

New Mexico Oil Conservation Division, DISTRICT FORM APPROVED  
UNITED STATES DEPARTMENT OF THE INTERIOR 1625 N. French Drive  
BUREAU OF LAND MANAGEMENT Hobbs, NM 88249 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.**

Lease Serial No.  
NM NM 1737

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Smith & Marrs, Inc.

3a. Address

P.O. Box 863  
Kermit, TX 79745

3b. Phone No. (include area code)

432-586-3076

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

8. Well Name and No.

Federal 17#2

9. API Well No.

30-041-20274

10. Field and Pool or Exploratory Area

Bluff, San Andres (Assoc)

11. Country or Parish, State

Roosevelt Ctr, NM

12. CHECK THE 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☐ Change Plans☐ Plug and Abandon☐ Temporarily Abandon☐ Convert to Injection☐ Plug Back☐ Water DisposalWater Disposal Plan

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 recompletion 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.)

Water Disposal Plan

RECEIVED

MAR 10 2011

HOBBSUOD

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

Terri Jennings

Title

Production Analyst

Signature

Terri Jennings

Date

3-2-2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/S/ DAVID R. GLASS

PETROLEUM ENGINEER

Title

Date

MAR 08 2011

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 these 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)

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

## WATER DISPOSAL ONSHORE ORDER #7

The following information is needed before your method of water disposal can be considered for approval.

1. Name(s) of formation (s) producing water on the lease.  
Bluitt, San Andres (Assoc)
2. Amount of water produced from each formation in barrels per day.  
1/4 to 1/2 BBL per day
3. How water is stored on the lease.  
Storage facility at Battery
4. How water is moved to disposal facility.  
Truck
5. Operator's of disposal facility
  - a. Lease name or well name and number See attachment
  - b. Location by 1/4 1/4 Section, Township, and Range of the disposal system \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  - c. The appropriate NMOCD permit number: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Submit to this office, 2909 W Second St. Roswell, NM 88201, the above required information on a Sundry Notice 3160-5. Submit 1 original and 5 copies, with the abatement period. (This form may be used as an attachment to the Sundry Notice).

## SWD Permit Numbers &amp; Legal Descriptions

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DKD, LLC OGRID #: 210091

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Richardson Fee #2:

McDonald between Tatum &amp; Lovington

API#: 30-0- 2527886

West 1 mile, 1<sup>st</sup> cattle guard and back North

Permit#: 262

PUN #: 120630

POD #: 2809103

Location: K-5-14S-36E 1980 ft. from South line, 1980 ft. from West line

County: Lea

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Vulture:

W on Hwy 457 (16 miles W of Lovington &amp;

API#: 30-0 2527950

N 7 miles on 457)

Permit#: 278

PUN #: 1216168

POD #: 2809164

Location: D-14-15S-33E 300 ft. from North line, 330 ft. from West line

County: Lea

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Watson 6:

by Lovington Airport West of Lovington off of Artesia Hwy

API#: 30-0 2534197

Permit#: 834

PUN #: 1302196

POD #: 2832183

Location: N-6-16S-36E Lot 14 2857 ft. from South line 1417 ft. from West line

County: Lea

**BUREAU OF LAND MANAGEMENT  
Roswell Field Office  
2909 West Second Street  
Roswell, New Mexico 88201  
575-627-0272**

**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. Any on-lease open top storage tanks shall be covered with a wire screen to prevent entry by birds and other wildlife.
6. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
7. 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 for wells in Chaves or Roosevelt County if you have not already done so.