

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-RECEIVED

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

NOV 15 2010

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

Agua Sucia, LLC ✓

3a. Address

14605 Memorial Dr, Bixby, OK 76543

3b. Phone No. (include area code)

918-366-7957

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

610' FSL & 1880' FWL, SW/SW, Unit Ltr 'N', Sec.25, Twp 19S, Rng 34E, NMPM ✓

5. Lease Serial No.

NM-09243

SWD ROW

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Government 'E' Well No.1 ✓

9. API Well No.

30-025-23708 ✓

10. Field and Pool, or Exploratory Area

SWD; Bone Spring ✓

11. County or Parish, State

Lea County, New Mexico ✓

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 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 checked="" type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<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"/> 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 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/BLA. 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.)

PLEASE NOTE: THE WELL REPAIRS DESCRIBED HEREIN WERE PERFORMED BY THE PREVIOUS OPERATOR AND NO SUBSEQUENT SUNDRY REPORTS WERE EVER FILED TO DOCUMENT THOSE REPAIRS. THIS SUBSEQUENT REPORT FILED BY THE CURRENT OPERATOR IS TO BRING RECORDS CURRENT AND ESTABLISH THE ACTUAL CONDITION AND CONFIGURATION OF THE WELL. THE WELL IS SHUT-IN.

REPAIR WORKOVERS ARE DETAILED ON ATTACHED PAGES INCLUDING A SUCCESSFUL MIT SUBSEQUENT TO FINAL REPAIR.

February - March 2008- POOH tubing & packer. Clean out hole. Identified bad sections of casing from approximately 4168' to 5332' with plug and packer. RU and pumped 760 sks. cement between 8-5/8" and 5-1/2" casings in attempt to squeezed holes. Subsequent to squeeze job, could not set additional cement retainer. Riggged down and shut well in.

March - April 2009 - Rig up and perforate 9716' to 9732'. RU casing crew and ran 137 jnts 4.0" liner and cemented with 240 sks. Class 'H' cement. Drilled and cleaned out to 9597'. Ran in hole with tubing and packer to original depths. RD unit. Ran MIT 4/14/09.

>>> Please see attached supporting data. <<< PRR. Set 120' Above Top Perfs

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

Ben Stone

(903) 488-9850

Title Consultant for Agua Sucia, LLC

Signature

Date Sept. 23, 2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

ACCEPTED FOR RECORD

Approved by

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.

Title

Office

Date

NOV 10 2010

/s/ Roger Hall

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.

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

(Instructions on page 2)

PROPOSED / EXISTING WELL CONFIGURATION

POST REPAIRS (As noted.)

Government 'E' No. 1

API No. 30-025-23708

Location: 610' FSL & 1880' FWL

UL 'N', Sec. 25, Twp 19S, Rng 34E, NMPM

Latitude: 32.625818 Longitude: -103.516315

Lea County, New Mexico

SWD; Bone Spring (Pool No.96095)

Formation: Red Beds

Surface: 11.75" 42# @ 400' (Borehole 15")

Cement: 450 Sacks Class H w/2% CaCl
from 400' to 0' (Circulated)

Formation: Salado / Anhydrite Mix (Top ~1800')

Formation: Yates (Top ~3500')

Intermediate: 8.625" 32# @ 4089' (Borehole 11.0")

Cement: 775 Sacks TLW & Pozmix from 4089' to 2200' (Calc.)

Formation: Queen (Top ~4400')

1st Repair attempt on damaged 5-1/2" casing on 2/05/08
Pumped 260 sks Class 'C' Neat followed by 500 sks with 6% gel
4 bpm @600 psi between 8-5/8" and 5-1/2" strings.

Formation: San Andres (Top ~6050')

Casing/Tubing Annulus loaded with Packer Fluid.

