

OCD-HOBBS

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

HOBBS

5. Lease Serial No.

NMNM0634C

Indian, Allottee or Tribe Name

FEB 13 2012

**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.

RECEIVED

6. Unit of CA/Agreement, Name and/or No

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.

T C FEDERAL #3 BATTERY

2. Name of Operator

BURLESON PETROLEUM, INC.

9. API Well No.

- 38504

3a. Address

P.O. BOX 2479

3b. Phone No. (include area code)

(432)683-4747

10. Field and Pool or Exploratory Area

D-K ABO

4. Location of Well (Footage, Sec., T, R, M., or Survey Description)

UNIT LETTER B, SESW, SECT 30, T20S, R 39E,

11. Country or Parish, State

LEA

NM

12. CHECK THE 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 3160-9

☐ Change Plans

☐ Plug and Abandon

☐ Temporarily Abandon

#KAH 007-12

☐ 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 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.)

TC Federal #3, #4 and #5 go into TC Federal #3 Battery

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

ACCEPTED FOR RECORD

FEB 9 2012  
/s/ JD Whitlock Jr

BUREAU OF LAND MANAGEMENT  
CARLSBAD FIELD OFFICE

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

WAYNE JARVIS

Title PROD SUPT

Signature

*Wayne Jarvis*

Date

1-25-12

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.

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)

1. Name(s) of formation (s) producing water on the lease.  
DK Abo
2. Amount of water produced from each formation in barrels per day.  
#1 7 BWPD #3 46 BWPD
3. How water is stored on the lease.  
500 bbl. tank
4. How water is moved to disposal facility.  
Truck
5. Operator's of disposal facility Cooper Disposal
- a. Lease name or well name and number Cooper Disposal
- b. Location by ¼ ¼ Section, Township, and Range of the disposal system  
Unit O, Sec 8, T-20-S, R-37-E
- c. The appropriate NMOCD permit number R-12375

## OFFICIAL FILE COPY

Number KAH-007-12

Page 1 of 2

☒ Certified Mail - Return  
Receipt Requested  
70090820000144021035☐ Hand Delivered Received  
byUNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## NOTICE OF INCIDENTS OF NONCOMPLIANCE

|                 |
|-----------------|
| Identification  |
| IID             |
| Lease NMNM0634C |
| CA              |
| Unit            |
| PA              |

|   |                        |                            |                 |   |                 |               |             |
|---|------------------------|----------------------------|-----------------|---|-----------------|---------------|-------------|
| Bureau of Land Management Office<br>HOBBS INSPECTION OFFICE |                        |                            |                 | Operator<br>LEWIS B BURLESON INCORPORATED     |                 |               |             |
| Address<br>414 WEST TAYLOR<br>HOBBS NM 88240                |                        |                            |                 | Address<br>P O BOX 2479<br>MIDLAND TX 79701   |                 |               |             |
| Telephone<br>575.393.3612                                   |                        |                            |                 | Attention<br>STEVEN L. BURLESON               |                 |               |             |
| Inspector<br>HASTON   |                        |                            |                 | Attn Addr<br>P O BOX 2479<br>MIDLAND TX 79702 |                 |               |             |
| Site Name<br>T C FEDERAL                                    | Well or Facility<br>01 | 1/4 1/4 Section<br>SWNW 19 | Township<br>20S | Range<br>39E                                  | Meridian<br>NMP | County<br>LEA | State<br>NM |
| Site Name<br>(SEE ATTACHED)                                 | Well or Facility       | 1/4 1/4 Section            | Township        | Range   | Meridian        | County        | State       |

THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE

| Date                                 | Time (24 - hour clock) | Violation                    | Gravity of Violation |
|--------------------------------------|------------------------|------------------------------|----------------------|
| 01/05/2012                           | 11:15                  | OOGO #7.III A                | MINOR                |
| Corrective Action To Be Completed By | Date Corrected         | Assessment for Noncompliance | Assessment Reference |
| 02/15/2012                           |                        |                              | 43 CFR 3163.1()      |

Remarks  
METHOD OF WATER DISPOSAL HAS NOT BEEN APPROVED. - SUBMIT A REQUEST ON FORM 3160-5 SUNDRY NOTICE FOR APPROVAL TO DISPOSE OF PRODUCED WATER FROM THESE WELLS ALONG WITH ALL REQUIRED INFORMATION (SEE ATTACHMENT). SUBMIT A COPY TO THE HOBBS FIELD STATION, 414 W. TAYLOR, HOBBS, NM 88240 AND SUBMIT 1 ORIGINAL AND 5 COPIES TO CARLSBAD FIELD OFFICE, 620 E. GREENE ST., CARLSBAD, NM 88220.

When violation is corrected, sign this notice and return to above address

Company Representative Title

Signature

Date

Company Comments

## WARNING

Incidents of Noncompliance correction and reporting timeframes begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By" you may incur an additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits, false, inaccurate, or misleading reports, notices, affidavits, record, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

## REVIEW AND APPEAL RIGHTS

A person contesting a violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands Appeals, 801 North Quincy Street, Suite 300, Arlington VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

|   |      |            |         |                |               |
|---|------|------------|---------|----------------|---------------|
| Signature of Bureau of Land Management Authorized Officer<br>Ruthy Haston |      |            |         | Date<br>1/5/12 | Time<br>11:30 |
| FOR OFFICE USE ONLY   |      |            |         |                |               |
| Number<br>33  | Date | Assessment | Penalty | Termination    |               |
| Type of Inspection<br>SP  |      |            |         |                |               |

## Wells and/or Facilities, continued

| Site Name   | Well or Facility | 1/4  | 1/4 | Sec | Twn | Range | Mer       | Lease | State | County |
|-------------|------------------|------|-----|-----|-----|-------|-----------|-------|-------|--------|
| T C FEDERAL | 02               | NWNW | 19  | 20S | 39E | NMP   | NMNM0634C | NM    | LEA   |        |
| T C FEDERAL | 03               | SESW | 30  | 20S | 39E | NMP   | NMNM0634C | NM    | LEA   |        |
| TC FEDERAL  | 04               | NWNE | 31  | 20S | 39E | NMP   | NMNM0634C | NM    | LEA   |        |
| TC FEDERAL  | 05               | SWNE | 31  | 20S | 39E | NMP   | NMNM0634C | NM    | LEA   |        |

**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