Form 3160-5
(August 1999)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE – Other instructions on reverse side

5. Lease Serial No.
NM 4452

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

8. Well Name and No.
Schalk 52 #6A

2. Name of Operator
Schalk Development Company c/o Walsh Engineering

9. API Well No.
30-039-26756

3a. Address
7415 E. Main, Farmington, NM, 87402

3b. Phone No. *(include area code)*
505-327-4892

10. Field and Pool, or Exploratory Area
Blanco Mesa Verde

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
2480 FSL and 690' FWL, Sec. 24, T29N, R5W

11. County or Parish, State
Rio Arriba, NM

12. CHECK 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 Disposal	

13. Describe Proposed or Completed Operations (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 recomplete 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 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.)

Schalk Development proposes to change the surface pipe size from 9-5/8" to 8-5/8", 24#, J-55. The production hole will be mud drilled with a 7-7/8" bit and 4-1/2", 10.5#, J-55 casing will be set and cemented to surface in two stages. The casing and cementing program is described on the attached operations plan.

JUN 04 2002

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

Name *(Printed/Typed)*
Paul C. Thompson, P.E.

Title
Agent

Signature
Paul C. Thompson

Date
May 22, 2002

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

Date
JUN 04 2002

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
BY

Title 18 U.S.C. Section 1001, 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 reverse)

NMOCD

SCHALK DEVELOPMENT CORPORATION
OPERATIONS PLAN
Schalk 52 #6A

I. Surface Location: 2480' FSL & 690' FWL Sec 24 T290N R5W Rio Arriba County, NM

Date: May 22, 2002

Field: Blanco Mesa Verde
Surface: Carson Nat'l Forest
Minerals: NM-4452

Elev: GL 6495'

II. Geology: Surface formation _ Nacimiento

A. Formation Tops

	TVD	MD
Ojo Alamo	2585'	2697'
Kirtland	2825'	2952'
Fruitland	3170'	3311'
Pictured Cliffs	3435'	3575'
Lewis	3530'	3675'
Cliff House	5328'	5473'
Point Lookout	5634'	5780'
Total Depth	5850'	5995'

Estimated depths of anticipated water, oil, gas, and other mineral bearing formations which are expected to be encountered:

Water and gas - 3311', 3575', 5473', 5780'.

B. Logging Program: CDL/CNL/GR/SP DIL logs at TD.

C. No over pressured zones are expected in this well. No H_2S zones will be penetrated in this well. Max. BHP = 2500 psig.

III. Drilling

A. Contractor:

B. Mud Program:

The surface hole will be drilled with a fresh water mud.

The production hole will be drilled with a fresh water polymer mud. The weighting material will be drill solids or if conditions dictate, barite. The maximum mud weight expected is 8.5 ppg.

C. Minimum Blowout Control Specifications:

Double ram type 2000 psi working pressure BOP with a rotating head. See the attached exhibits (#1 and #2) for details on the BOP equipment. All ram type preventers and related equipment will be hydraulically tested at nipple-up and after any use under pressure to 1500 psi.

The blind rams will be hydraulically activated and checked for operational readiness each time pipe is pulled out of the hole. All checks of the BOP stack and equipment will be noted on the daily drilling report. The BOP equipment will include a kelly cock, floor safety valve, and choke manifold all rated to 2000 psi.

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IV. Materials

A. Casing Program:

Hole Size	Depth	Casing Size	Wt. & Grade
12-1/4"	200'	8-5/8"	24# J-55
7-7/8"	5995'	4-1/2"	10.5# J-55

B. Float Equipment:

a) Surface Casing: Notched collar and 3 centralizers on the bottom 3 collars.

b) Production Casing: Cement-nosed guide shoe and float collar on top of the bottom joint. Place the DV tool at approximately 3775' MD. Place 10 centralizers on every other collar starting at the float, and a turbolizers above and below the DV tool and on every third collar starting at 2950' to the surface.

V. Cementing:

Surface casing: 8-5/8" - Use 140 sx (165 cu. ft.) of Cl "B" with 3% $CaCl_2$, and ¼ #/sk. celloflake. (Yield = 1.18 cu. ft./sk; slurry weight = 15.6 PPG). 100% excess to circulate cement to surface. WOC 12 hours. Pressure test surface casing to 1500 psi for 30 min.

Production casing: 4-1/2" - 1st Stage: Lead with 210 sx (439 cu. ft.) of Type III 65/35 poz with 8% gel, 1% $CaCl_2$, and ¼ #/sk. celloflake. Yield = 2.09 cu. ft./sk; slurry weight = 12.3 PPG). **Tail** with 100 sx (139 cu. ft.) of Type III with 1% $CaCl_2$, and ¼ #/sk. celloflake. (Yield = 1.39 cu. ft./sk; slurry weight = 14.5 PPG). Total volume = 578 cu.ft. Use 75% excess in lead and tail to circulate cement to the DV tool at 3775' MD.

2nd Stage: Lead with 400 sx (836 cu. ft.) of Type III 65/35 poz with 8% gel, 1% $CaCl_2$, and ¼ #/sk. celloflake. Yield = 2.09 cu. ft./sk; slurry weight = 12.3 PPG). **Tail** with 100 sx (139 cu. ft.) of Type III with 1% $CaCl_2$, and ¼ #/sk. celloflake. (Yield = 1.39 cu. ft./sk; slurry weight = 14.5 PPG). Total volume = 975 cu.ft. Use 75% excess in lead and tail to circulate cement to surface.

Paul C. Thompson, P.E.

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