

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 <input checked="" type="checkbox"/> Oil well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM 0558131
2. Name of Operator CrownQuest Operating, LLC 213190		6. If Indian, Allottee or Tribe Name
3a. Address P.O. Box 53310, Midland, TX 79710	3b. Phone No (include area code) 432 684-6381	7. If Unit or CA/Agreement Name and/or No. CA NM 71182
4. Location of Well (Footage, Sec, T, R, M, or Survey Description) 1892' FWL & 1980' FNL, Section 6, T14S, R33E		8. Well Name and No. #3 State-Federal Com "6"
		9. API Well No. 30 025 29505
		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 Water Disposal
	<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"/> PlugBack	<input type="checkbox"/> Water Disposal	

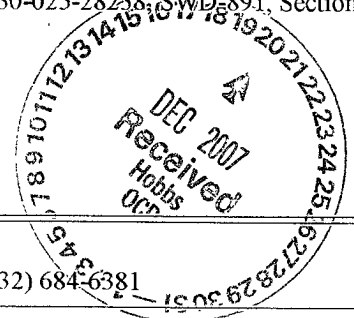
13 Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths 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 Federal Com "6", Well #3 produces from the Bough C formation.

This well makes approximately 1 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 <i>Ann E. Ritchie</i>		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) 683-4521

Martin Water Laboratories, Inc.

709 W. INDIANA
MIDLAND, TEXAS 79701
FAX (432) 682-8819

RESULT OF WATER ANALYSES

TO: Mr. Luke Dunn LABORATORY NO. 107-156
PO Box 53310, Midland, TX 79710 SAMPLE RECEIVED 1-4-07
RESULTS REPORTED 1-9-07

COMPANY CrownQuest Operating, LLC LEASE Federal 20 #5-SWD
FIELD OR POOL Brum

SECTION BLOCK SURVEY COUNTY Lea 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 @ 77° F.	1.1140			
pH When Sampled				
pH When Received	6.94			
Dissolved Solids as HCO ₃	220			
Supersaturation as CaCO ₃				
Unsaturation as CaCO ₃				
Total Hardness as CaCO ₃	8,400			
Calcium as Ca	-2,720			
Magnesium as Mg	389			
Sulfate as SO ₄	68,175			
Chloride as Cl	2,130			
Iron as Fe	109,369			
Copper as Cu	924			
Radon as Ra	0			
Turbidity: Electric				
Color as Pt				
Total Solids, Calculated	183,003			
Temperature °F.				
Carbon Dioxide, Calculated	46			
Dissolved Oxygen				
Hydrogen Sulfide	0.0			
Resistivity, open cell at 77° F.	0.062			
Resistivity on				
Corrosiveness	Mod-Severe			
Calcium 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				
CaCO ₃ 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.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil Cons. Division
1625 N. French Dr.
Hobbs, NM 88240

FORM APPROVED
Budget Bureau No. 1004-0135
Expires March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Designation and Serial No. NM2842A
2. Name of Operator AMERICAN INLAND RESOURCES COMPANY, LLC.	6. If Indian, Allottee or Tribe Name
3. Address and Telephone No. P.O. BOX 50938; MIDLAND, TX 79710; (432) 685-0981	7. If Unit or CA, Agreement Designation
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1980' FSL & 1980' FWL; SEC 20, T-13-S, R-33-E, UNIT K	8. Well Name and No. FEDERAL 20 #5
	9. API Well No. 30-025-28238
	10. Field and Pool, or Exploratory Area SWD: Abo & Bough C BAUM UPPER PENN Pool Code 97344
	11. County or Parish, State LEA CO., NM

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"/> Abandonment
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input type="checkbox"/> Other
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input checked="" type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work if well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

9-29 to 9-30-03 RU, POH W/RODS AND TUBING. ACIDIZE PERFS 8890-8913. RIH WITH MODLE 'R' PACKER ON 2-3/8" IPC TUBING. SET PACKER AT 8815'. COMMENCE INJECTING INTO ABO.

12-17 to 12-20-03 RU, RELEASE PKR. POH W/TUBING AND PACKER. RIH W/BIT AND COLLARS. DRILL OUT CIBP AT 9642. PUSH TO BOTTOM. ACIDIZED PERFS 9720-9817 W/1000 GAL ACID. POH W/WORKSTRING, COLLARS AND BIT. RIH W/MODEL 'R' PACKER ON 2-3/8" TUBING. SET PACKER AT 8815'. LOADED BACKSIDE W/PACKER FLUID, TEST TO 500#.

CHART SENT TO OCD - HOBBS.

SWD-891

14. I hereby certify that the foregoing is true and correct

Signed Michael D. Pritchard Title OPERATIONS ENGINEER Date 02/11/04

(This space for Federal or State use)

Approved by Harry W. Wink SUBJECT TO
Conditions of approval, if any: LIKE APPROVAL

FIELD REPRESENTATIVE II/STATE BY STATE

ACCEPTED FOR RECORD

FEB 20 2004

MAR 03 2004

Title 18 U.S.C. Section 1001, makes 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

*See Instructions on Reverse Side