
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. STAMETS,
Director

S E A L

Chaparral Services
Eunice, N.M.

40 KL



BILL OF MATERIAL:

1. 4" Sch. 40 PIPE
2. 4" DBL PLUG VALVES (175 WP) (QT. - 14)
3. 3" Sch. 40 PIPE
4. 2" Sch. 40 PIPE
5. 4" x 2" concentric swedge
6. 3" x 2" concentric swedge
7. 4" - 150# hammer Union
8. 3" - 150" hammer Union

NOTE: CONNECTIONS BETWEEN TANKS TO BE 4" VICTAULIC

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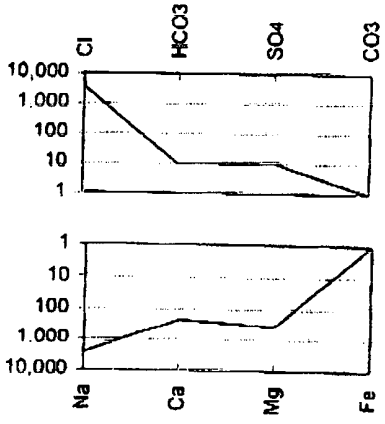

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MgSO4	60.19	X	0.00	=	0
MgCl2	47.62	X	361.01	=	17,192
NaHCO3	84.00	X	0.00	=	0
NaSO4	71.03	X	0.00	=	0
NaCl	58.46	X	2,871.37	=	167,860

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. Jalmat Tan Yates 7 Rivers

2. Amount of water produced from all formations in barrels per day. 3 bbls

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 the water is commingled) see attachments

4. How water is stored on the lease. 210 bbl. water tank

5. How water is moved to the disposal facility. trucked

6. Identify the Disposal Facility by :
   A. Facility operators name. Chaparral Service Inc
   B. Name of facility or well name & number. Lea No. 1 - SWD Order 292
   C. Type of facility or well (WDW)(WIW) etc. Disposal
   D. Location by 1/4 1/4 NW NE section 17 township 23S range 37E

7. Attach a copy of the State issued permit for the Disposal Facility.
   See attachments

Submit to this office, **414 West Taylor, Hobbs, NM 88240,** the above required information on a Sundry Notice 3160-5. Submit 1 original and 5 copies, within the required time frame. (This form may be used as an attachment to the Sundry Notice.) Call me at 505-393-3612 if you need to further discuss this matter.