Formation: Cherry Canyon (Top 6490')

Tubing: 2.375" (184 jnts) and 2.875" (113 jnts)
Plastic Coated @ 9579'

Packer: 4.0" (Nominal) PKR (w/ On/Off Tool) @ 9596'

Formation: Bone Spring (Top 9716')

2nd Repair attempt March-April 2009 - Intall 4.0" Liner.
Liner: 4.0" Flush Joint 15.6# @ 9597' to 3843' (Set 3/27/2009)
Cement: 240 Sacks Class H from 9547' to 3843'

Perforations Top: 9716' - 20'

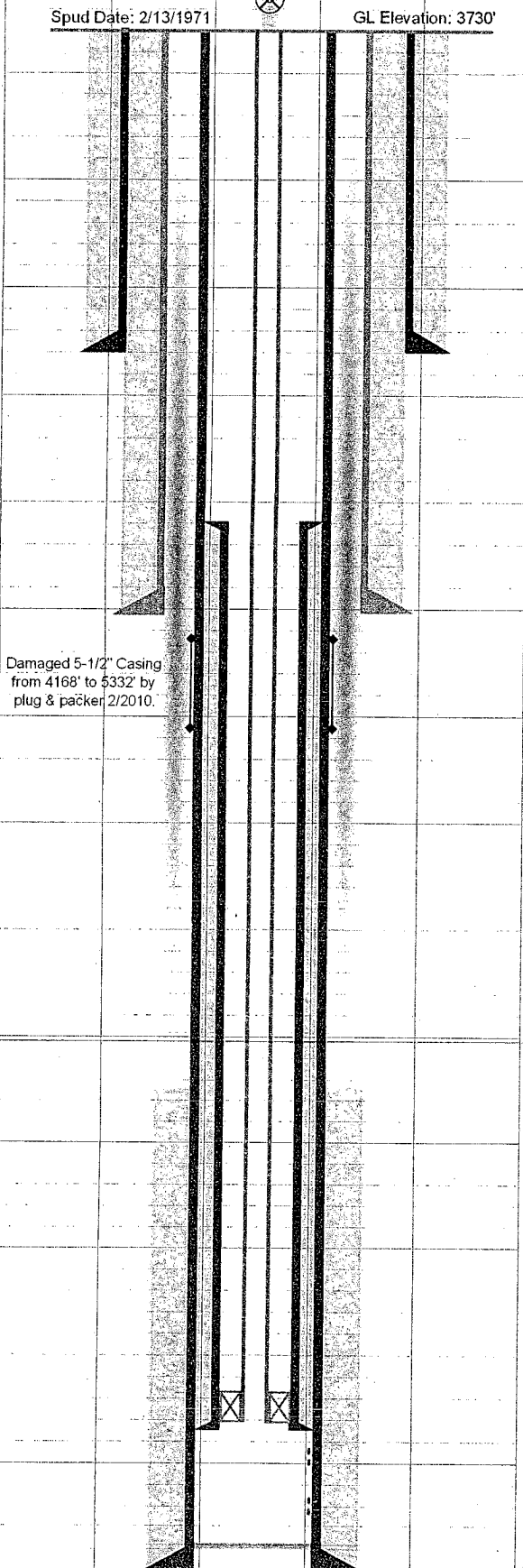
Bottom: 10,225' - 36'

Formation: Lower Bone Spring (Top 10,222')

Production: 5.5" 17# @ 10,300' (Borehole 7.875")

Cement: 500 Sacks Class H from 10,300' to 7700' (Temp Srvy)

PBTD: 10,277'



Agua Sucia, LLC

The Government 'E' No.1 SWD recently underwent extensive work-over and repair operations which are summarized below. OCD site visits and actual expenditures are in tables that follow. During the process and time intervals described below, the subject well was operated by Louray Oil Company.

This information was included as a supporting data attachment to the recent C-108 application submitted by Agua Sucia, LLC for reinstatement of the SWD injection permit.

