

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

OCD-HOBBS

JAN 05 2011

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

5. Lease Serial No.
NMLC029489A

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

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

1. Type of Well

☒ Oil Well

☐ Gas Well

☐ Other

8. Well Name and No.
Federal AA #05

2. Name of Operator
Oxy USA, Inc.

9. API Well No.
30-025-33519

3a. Address
1502 W Commerce Drive
Carlsbad, NM 88220

3b. Phone No. (include area code)
575-628-4115

10. Field and Pool or Exploratory Area
South Corbin Wolfcamp

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
660' FNL & 510' FEL in NENE Section 9-Township 18 South, Range 33 East, NMPM

11. Country or Parish, State
Lea County, New Mexico

12. CHECK THE 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 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 checked="" 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must 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 see attachment

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

ACCEPTED FOR RECORD

JAN 4 2011

/s/ JD Whitlock Jr

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

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

Van A. Barton

Title Production Coordinator

Signature

Date 12/02/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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 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)

The following information is needed before your disposal of produced water can be approved, per Onshore Oil & Gas Order #7.

You may attach this information to your Sundry Notice (3160-5). Submit all required information as per this attachment, submit a Sundry Notice(3160-5), one original and five copies to this office within the required time.

1. Name(s) of all formation(s) producing water on the lease. Wolfcamp
2. Amount of water produced from all formations in barrels per day. < 1 BBL/Day
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. Attached -
4. How water is stored on the lease. In a 500 BBL Tank
5. How water is moved to the disposal facility. Via Candy Transport
6. Identify the Disposal Facility by:
 - A. Operators' Name D.L.J Equipment Leasing LTD
 - B. Well Name Sprinkle Federal #3
 - C. Well type and well number SWD #3
 - D. Location by quarter/quarter, section, township, and range NENE, 9-19S-35E
7. A copy of the Underground Injection Control Permit - issued for the injection well by the Environmental Protection Agency or New Mexico Oil Conservation Division where the State has achieved primacy.

Attached: -



Water Analysis Report

11/15/2010

Address:

Customer: OXY USA

Attention: Van Barton/Bubba Harrison

Lease: Federal AA

Formation:

Salesman: Jeromie Pickering

CC:

Target Name: Federal AA 5

Sample Point: Federal AA 5

Sample Date: 06/08/2010

Test Date: 06/14/2010

Water Analysis(mg/L)

Calcium	2486
Magnesium	972
Barium	
Strontium	
Sodium(calc.)	32305
Bicarbonate Alkalinity	512
Sulfate	2369
Chloride	55000
Resistivity	0.0683

Appended Data(mg/L)

CO2	200
H2S	34
Iron	5
Oxygen	
Manganese	

Physical Properties

Ionic Strength(calc.)	1.74
pH(calc.)	6.25
Temperature(°F)	90
Pressure(psia)	50
Density	8.87

Additional Data

Specific Gravity	1.07
Total Dissolved Solids(Mg/L)	93649
Total Hardness(CaCO3 Eq Mg/	10199

Dew Point	
Lead	
Zinc	

Calcite Calculation Information

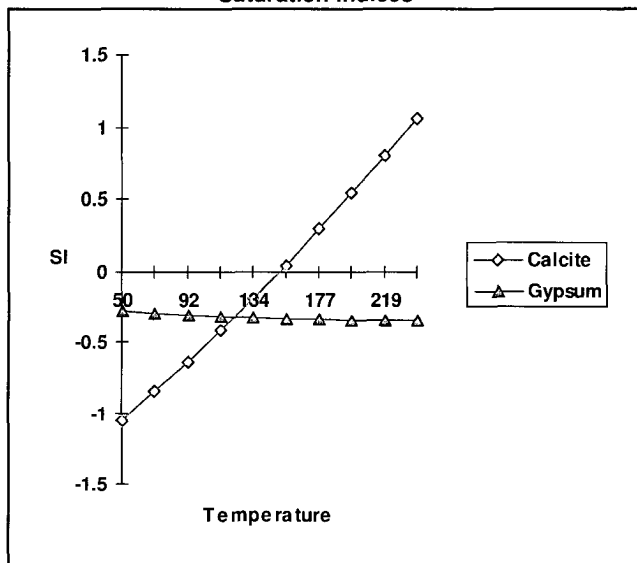
Calculation Method	Value
CO2 in Brine(mg/L)	200

