

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD-HOBBS  
RECEIVED  
JUN 09 2010  
HOBBSOCD

FORM APPROVED  
OMB 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.

1 Type of Well

☐

Oil Well

☐

Gas Well

☒

Other

SWD

2 Name of Operator

SUNDOWN ENERGY LP

3a Address

13455 NOEL RD, STE 2000, DALLAS, TX 75240

3b Phone No (include area code)

214-368-6100

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

990 FNL & 990 FWL

Unit D, SEC 27, T-20S, R-34E

5. Lease Serial No

NM-NM082

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

BALLARD DE FEDERAL #3 SWD

9. API Well No.

30-025-02466

10. Field and Pool, or Exploratory Area

SWD; 7 RIVERS

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

☒

Subsequent Report

☐

Final Abandonment Notice

☐

Acidize

☐

Alter Casing

☐

Casing Repair

☐

Change Plans

☐

Convert to Injection

☐

Deepen

☐

Fracture Treat

☐

New Construction

☐

Plug and Abandon

☐

Plug Back

☐

Production (Start/Resume)

☐

Reclamation

☐

Recomplete

☐

Temporarily Abandon

☐

Water Disposal

☐

Water Shut-Off

☐

Well Integrity

☒

Other

MIT, WRITTEN ORDER

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.)

**IN REFERENCE TO WRITTEN ORDER 1004PS02W**

6/18/2009: RU hot oil unit to csg. Load backside w/ 12.7 BFW pkr fluid. Pressure to 505 psi and lost 5 psi in 30 mins. Passed MIT. Robert Harrison w/ OCD and Patricia Hutchins w/ BLM witnessed. OCD rep kept chart.

Attachments: Copy of MIT chart from 6/18/09, Notice of Written Order 1004PS02W with brief summary, Copy of NMOCDC Order No. SWD-354 documenting max WH inj press as 723 psi (page 2, paragraph 2).

14 I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Belinda Bradley

Title Admin. Asst.

Signature

Belinda Bradley

Date 4/15/2010

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

ELG 6/14/10

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 right in the subject lease

which would entitle the applicant to conduct operations thereon

Office

**ACCEPTED 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)

JUN 8 2010  
/s/ JD Whitlock Jr

BUREAU OF LAND MANAGEMENT  
CARLSBAD FIELD OFFICE



RECEIVED

JUN 09 2010

HOBBSDO

Number 1004PS02W

Page of

☒ Certified Mail - Return  
Receipt Requested  
70091410000021824593

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

NOTICE OF WRITTEN ORDER

IDENTIFICATION	
IID	
Lease	NMNM082
CA	
Unit	
PA	

Bureau of Land Management Office HOBBBS INSPECTION OFFICE		Operator SUNDOWN ENERGY LP	
Address 414 WEST TAYLOR HOBBBS NM 88240		Address 13455 NOEL ROAD, SUITE 2000 DALLAS TX 75240	
Telephone 575.393.3612		Attention	
Inspector SWARTZ		Attn Addr	
Site Name BALLARD DE FED	Well or Facility 03	1/4 1/4 Section NWNW 27	Township 20S
		Range 34E	Meridian NMP
			County LEA
			State NM
Site Name	Well or Facility	1/4 1/4 Section	Township
		Range	Meridian
			County
			State
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
04/08/2010		05/05/2010		43 CFR 3161.2, 43 CFR 3162.1(a), 43 CFR 3162.4-2, 43 CFR 3162.5-1, 2, & 3, 43 CFR 3162.6

Remarks:

Your federal property Lease: NM082, Ballard De Federal - 003, T20S-R34E, Sec 27, 990FNL & 990FWL, Lea County, New Mexico has been the subject of a well status inspection.

Refer to this written order as: 1004PS02W

Maintain the casing-tubing annulus valve and the pressure gauge in the valve. Leave this annulus open to the gauge (detecting any casing, tubing, or packer leak). Subsequent to any necessary repairs, record and report (one time) a casing and tubing pressure reading with the date of reading.

(Remarks continued on following page(s).)

