

OCD-HOBBS

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004137
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: ☒ Oil well ☐ Gas Well ☐ Other

2. Name of Operator
CrownQuest Operating, LLC 213190

3a. Address
P.O. Box 53310, Midland, TX 79710

3b. Phone No. (include area code)
432 684-6381

4. Location of Well (Footage, Sec., T, R, M, or Survey Description)
660 FNL & 766 FWL, Sec 6, T14S, R33E (D)

5. Lease Serial No **STATE**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement Name and/or No
CA NM 71182

8. Well Name and No.
State **6** **Federal** **#2**

9. API Well No
30 025 22866

10. Field and Pool, or Exploratory Area
Baum (Upper Penn)

11. County or Parish, State

Lea County, New Mexico

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

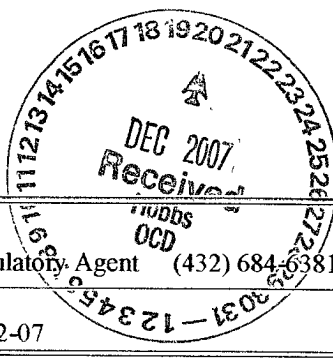
TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/>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

As per BLM notice number AJM 016-06 dated 12-4-07 the status of disposal of produced water from this well is as follows:
The State 6, Well #2 produces from the Bough C formation.

This well makes approximately 17 bbl of water per day. There is no storage on lease for this produced water, it goes straight from a 3-phase separator to a poly flowline, and is transferred through this flowline to the water storage facility operated by CrownQuest Operating, LLC, the State 5 SWD battery is located in the SE/4 of NW/4, Section 5, T14S, R33E, Lea County, NM.

The formation water is then pumped into the CrownQuest Operating, LLC, Federal 20 #5, API # 30-025-28238, SWD-891, Section 20, T13S, R33E, 1980 FSL & 1980 FWL (K) disposal well.



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

Ann E. Ritchie

Title **Regulatory Agent** (432) 684-6381

Signature

Date **12-12-07**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by **/S/ ALEXIS C. SWOBODA**

PETROLEUM ENGINEER

Date **12/18/07**

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

JAN 10 2008

P.O. BOX 88
MIDLAND, TX 79702
PHONE (432) 682-4321

Martin Water Laboratories, Inc.

709 W. INDIANA
MIDLAND, TEXAS 79701
FAX (432) 682-9819

RESULT OF WATER ANALYSES

TO: Mr. Luke Dunn LABORATORY NO. 107-156
PO Box 33910, Midland, TX 79710 SAMPLE RECEIVED 1-4-07
RESULTS REPORTED 1-9-07

COMPANY CrownQuest Operating, LLC LEASE Federal 20 #3-SWD
FIELD OR POOL Baum

SECTION BLOCK SURVEY COUNTY Lee STATE NM

SOURCE OF SAMPLE AND DATE TAKEN:

NO. 1 Submitted water sample - taken 1-3-07.

NO. 2

NO. 3

NO. 4

REMARKS:

CHEMICAL AND PHYSICAL PROPERTIES				
	NO. 1	NO. 2	NO. 3	NO. 4
Specific Gravity at 70° F.	1.1140			
pH When Sampled				
pH When Received	6.94			
Bicarbonate as HCO ₃	220			
Sulfate as SO ₄				
Chloride as Cl				
Total Hardness as CaCO ₃	8,400			
Calcium as Ca	2,720			
Magnesium as Mg	389			
Sodium and Potassium	68,175			
Sulfate as SO ₄	2,130			
Chloride as Cl	109,369			
Iron as Fe	924			
Barium as Ba	0			
Turbidity: Electric				
Color as Pt				
Total Solids, Calculated	183,003			
Total Solids, $\frac{1}{2}$ "				
Carbon Dioxide, Calculated	46			
Dissolved Oxygen				
Hydrogen Sulfide	0.0			
Resistivity, solution at 77° F.	0.062			
Resistivity, distilled				
Fluoride as F ⁻				
Corrosiveness	Mod-Severe			
Barium Sulfate Scaling Tendency	None			
CaCO ₃ S.I. @ 77° F. (Stiff-Davis)	0.36			
CaCO ₃ S.I. @ 122° F. (Stiff-Davis)	0.97			
Calcium Sulfate Scaling Tendency	None			

Results Reported As Milligrams Per Liter

Additional Determinations And Remarks

CaCl₂ S.I. - A positive fig. signifies a scaling potential proportionate to the magnitude of the number, and a negative fig. signifies no scaling potential.

Please feel free to contact us for any details or discussions concerning these results.

Form No. 3

By

Greg Ogden, B.S.