Remarks:

SI & PTB Results

Scale Type	SI	PTB
Calcite (Calcium Carbonate)	-0.66	
Gypsum (Calcium Sulfate)	-0.30	
Hemihydrate (Calcium Sulfate)	-0.32	
Anhydrite (Calcium Sulfate)	-0.41	
Barite (Barium Sulfate)		
Celestite (Strontium Sulfate)		

Saturation Indices



Saturation Index Data Points

	50	71	92	113	134	156	177	198	219	240
Calcite	-1.06	-0.85	-0.64	-0.42	-0.19	0.04	0.29	0.54	0.80	1.06
Gypsum	-0.27	-0.29	-0.30	-0.31	-0.32	-0.33	-0.34	-0.35	-0.35	-0.35

Lab Tech.: *Paula L. McCall*

RECEIVED

2008 AUG 28 PM 3 25

DLJ Equipment Leasing, LTD. Co.

P.O. BOX 2140

HC 60 Artesia Hwy.

575-396-0522 (TEL.)

575-396-0797 (FAX)

August 22, 2008

Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Administrative Order SWD-426-A for Produced Water Disposal,
Lea County, New Mexico

Gentlemen:

Effective July 1, 2008, DLJ Equipment Leasing, LTD. Co. (DLJ) assumed operation of the Sprinkle Federal Well No. 3 (API No. 30-025-28521). The previous operator, Lynx Petroleum Consultants, Inc., received approval on October 4, 2007 to convert this well to a salt water disposal well. DLJ wishes to request that the authority given in the order be transferred to DLJ. Work is expected to begin as soon as authority is given and a rig is available.

If you have any questions, please do not hesitate to call me at 575-392-3575 or Larry Gandy at 575-396-0522.

Sincerely,



Debbie McKelvey, Agent
For Larry Gandy, Principal

JUL-30-08 08:33A Lynx Petroleum
C104ARepor

505 392-7886

Page 1 of 1

Donnell
1025 N. French Dr., Hobbs, NM 88240
Phone: (505) 393-0101 Fax: (505) 393-0720

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-145
Permit 78540

Change of Operator

Previous Operator Information

OXIRID: 13643
Name: LYNX PETROLEUM CONSULTANTS INC.
Address: PO BOX 1708
Address:
City, State, Zip: HOBBS, NM 88241

New Operator Information

Effective Date: 7/1/2008
OXRID: 201405
Name: DJJ EQUIPMENT LEASING LTD. CO.
Address: P.O. BOX 2140
Address:
City, State, Zip: DUVINGTON, NM 88260

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Previous Operator

Signature: Larry R. Scott
Printed Name: Larry R. Scott
Title: President
Date: 07-30-08 Phone: 575-392-6950

New Operator

Signature: Larry Gandy
Printed Name: Larry Gandy
Title: Partner
Date: 07/30/08 Phone: (575) 396-0522

NMOCD Approval

Electronic Signature: Paul Kautz, District 1

Post-It® Fax Note 7671

Date: July 23, 2008

To: <u>OCD</u>	From: <u>Lynx Pet</u>
Co./Dept: <u>Hobbs</u>	Co.:
Phone #:	Phone # <u>392-6950</u>
Fax # <u>393-0720</u>	Fax #:

Jul-30-08 08:33A Lynx Petroleum
C104ARepor

505 392-7886

Page 1 of 1

Dundell
1825 N. Francis Dr., Hobbs, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-6728State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505Form C-143
Permit 78540

Change of Operator

Previous Operator Information

OCRID: 13645
 Name: LYNX PETROLEUM CONSULTANTS INC.
 Address: PO BOX 1706
 Address:
 City, State, Zip: HOBBS, NM 88241