First Repair Attempt

January 22, 2008 through February 26, 2008

Upon identifying the well failure, the subject well was shut in on 1/22/08. The well was bled down for several days to get on the hole. Approximately 4500 bbls of water were trucked for disposal. On 1/28/08, the operator was able to get in the hole – pulled 309 joints 2-3/8" tubing and ran in hole with 8 joints of 2-7/8" work string and scraper and shut in well. On 1/29/08 the job was shut down due to high wind. On 1/30/08, the well pressured back up to about 50 psi and approximately 400 bbls was flowed to the tanks for disposal. The unit crew was able to run in the hole with a scraper on work string. The next two days consisted of several runs with bit & scraper and gauge ring and then a routine plug & packer job was conducted to locate the depth of the casing failure. A length of bad casing was located between 5332' and 4168'. Set bridge plug and cement retainer. On 2/5/08 a squeeze job was performed between the 5-1/2" and 8-5/8" Initially pumped 20 bbls down at 100 psi to get a rate - established maximum rate of 4 bpm @ 600 psi. Pumped 260 sacks of class 'C' Neat followed by 500 sacks of class 'C' with 6% gel. Pulled out of the cement retainer and finished pumping and shut the well in with 600 psi. Drilled out and tested again for the next several days. Additional testing with plug and packer identified remaining hole between 5049' and 5018'. On 2/11/08, a cement retainer was set at 4986' but when tested the following morning, it did not hold. The retainer was drilled out and pulled the pipe out of the hole. Ran the packer in and set it to isolate the hole. On 2/13/08 a new retainer was run in the hole but would not set. The retainer was pulled and found severely damaged. Ran a new retainer in the hole and it was able to set. Hooked up to establish a rate but could only get 1 bpm @ 2500 psi. On 2/14/08 the crew ran back in the hole with bit and collars. The first retainer was drilled out and the hole was circulated. Drilled out for the next few days and ran a mill to get through a hardened steel piece of a stinger. On 2/18/08, drilled with the bit again to try and get through the remaining pieces of junk. Finally drilled through and ran more pipe and tagged the plug at 5332'. Started drilling and made several more feet with additional pieces of the retainer coming up. Circulated the hole and shut down. Over the next several days, the

hole was cleaned out to a depth of 9743'. The hole was circulated with fresh water and shut in on 2/26/08 and the workover unit was rigged down.

OCD Site Visits During First Repair Attempt

<i>Date</i>	<i>OCD Inspector and Number of Visits</i>
1/26/08	Gary Wink – 1
1/29/08	Buddy Hill – 1
1/30/08	Buddy Hill – 2
1/31/08	Buddy Hill – 2
2/05/08*	Buddy Hill – 2
2/06/08	Mark Whitaker – 2
2/07/08	Mark Whitaker – 2
2/08/08*	Mark Whitaker – 1
2/18/08	Mark Whitaker – 2
2/19/08	Mark Whitaker – 2
2/20/08	Mark Whitaker – 2
2/21/08	Mark Whitaker – 2
2/22/08	Mark Whitaker – 2

* Went into OCD office to drop off C-103's and to discuss workover operations.

Flowback and Bleed-down Process

During the period from February 26, 2008 through March 22, 2009 the well was periodically and routinely opened to flow into tank facilities at the site. The produced water was skimmed for oil and then trucked off site for disposal. For this one-year interval, the well would be opened sometimes everyday to intervals up to three days. This was done in an attempt to fully relieve the well from reservoir pressure and fluid allowing for easier workover and repair efforts. The process was approved by Buddy Hill of the Hobbs OCD District Office.

Final Repair – March – April, 2009

Consultant for workover – Al Perry, Hobbs, NM

<i>Date</i>	<i>Activity</i>
3/23/09	RU Black Warrior Wireline. Log well from 9536' to 9733'. Perforated 9716'-9732' w/ 32 holes. POOH guns. RIH and set composite bridge plug at 9650'.
3/26/09	RU Bull Rodgers casing crew. RIH w/ 4.0" float shoe & collar, follow w/ 137 jnts. 4.0" casing, x-over sub 4.0 x 5.5" and landed @ 9597' with top of liner @ 3843'. Ran 20 jts. 3.5" drill collar & 2.875" tubing. RD casing crew and shut in over night.
3/27/09	RU BJ Services and circulated liner at 2bpm @1300 psi for 30 mins. Ball seat sheared @ 3000 psi. Hanger set. PU 3' check liner weight

