

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS
HOBBS

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.

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 or CA Agreement Name and/or No NM124155 |
| 2 Name of Operator COG Operating LLC | 8 Well Name and No SDL Federal Com #1H |
| 3a Address 2208 W. Main Street Artesia, NM 88210 | 9 API Well No 30-025-39537 |
| 3b Phone No. (include area code) 575-748-6946 | 10 Field and Pool, or Exploratory Area Lusk; Bone Spring, North |
| 4 Location of Well (Footage, Sec, T, R, M, or Survey Description) SHL: 990' FNL & 330' FWL, Unit D (NWNW) Sec 31-18S-32E BHL: 380' FNL & 1688' FEL, Unit B (NWNE) Sec 31-18S-32E | 11 County or Parish, State Lea NM |

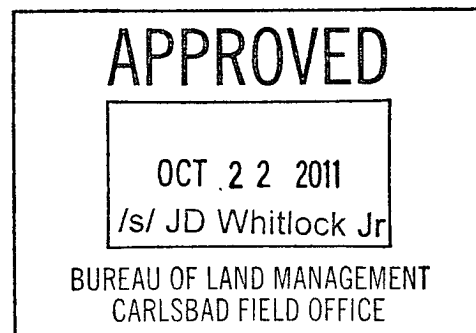
12 CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION |
|--|--|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Deepen |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Production (Start/Resume) |
| | <input type="checkbox"/> Altering Casing |
| | <input type="checkbox"/> Fracture Treat |
| | <input type="checkbox"/> Reclamation |
| | <input type="checkbox"/> Casing Repair |
| | <input type="checkbox"/> New Construction |
| | <input type="checkbox"/> Recomplete |
| | <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 |
| | <input type="checkbox"/> Water Shut-off |
| | <input type="checkbox"/> Well Integrity |
| | <input type="checkbox"/> Other |

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.)

COG Operating LLC respectfully requests approval for disposal of produced water for this well. Please see attachment for all required information.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL



14 I hereby certify that the foregoing is true and correct

Name (Printed/ Typed)

Stormi Davis

Title

Regulatory Analyst

Signature

Date

9/30/11

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

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.

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 page 2)

OCT 25 2011

WATER PRODUCTION & DISPOSAL INFORMATION

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

1. Name(s) of all formation(s) producing water on the lease.

Bone Spring

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

Approximately 65 BWPD

3. How water is stored on the lease.

500 BBL tank

4. How water is moved to the disposal facility.

Pipeline

5. Identify the Disposal Facility by:

A. Facility Operator Name COG Operating LLC

B. Name of facility of well name & number Lusk Deep Unit A #16 SWD

C. Type of facility of well (WDW)(WIW), etc. WDW

D. Location by $\frac{1}{4}$, $\frac{1}{4}$, Section, Township and Range SWSW of Section 18-T19S-R32E

6. Attach a copy of the State issued permit for the Disposal Facility.

Submit all of the above required information to the Carlsbad Field Office, 620 E. Greene St., Carlsbad, NM 88220, on a Sundry Notice Form 3160-5, 1 Original and 5 copies, within the required time frame. (This form may be used as an attachment to the Sundry Notice.)



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

ADMINISTRATIVE ORDER SWD-1043

APPLICATION OF MARBOB ENERGY CORPORATION FOR PRODUCED WATER DISPOSAL, LEA COUNTY, NEW MEXICO.

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Marbob Energy Corporation made application to the New Mexico Oil Conservation Division for permission to utilize for produced water disposal its Delaware Federal Well No. 16 (API No. 30-025-35053) located 785 feet from the South line and 660 feet from the West line of Section 18, Township 19 South, Range 32 East, NMPM, Lea 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 is hereby authorized to utilize its Delaware Federal Well No. 16 (API No. 30-025-35053) located 785 feet from the South line and 660 feet from the West line of Section 18, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico, in such manner as to permit the injection of produced water for disposal purposes into the Strawn formation through perforations from approximately 11,260 feet to 11,306 feet and through plastic-lined tubing set in a packer located within 100 feet of the top of the injection interval.

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.

After installing injection tubing, 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 or an approved leak detection device in order to determine leakage in the casing, tubing, or packer.

The wellhead injection pressure on the well shall be limited to **no more than 2,252 psi**. In addition, the injection well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface injection pressure to the maximum allowable pressure for this well.

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 injection 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 Hobbs 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 Hobbs 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.

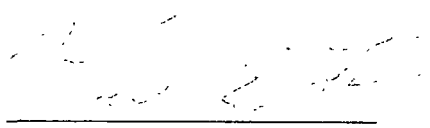
The operator shall provide written notice of the date of commencement of injection to the Hobbs district office of the Division.

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.

Approved at Santa Fe, New Mexico, on September 12, 2006.



MARK E. FESMIRE, P.E.
Director

MEF/wvjj

cc: Oil Conservation Division – Hobbs
Bureau of Land Management – Carlsbad

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OM B No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

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SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
☐ Oil Well ☐ Gas Well ☒ Other

2. Name of Operator **Marbob Energy Corporation**

3a. Address
PO Box 227, Artesia, NM 88211-0227

3b. Phone No. (include area code)
505-748-3303

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
785 FSL 660 FWL, Sec. 18-T19S-R32E, Lot 4

5. Lease Serial No.

NMNM03690

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Lusk Deep Unit A #16 SWD

9. API Well No.

30-025-35053

10. Field and Pool, or Exploratory Area
SWD; Strawn

11. County or Parish, State

Lea Co., NM

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|---|--|--|
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| <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 checked="" type="checkbox"/> Other Name Change |
| | <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 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.)

Marbob Energy Corporation proposes to change the name of this well

From: Delaware Federal #16

To: Lusk Deep Unit A #16 SWD

Effective Date: January 1, 2007

*Prop Code
17817*

*SWD-1043
9/12/06*



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

Diana J. Briggs

Title **Production Analyst**

Signature

Date

02/08/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

OC DISTRICT SUPERVISOR/GENERAL MANAGER

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Office

FEB 26 2007

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(Instructions on page 2)

**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. All above ground structures on the lease shall be painted Shale Green (5Y 4/2), or as per approved APD stipulations. This is to be done within 90 days, if you have not already done so.
6. Any on-lease open top storage tanks shall be covered with a protective cover to prevent entry by birds and other wildlife.
7. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
8. 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.
9. Disposal at any other site will require prior approval.
10. Subject to like approval by NMOCD.

6/17/2011