

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires January 31, 2004

**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 <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM 23041
2. Name of Operator SCHALK DEVELOPMENT CO.		6. If Indian, Allottee or Tribe Name
3a. Address P.O. Box 25825/Albuquerque, NM 87125	3b. Phone No. (include area code) (505) 882-6649	7. If Unit or CA/Agreement, Name and/or No. NM 76013
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FSL & 1,975' FWL, Sec. 8, T-25N, R-3W		8. Well Name and No. SCHALK 41 #2B
		9. API Well No. 3003926441
		10. Field and Pool, or Exploratory Area BLANCO MESA VERDE
		11. County or Parish, State RIO ARRIBA COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input checked="" type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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 recompleate 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 recompleation 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.)

We propose to complete this Mesa Verde well in the Cliffhouse section of the Mesa Verde formation. The work will be performed as follows:

- 1) Set removeable bridge plug above existing Point Lookout perforations.
- 2) Spot 250 gallons 7.5% HCL and perforate 5,307-11, 5,317-20', 5,326-29, 5,366-68, and 5,369-71 two shots per foot.
- 3) Fracture with 70% N2 Foam Frac with linear gel and 50,000 lbs. 20/40 sand. Volumes may be increased, but maximum sand would not exceed 90,000 lbs.
- 4) Clean well and remove bridge plug. Produce entire Mesa Verde section (Point Lookout and Cliffhouse).

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Steve Schalk	Title General Manager
Signature 	Date August 2, 2004

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by /s/ David R. Sitzler	Division of Multi-Resources	Date AUG 17 2004
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		

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 reverse)