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

Company Representative Title Admin Asst. Signature Belinda Bradley Date 4/15/2010

Company Comments

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 Paul R Swartz Date 04/08/2010 Time 10:30 hrs

FOR OFFICE USE ONLY

Number 51	Date	Type of Inspection WS
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## Additional information for Written Order Number 1004PS02W

Page of

## BLM Remarks, continued

Submit documentation of the maximum tubing injection pressure allowed by NMOCD. (Belinda)

Record casing and tubing pressure readings at least once a week. Report and correct any annular or tubing pressure above the permitted maximum.

Conduct a Mechanical Integrity Test of 500psig for 30 minutes on the injection tbg/csg annulus of the well. Prepare the wellhead for a bradenhead test, such that surface and intermediate casing annulus (if applicable) may be opened to the atmosphere. Document the MIT test on no more than a 1,000psig calibrated recorder chart. Notify Paul R. Swartz at 575.234.5985 and/or 575.200.7902 at least 24 hours before the test. If there is no response, notify the BLM on call drilling phone, 575.361.2822.

Submit a copy of the recorded MIT chart with a subsequent Sundry Form 3160-005 relating the MIT activity to this BLM office. Reference this Written Order number 1004PS02W in the MIT Sundry text.

Referenced Authority Regulation(s): 43 CFR 3161.2, 43 CFR 3162.1(a), 43 CFR 3162.4-2, 43 CFR 3162.5-1, 2, & 3, 43 CFR 3162.6

For regulation lookup quotes, or to secure necessary BLM forms go to:  
[http://www.blm.gov/nm/st/en/prog/energy/oil\\_and\\_gas.html](http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html)

Sign and return this notice, providing a brief summary of your compliance in the space provided.  
Mail on or before May 5, 2010

Called Paul Swartz 4-15-10.

Pressure gauge installed on casing / tbg annulus on 4-16-10.

Gauge reading showed zero psi. Tbg pressure also zero psi.



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

RECEIVED

JUN 09 2010

ORDER NO. SWD-354

GARREY CARRUTHERS  
GOVERNOR

HOBBSOCD

NOV 18 1988  
PROCESSING DIVISION  
POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

APPLICATION OF HONDO OIL AND GAS COMPANY

ADMINISTRATIVE ORDER  
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Hondo Oil and Gas Company made application to the New Mexico Oil Conservation Division on September 9, 1988, for permission to complete for salt water its Ballard "DE" Federal Well No. 3, located in Unit D, of Section 27, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations.
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified; and
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met.
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

- (1) The applicant herein, Hondo Oil & Gas Company is hereby authorized to complete its Ballard "DE" Federal Well No. 3 located in Unit D of Section 27, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico, in such a manner as to permit the injection of salt water for disposal purposes into the Seven Rivers formation at approximately 3615 feet to approximately 4000 feet through 2 7/8-inch plastic lined tubing set in a packer located at approximately 3600 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 723 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Seven Rivers formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

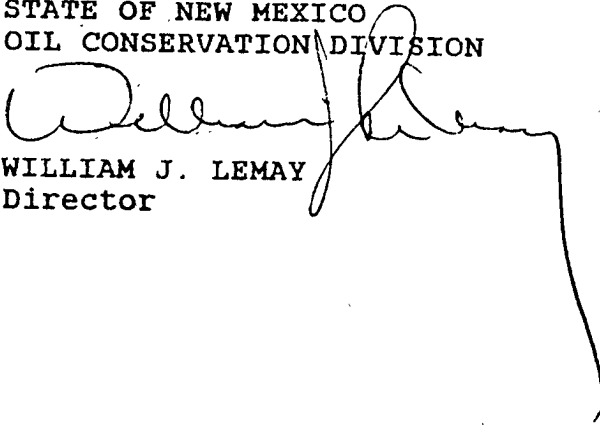
PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for such further order or orders as any seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations in accordance with Rule 706 and 1120 of the Division Rules and Regulations.

Order SWD-354  
Page 3

Approved at Santa Fe, New Mexico, on this 8th day of  
November, 1988.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director

S E A L