

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

2. Name of Operator

KTO Energy Inc.

3a. Address

2700 Farmington Ave., Bldg. K, Ste 1 Farmington

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

815' FSL & 2515' FWL SEC 3-T30N-R12W

3b. Phone No. (include area code)

505-324-1090

5. Lease Serial No.

NMSF081239

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

LC KELLY #20

9. API Well No.

30-045-33441

10. Field and Pool, or Exploratory Area

BASIN DAKOTA

BLANCO MESAVERDE

11. County or Parish, State

SAN JUAN

NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☐ Notice of Intent

☒ Subsequent Report

☐ Final Abandonment Notice

TYPE OF ACTION

☐ 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 SPUD, TD

SET PROD CSG

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 shall 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 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 final site is ready for final inspection.)

KTO Energy Inc. spudded 12-1/4" surf hole @ 2:00 a.m., 5/5/2006. RIH w/8-5/8", 24#, J-55 csg to 377' KB. Cmt w/260 sx Type III cmt w/3% CaCl2 & 1/4 pps Celloflakes (15.2 ppg & 1.28 cuft/sx). Circ 15 bbls cmt to surf. PT surf csg to 1000 psig f/30 min. Held OK.

Reached driller's TD of 7068' KB @ 2:30 p.m., 5/11/06.

RIH w/5-1/2" 15.5#, J-55, LT&C csg to 7049' KB. Cmt 1st stage w/336 sx Class G cmt w/2% CaCl2, 0.2% CD-32, 1/4 pps Celloflakes, 0.5% FL-52 & 2% Phenoseal (12.5 ppg & 2.01 cuft/sx) f/b 153 sx Class B cmt w/0.3% CD-32, 1/4 pps Celloflakes, 0.2% FL-52 & 2% Phenoseal (14.2 ppg & 1.52 cuft/sx). Cmt 2nd stage w/460 sx Class G cmt w/8% Bentonite, 1/4 pps Celloflakes & 2% Phenoseal (11.9 ppg & 2.6 cuft/sx) f/b 100 sx Type B neat cmt (14.5 ppg & 1.39 cuft/sx). Circ 40 bbls cmt to surf.

\*\*Production casing will be tested upon completion.\*\*

Report to 15<sup>th</sup> stage

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

LORRI D. BINGHAM

Title

REGULATORY COMPLIANCE TECH

Date 7/12/06

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

JUL 19 2006

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

FARMINGTON FIELD OFFICE

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes 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.

NMOCD