Form 3160-5
(April 2004)

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

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.*

5. Lease Serial No
NMNM1150

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
0300011500

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

8. Well Name and No.
Reed A-3 #4

2. Name of Operator **Burgundy Oil & Gas of New Mexico Inc.**

9. API Well No.
30-025-04176

3a. Address
401 W Texas Ave., Ste. 1003, Midland, TX 79701

3b. Phone No. *(include area code)*
432-684-4033

10. Field and Pool, or Exploratory Area
Eumont Yates 7 Rivers Queen

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
UL P, Sec 3 T20S R36E
660' FSL & 660' FEL

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			
☐ 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 **Method of Salt Water Disposal**
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ 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 recomplete 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.)

Reed A-3 No. 4 well pumps gas and water to Reed A-3 Tank Battery where it is separated. The gas is sold and the water is dumped into Rice Engineering's Salt Water Disposal System. There is no onsite water storage.

* Approval pending submittal of legal discription of Rice facility & permit #

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)* **Cindy K. Campbell** Title **Production Assistant**

Signature Cindy K. Campbell Date 06/11/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by Chris Williams Title Date JUN 21 2008

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)

ATTACHMENT TO INCIDENT OF NON COMPLIANCE NUMBER KAH -043- 08

WATER PRODUCTION & DISPOSAL INFORMATION

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

1. Names(s) of all formation(s) producing water on the lease.
   Yates, 7 Rivers, Queen.

2. Amount of water produced from all formations in barrels per day.
   35.

3. A Current water analysis of produced water from all zones showing at least the total dissolved solids, ph, and the concentrations of chlorides and sulfates.

4. How water is stored on the lease.
   NA.

5. How water is moved to the disposal facility.
   Dumped by separator.

6. Identify the Disposal Facility by:
   A. Facility Operator Name Rice Engineering Salt Water Facility.

   B. Name of facility of well name & number _____.

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

   D. Location by ¼, ¼, Section, Township and Range _____.

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

Submit all of the above required information to this office, 414 West Taylor, Hobbs, NM 88240, 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.) Call (505) 393-3612 if you need to further discuss this matter.

B. B. CHEMICALS

CHEMICAL SPECIALTIES FOR PETROLEUM & DRILLING
P.O BOX 69337
ODESSA, TX 79769
(915) 381-2595

WATER ANALYSIS REPORT

Sample Information

Company	**Burgandy**
Lease	**Read A 3 No. 4**
Well Number	.
Sample Location	**Well**
Sample Date	**10/14/03**

City/ County	LEA
State	NM
Formation	
BB Chem. Rep.:	**Ray Pierson**
Analysis Date	**10/29/03**

Dissolved Gasses	PPM
Hydrogen Sulfide	3
Carbon Dioxide	ND
Dissolved Oxygen	ND

System Conditions

Fluid Temp.	75	°F
Conductivity	32,500	microohms/cm
pH	7.19	
SpGr.	1.015	

Cations	mg/L	meq/L
Sodium	2,458	106.9
Calcium	1,845	92.2
Magnesium	1,191	97.6
Barium	ND	ND
Iron	21	0.8

Anions	mg/L	meq/L
Bicarbonate	927	15.2
Chloride	9,010	253.8
Sulfate	1,330	27.71

Total Dissolved Solids	16,782
Total Ionic Strength	0.41
Total Hardness as CaCO3	9,506

Calcium Carbonate
Scaling Tendency

Stability Index

°F	
50	0 68
68	0.83
77	0 93
86	1.05
104	1.25
122	1.53
140	1 83
158	2 31
176	2.45
194	2.83
212	3 21

Calcium Carbonate Index Legend
SI of less than 0 = No Potential
SI of 0 to 0.5 = Marginal Potential
SI of 0.5 to 1.0 = Moderate Potential
SI of above 1 0 = Severe Potential