New Operator Information

Effective Date: 7/1/2008
 OCRID: 201405
 Name: OIL EQUIPMENT LEASING LTD. CO.
 Address: P.O. BOX 2140
 Address:
 City, State, Zip: DUVINGTON, NM 88260

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Previous Operator

Signature: Larry R. Scott
 Printed Name: Larry R. Scott
 Title: President
 Date: 07-30-08 Phone: 575-392-6950

New Operator

Signature: Larry Gandy
 Printed Name: Larry Gandy
 Title: Partner
 Date: 07/30/08 Phone: (575) 396-0522

NMOCDD Approval

Electronic Signature: Paul Kautz, District 1

Post-it Fax Note 7671

To: <u>OCD</u>	Date: <u>7/29/2008</u>
Co./Dept: <u>Hobbs</u>	From: <u>Lynx Pet</u>
Phone #: <u>393-0720</u>	Co.:
Fax #: <u>393-0720</u>	Phone #: <u>392-6950</u>
	Fax #:



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

ADMINISTRATIVE ORDER SWD-426-A

APPLICATION OF LYNX PETROLEUM CONSULTANTS, INC. FOR PRODUCED WATER DISPOSAL, LEA COUNTY, NEW MEXICO

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Lynx Petroleum Consultants, Inc. made application to the New Mexico Oil Conservation Division on August 24, 2007, for permission to utilize for commercial produced water disposal its Sprinkle Federal Well No. 3 (API No. 30-025-28521) located 1650 feet from the North line and 460 feet from the East line of Section 9, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico. This well was previously permitted for disposal into the Wolfcamp (Order SWD-426 on June 12, 1991) then plugged back for an attempt to produce the Bone Spring in 2006.

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;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant is hereby authorized to utilize its Sprinkle Federal Well No. 3 (API No. 30-025-28521) located 1650 feet from the North line and 460 feet from the East line of Section 9, Township 19 South, Range 35 East, NMPM, Lea County, New Mexico, in such manner as to permit the injection of produced water for disposal purposes through perforations in the Bone Spring and Wolfcamp formations from 9,544 feet to 10,680 feet; through plastic-lined tubing set

with a packer located within 100 feet of the top of the perforated injection interval.

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.

After installing injection tubing, the casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer.

The wellhead injection pressure on the well shall be limited to **no more than 1,909 psi**. In addition, the injection well or system shall be equipped with a pressure limiting device in workable condition which shall, at all times, limit surface injection pressure to the maximum allowable pressure for this well.

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 injection 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 any 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.

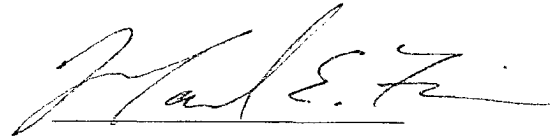
PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall provide written notice of the date of commencement of injection to the Hobbs district office of the Division.

The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Approved at Santa Fe, New Mexico, on October 4, 2007.



MARK E. FESMIRE, P.E.
Director

MEF/wvjj

cc: Oil Conservation Division – Hobbs
Bureau of Land Management - Carlsbad

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

Disposal of Produced Water From Federal Wells
Conditions of Approval

Approval of the produced water disposal methodology is subject to the following conditions of approval:

1. This agency shall be notified of any change in your method or location of disposal.
2. Compliance with all provisions of Onshore Order No. 7.
3. This agency shall be notified of any spill or discharge as required by NTL-3A.
4. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
5. All above ground structures on the lease shall be painted Shale Green (5Y 4/2), or as per approved APD stipulations. This is to be done within 90 days, if you have not already done so.
6. Any on-lease open top storage tanks shall be covered with a protective cover to prevent entry by birds and other wildlife.
7. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
8. If water is transported via a pipeline that extends beyond the lease boundary, then you need to submit within 30 days an application for right-of-way approval to the Realty Section in this office if you have not already done so.
9. Disposal at any other site will require prior approval.
10. Subject to like approval by NMOCD.

9/30/2010