

UNIT STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Form approved  
Budget Bureau No. 1004-0135  
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.  
Use "APPLICATION FOR PERMIT" for such proposals.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input checked="" type="checkbox"/> S.W.D. well	7. UNIT AGREEMENT NAME
2. NAME OF OPERATOR Quince Oil & Gas, Inc.	8. FARM OR LEASE NAME Mac-Federal
3. ADDRESS OF OPERATOR P.O. Box 1714, El Dorado AR 71730	9. WELL NO. #2
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 330' FEL & 990' FSL	10. FIELD AND POOL, OR WILDCAT Cato - San Andres
14. PERMIT NO.	11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec. 6, T-9-S, R-30-E
15. ELEVATIONS (Show whether DF, RT, GR, etc.) 4125 GR	12. COUNTY OR PARISH Chaves
	13. STATE New Mexico

Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF

PULL OR ALTER CASING

WATER SHUT-OFF

REPAIRING WELL

FRACTURE TREAT

MULTIPLE COMPLETE

FRACTURE TREATMENT

ALTERING CASING

SHOOT OR ACIDIZE

ABANDON\*

SHOOTING OR ACIDIZING

ABANDONMENT\*

REPAIR WELL

CHANGE PLANS

(Other)

(Other)

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

We intend to convert this well into a Saltwater disposal well. This well is presently in Temporary abandonment. We intend to inject water from our Mac Federal #1 well, located in Sec. 6, T-9-S, R-30-E, and our Marshall #1 well, located in Sec. 6, T-9-S, R-30-E. We would like to inject this produced saltwater into our present San Andres perforations from 3247' - 3273'. We will run 2 3/4" tubing with a 4 1/2" - Cherokee Model "R" packer to 3200' to seal annulus and control subsurface injection of fluids. No additional stimulation will be used. We would like to begin this project immediately upon your approval, and the approval of the NMOCC.

18. I hereby certify that the foregoing is true and correct

SIGNED

TITLE

DATE

(This space for Federal or State office use)

APPROVED BY

TITLE

CONDITIONS OF APPROVAL, IF ANY:

SUBJECT TO LIKE  
APPROVAL BY STATE

\*See Instructions on Reverse Side

APPROVED  
DATE  
PETER W. CHESTER

JUL 2 1987

BUREAU OF LAND MANAGEMENT  
NEWELL RESOURCE AREA

RECEIVED  
JUL 10 1987  
HONORS OFFICE

BLM Serial Number NM-25478  
Well Name Mac Fed. #2  
Legal Description Sec. 6, T9S, R30E

STANDARD STIPULATIONS FOR SALT WATER DISPOSAL WELLS  
IN THE ROSWELL DISTRICT, BLM

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. This permit is subject to all terms, conditions, and stipulations of the NMOCD approval and applicable Roswell District General Requirements for Oil and Gas Operations on Federal Leases (copy attached).

2. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant and for all response costs, penalties, damages, claims, and other costs arising from the provisions of the Resource Conservation and Recovery Act (RCRA), 42 U.S.C. Chap. 82, Section 6901 et. seq., the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Chap. 109, Sec. 9601 et. seq. and other applicable environmental statutes.

3. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2920.7(f). The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from hazardous or toxic materials, spills, or contamination of surface or subsurface resources caused or substantially aggravated by any of the following within the right-of-way or permit area:

a. Activities of the holder including, but not limited to, construction, operation, maintenance, and termination of the facility.

b. Activities of other parties including, but not limited to:

- (1) Land clearing.
- (2) Earth-disturbing and earth-moving work.
- (3) Blasting.
- (4) Vandalism and sabotage.

The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from the negligent acts or omissions of the United States.

4. As a guarantee of faithful performance of the provisions of this permit, the holder agrees to deliver and maintain a surety bond in the amount of twenty-five thousand dollars (\$25,000). Should the sureties or the bonds delivered under this permit become unsatisfactory to the Bureau, the holder shall, within thirty (30) days of demand, furnish a new bond with surety.

The holder may deposit in a Federal depository as directed by the Bureau, and maintain therein, cash in the amounts provided for above, or negotiable securities of the United States having a market value at time of deposit of not less than the dollar amounts provided above.

5. Holder agrees to secure the prior approval of the Authorized Officer, before commencing any operations such as: drilling out cement plugs, cementing operations, perforating, using explosive or hydraulic fracturing, deepening, altering, or pulling a portion of the well's casing, plugging operations, or any other operation affecting the well.

6. If, during any phase of the construction, operation, maintenance, or termination of the facility, any oil, salt water, or other pollutant should be discharged from the facility, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damage resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including where appropriate, the aquatic environment and fish and wildlife habitats at the full expense of the holder. Leaks or spills occurring at a frequency deemed unreasonable by the Authorized Officer will constitute sufficient grounds for the cancellation of this permit. Such action by Authorized Officer shall not relieve the holder of any responsibility as provided herein.

7. Holder agrees to use the well solely for salt water disposal. No oil, sludge, drilling fluids, chemical, or any other material considered hazardous under the guidelines of CERCLA and RCRA shall be injected.

8. At any time deemed necessary by the Authorized Officer, earthen dikes shall be constructed and maintained around all tanks, vessels, and storage facilities. These dikes shall be designed to contain at least 150 percent of the contents of the facility.

9. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

10. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" - Carlsbad Canyon, Munsell Soil Color No. 2.5Y 6/2 (formerly Sandstone Brown); designated by the Rocky Mountain Five State Interagency Committee.

11. Holder will post a sign in a permanent, conspicuous place at the site. At a minimum, the sign will state holder's name, well name, BLM serial number, and legal location. The sign will be maintained in a legible condition for the life of the facility.

12. Upon cancellation, relinquishment, or expiration of this permit, the holder will comply with those abandonment procedures, including plugging, as prescribed by the Authorized Officer.

13. Special Stipulations:

- a. If, upon expiration, termination, abandonment, or assignment of the oil and gas lease, Qumanico Oil and Gas, Inc. continues to utilize the well for salt water disposal a new right-of-way authorization, including additional bonding in accordance with stipulation #4 will be required.

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BY

(July 1986)

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DATE

RECEIVED  
JUL 10 1987  
HOBBS OFFICE