	w/ 52,000 # loss. Repressure ball seat, liner held. Push ball thru & circulated thru float 1.5bpm @ 700 psi. Pump down 240 sx 15.6 ppg slurry Class 'H' cement. Dropped plug & bumped w/ 4000 psi. Float held. Check liner top to 950 psi. Good test. RD BJ Services. Pulled tubing and collars 1000' above liner top. Shut down over night. Witnessed by Maxie Brown w/ OCD.
3/28/09	POOH w/ tubing and collars.
3/30/09	Tally pipe & RU TFH Rental Tools. PU bit & 6 collars. Shut down due to high wind.
3/31/09	Continue in hole w/ tubing. Tag top of liner at 3820. Test to 500 psi. Good test. Start drilling & fell thru cement @ 3844'. Continued in hole w/ tubing and tagged up @ 9547'. Circulated hole clean. Shut down over night.
4/01/09	Resume drilling at 9547'. DO to 9597'. Pushed composite bridge plug to bottom. Lay down swivel and POOH w/ 56 jnts 2.875" TBG. Shut down over night.
4/02/09	POOH w/ remaining TBG and collars. Tally pipe and shut down.
4/03/09	Trip in hole w/ 3.25" packer, 184 jnts 2.375" & 111 jnts.2.875" tbg. Tagged @ 9552'. POOH w/ TBG and packer. Shut down over night.
4/04/09	RIH w/ 3.625" bit & 6 x 3.125" collars & 6 jnts 2.375" TBG. Shut down due to high winds.
4/06/09	RIH w/ TBG & tagged @ 9552'. Drilled out to 9597' and circulated hole clean. Shut down over night.
4/07/09	PU swivel and circulated hole w/ 100 bbls 2% KCL. LD swivel. POOH w/ all TBG, collars & bit. Shut down over night.
4/08/09	Trip hole w/ packer & tubing. Packer would not set. POOH and shut down over night.
4/10/09	RIH w/ PKR & 184 jnts 2.375" TBG (6013.37') and 113 jnts 2.875" TBG (3565.65') RU pump truck and circulated hole clean. Set PKR @ 9596'. Tested casing. Shut down over night.
4/14/09	RU Maclasky Services and load CSG. Tested to 300 psi for 30 mins. w/ no bleed off. MIT witnessed by Mark Whitaker, OCD. RD pulling unit. Shut down. Well ready for injection. (MIT attached.)

Costs Associated With Final Repair

<i>Payee</i>	<i>Item or service (if known)</i>	<i>Cost</i>
Weatherford	Liner hangers, collars; other	32,103.75
Louis Edgett	Additional tubulars	11,320.00
Lonnie Wilson Insurance	Insurance	4,531.77
TFH Rental Tools	Location pipe racks, etc.	34,197.38
Warrior Energy Services	Wireline bridge plug, etc.	11,663.67
Maclasky Oilfield Services	Acid job	9,066.03
Lea County Packer	Packer and run/set charge	12,031.23
Permian Pump and Supply	4.00" Liner (new); other	186,703.98

BJ Services	Cementing service	15,000.00
MICO Services	Pulling Unit and Oilfield service	61,719.88
Al Perry	Consulting services	9,000.00
SOS Consulting, LLC	Consulting services	3,344.97
G&L Trucking	Trucking	12,504.87
Barriga Tank Service	Tank setting and maintenance	6,000.00
First Insurance Funding	Insurance	1,214.40
BMB Rentals	Rental tools, matt boards	2,634.38
RMAA Oilfield Service	Gang truck	287.89
Miscellaneous service		13,514.65
Supplies (Office)		69.90
Postage, courier		168.45
TOTAL FOR WORKOVER AND REPAIR – APPROXIMATELY \$432,000		

Successful Mechanical Integrity Test – 4/14/2009

