

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTN.M. Oil Cons. Division  
1625 N. French Dr.  
Hobbs, NM 88240FORM APPROVED  
OM B No. 1004-0137  
Expires: March 31, 2007

## 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.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM-14791
2. Name of Operator E.G.L. RESOURCES, INC.		6. If Indian, Allottee or Tribe Name
3a. Address P.O. BOX 10886, MIDLAND, TX 79702	3b. Phone No. (include area code) 432-687-6560	7. If Unit of <u>CA</u> Agreement, Name and/or No. NM71978
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FEL, 3300' FSL, SEC. 5, TWP. 21S, RGE. 32E		8. Well Name and No. NEW MEXICO "E" FED. COM. #1
		9. API Well No. 30-025-25534
		10. Field and Pool, or Exploratory Area SALT LAKE SOUTH MORROW
		11. County or Parish, State LEA COUNTY, NEW MEXICO

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

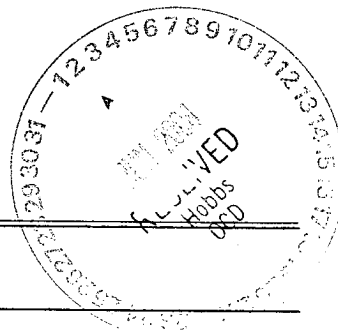
TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input 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
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	REPORT METHOD
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	OF 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 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 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.)

WATER PRODUCTION FROM THE NEW MEXICO "E" FEDERAL COM. #1 WELL IS CURRENTLY BEING TRANSFERRED TO THE NEW MEXICO "A" FEDERAL #1 TANK BATTERY VIA PIPELINE. AFTER ENTERING THE NEW MEXICO "A" FEDERAL #1 TANK BATTERY THE WATER IS DISPOSED OF IN STRATA PRODUCTION COMPANY'S CLEARLY STATE SWD #1 WELL. PLEASE SEE THE ATTACHED WATER PRODUCTION AND DISPOSAL INFORMATION FORM FOR ADDITIONAL INFORMATION.

RECEIVED

2004 MAY 25 A

BUREAU OF LAND  
MANAGEMENT  
HOBBS, NEW MEXICO

14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed)

JOHN A. LANGHOFF

Title PETROLEUM ENGINEER

Signature

Date

05/17/2004

APPROVED THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (ORIG. SGD.) DAVID F. GLASS

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 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)

GWW

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

## Water Production & Disposal Information

E.G.L. Resources, Inc.  
New Mexico "E" Federal Com. #1  
660' FEL, 3300' FSL, Sec. 5, Twp. 21-S, Rge. 32-E  
Lea County, New Mexico

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

1. Name of formations producing water on the lease - Morrow formation
2. Amount of water produced from all formations in barrels per day - The well produces from 11 to 20 BWPD with an average of 14 BWPD in March 2004.
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): Water sample was collected from well on 05-05-2004 and analyzed by Martin Water Laboratories, Inc. Please see attached laboratory report.
4. How water is stored on the lease - Water is typically transferred directly from the separator to the water disposal pipeline. If the pipeline is down, water is stored in a 250 bbl fiberglass tank on location.
5. How water is moved to the disposal facility - Poly pipeline laid from New Mexico "E" Fed. Com. #1 to Strata Production Company's New Mexico "A" Federal Tank Battery in Sec. 4, Twp. 21S, Rge. 32E, Lea Co., NM. Strata's production and disposal facilities carry water remainder of distance to disposal well.
6. Identify the Disposal Facility by:
  - A. Facility operators name - Strata Production Company
  - B. Name of facility or well name & number - Cleary State SWD #1
  - C. Type of facility or well (WDW) (WIW) etc. - Water Disposal Well
  - D. Location by  $\frac{1}{4}$   $\frac{1}{4}$  SESW Section 32 Township 20S Range 33E
7. Attach a copy of the State issued permit for the Disposal Facility - Please see attached information including State of New Mexico Oil Conservation Division Administrative Order No. SWD-397.

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.

