UNITED STATES FORM APPROVED DEPARTMENT OF THE INTERIOR Budget Bureau No. 1004-0135 Form 3160-5 BUREAU OF LAND MANAGEMENT Expires March 31, 1993 (June 1990) 5. Lease Designation and Serial No. SUNDRY NOTICES AND REPORTS ON WELLS NMNM-013885 Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. Use "APPLICATION FOR PERMIT -" for such proposals Faithful 6. If Indian, Allottee or Tribe Name SUBMIT IN TRIPLICATE 1. Type of Well 7. If Unit or CA, Agreement Designation Oil Well Gas Well Other 8. Well Name and No. 2. Name of Operator Federal #1 Synergy Operating, LLC 9. API Well No. 3. Address and Telephone No. 30-045-22723 PO Box 5513 (505) 325-5449 Farmington, NM 87499 10. Field and Pool, or Exploratory Fulcher Kutz PC (Gas) 4. Location of Well (Footage, Sec, T. R., M, or Survey Description) **Pictured Cliffs** 888' FNL, 1678' FWL, Sec 24, T29N - R12W 11. County or Parish, State San Juan County **New Mexico** 12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Notice of Intent **Abandoment** Change of Plans **New Construction** Recompletion Subsequent Report **Plugging Back** Non-Routine Fracturing Water Shut-Off Casing Repair **Final Abandonment Notice** Attering Casing Converion to Injection Other Dispose Water 13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including, estimated date of starting work. If well is directionally drilled give subsurface locations and measured and true vertical depths for all markers and zones of pertinent to this work. BD Well. X-O Wellhead from 1500# head to 3000# head w/ gate valves. Kill well. COOH laying down 49 Jts 1-1/4" 2/19/2004 2.4# EUE tubing from 1610'. X-O tools to 2-3/8". GIH w/ 4-1/2" scraper on 50 Jts of yellowband 2-3/8" tubing. Tally & Drift in. Drain pumps and Lines. 2/20/2004 GIH w/ 6 Jts. Tag PBTD @ 1706'. COOH w/ scaper. MU 4-1/2" Baker RBP. GIH and set RBP @ 1577'. Load hole from bottom. PT Casing and RBP to 250#, 15 mins. No Bleed Off. COOH w/ setting tool. Load Hole. Calibrate tools. RIH w/ GR-CCL-CBL and log well from PBTD of 1577 to surface under 500 psi pressure. Good Bond. Top of Cement at 270'. Pressure Test Casing to 2600 psi. Good. GIH w/ retreiving head on 2-3/8". Equalize RBP, and COOH with RBP from 1577". PT Lines to 4500 psi. Pump 1300 gals 15% HCI acid with 100 7/8" Bio-Ball Sealers, displace with Flowback 20 in 2% KCl water. Good Acid Effect. Some Ball Action. Max Rate 5 BPM, Max Pressure 398#. ISIP = Zero. Total Fluid to recover approximately 135 bbls, w/ prior PT & Kill Fluids. RD BJ. GIH w/ 2-3/8" Production Tubing. Land 52 Jts & 3 subs 2-3/8" Tubing at 1632' KB, SN @ 1630'. 2/21/2004 RU Swab Tools. Make total of 12 Swab Runs. Recover an estimated 5 bbls of 135 bbls. 130 bbls remaining Load to Recover. Tagging Fluid Level at 1400'. Preparation for Fruitland Coal Recompletion and commingle. 14. I hereby certify that OR RECORD 03-01-2004 Signed: Thomas E. Mullins MAR 1 9 2003 This space for federal or state office use Approved 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, ficticious, or fraudulent statements or representations as to any matter within its jurisdiction

Conditions of approval if any