

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 ☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
Texland Petroleum-Hobbs, LLC

3a. Address	777 Main Street, Ste 3200 Fort Worth, TX 76102	3b. Phone No. (include area code)	817-336-2751
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4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 Sec. 3, T17S, R36E
 Unit M, 330' FSL & 700' FWL

5. Lease Serial No.

NM-020491

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Federal 3 #1

9. API Well No.

30-025-37456

10. Field and Pool, or Exploratory Area

Shoe Bar, Devonian SE

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				
<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 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 wtr disposal	
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>approval</u>	
	<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 recompile 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.)

Texland Petroleum-Hobbs, LLC request approval for water disposal.
Currently being trucked by Gandy Corporation.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed)	
Vickie Smith	Title Production Analyst
Signature <i>Vickie Smith</i>	Date 7/13/06

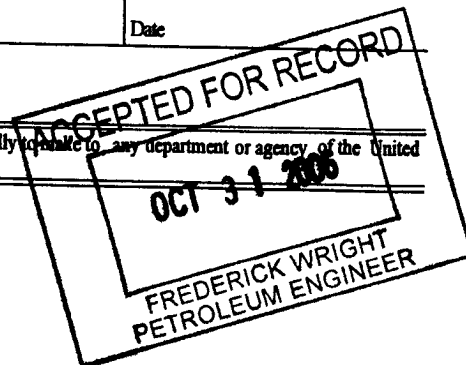
THIS SPACE FOR FEDERAL OR STATE OFFICE USE

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 _____	FILED FOR RECORD

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)

GW



BLM COPY

COPY

Number 06MLD083L

Page of

☒ Certified Mail - Return
Receipt Requested
70040750000348089456UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOTICE OF WRITTEN ORDER

IDENTIFICATION	
TID	
Lease	NMNM020491
CA	
Unit	
PA	

Bureau of Land Management Office HOBBS INSPECTION OFFICE				Operator TEXLAND PETROLEUM-HOBBS,LLC			
Address 414 WEST TAYLOR HOBBS NM 88240				Address 777 MAIN STREET,SUITE 3200 FORT WORTH, TX 76102			
Telephone 505.393.3612				Attention			
Inspector DEATON				Attn Addr			
Site Name FEDERAL 3	Well or Facility 01	1/4 1/4 Section SWSW 3	Township 17S	Range 36E	Meridian NMP	County LEA	State NM
Site Name FEDERAL #3-1	Well or Facility A	1/4 1/4 Section	Township 17S	Range 36E	Meridian NMP	County LEA	State NM
Site Name	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State

The following condition(s) were found by Bureau of Land Management Inspectors on the date and at the site(s) listed above.

Date	Time (24-hour clock)	Corrective Action to be Completed by	Date Corrected	Authority Reference
06/19/2006	11:00	07/19/2006		43 CFR 3164.1a & b

Remarks:

Water production is being disposed of without prior approval.

Submit to this office on Sundry Notice 3160-5, a request for water disposal approval along with required information as per attachment, (submit 1 original and 5 copies of the 3160-5).

When the Written Order is complied with, sign this notice and return to above address.

Company Representative Title Production Analyst Signature Wickie Smiley Date 7-13-06

Company Comments Sundry attached

Warning

The Authorized Officer has authority to issue a Written Order in accordance with 43 CFR 3161.2. Written Order correction and reporting time frames begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each stipulation 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. If you do not comply as noted above under "Corrective Action to be Completed By", you shall be issued an Incident of Noncompliance (INC) in accordance with 43 CFR 3163.1(a). Failure to comply with the INC may result in assessments as outlined in 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 frame 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, records, 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 decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land 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 <u>Mark Deaton</u>	Date <u>19 June 06</u>	Time <u>1100</u>
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FOR OFFICE USE ONLY

Number 33	Date	Type of Inspection PI
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2. Off-lease Disposal

a. On leased or unleased Federal/Indian lands. The purpose of the off-lease disposal approval process is to ensure that the removal of the produced water from a Federal or Indian oil and gas lease is proper and that the water is disposed of in an authorized facility. Therefore, the operator shall submit a Sundry Notice, Form 3160-5, for removal of the water together with a copy of the authorization for the disposal facility. If the authorized officer has a copy of the approval for the receiving facilities on file, he/she may determine that a reference to that document is sufficient. Where an associated right-of-way authorization is required, the information for the right-of-way authorization may be incorporated in the Sundry Notice, and the Bureau of Land Management will process both authorizations simultaneously for Bureau lands.

i. Disposal of water in injection wells.

When approval is requested for removing water that is produced from wells on leased Federal or Indian lands and that is to be injected into a well located on another lease or unleased Federal lands, the operator shall submit to the authorized officer a Sundry Notice, Form 3160-5, along with a copy of the Underground Injection Control permit issued to the operator of the injection well, unless the well is authorized by rule under 40 CFR part 144.

ii. Disposal of water in pits.

When approval is requested for removing water that is produced from wells on leased Federal or Indian lands and is to be disposed of into a lined or unlined pit located on another lease or unleased Federal lands, the operator shall submit to the authorized officer a Sundry Notice, Form 3160-5.

iii. Right-of-way procedures.

The operator of the injection well or pit is required to have an authorization from the Bureau of Land Management for disposing of the water into the pit or well, under Title V of FLPMA and 43 CFR Part 2800, or a similar authorization from the responsible surface management agency. In the produced water from the lease to the pit or injection well, e.g., building a road or laying a pipeline, a right-of-way authorization under Title V of FLPMA and 43 CFR Part 2800 from the Bureau of Land Management or a similar permit from the responsible surface management agency also shall be obtained by the operator of the pit or any injection well or other responsible party.

b. Disposal of water on State and privately- owned lands.

i. Disposal of water in injection wells.

When approval is requested for removing water that is produced from wells on leased Federal or Indian lands and that is to be injected into a well located on State or privately-owned lands, the operator shall submit to the authorized officer, in addition to a Sundry Notice, Form 3160-5, a copy of the Underground Injection Control permit issued for the injection well by Environmental Protection Agency or the State where the State the achieved primacy. Submittal of the Underground Injection Control permit will be accepted by the authorized officer and approval will be granted for the removal of the produced water unless the authorized officer states in writing that such approval will have adverse effects on

the Federal/Indian lands or public health and safety.

SUNDRY NOTICE SPECIAL STIPULATIONS

1. **This Sundry is being accepted for record only.**
2. As per verbal notification to operator on 8/29/06 in order to approve a water disposal NOI, the operator must provide a water analysis of the produced water together with a copy of the disposal permit granted to the company disposing of the water.
3. The BLM was verbally notified that this information had been mailed on 9/11/06 however the necessary information has not been received.

Engineering
can be reached at 505-706-2779 for any variances that might be necessary.

F Wright 10/31/06