

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

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

5 Lease Serial No
RCVD SEP 21 '07

6 If Indian, Allottee or Tribe Name
OIL CONS. DIV.

7 If Unit or CA/Agreement, Name and/or N
DIST. 3

8 Well Name and No
Federal #100B

9 API Well No
30-045-33619

10. Field and Pool, or Exploratory Area
Basin Dakota & Blanco MV

11 County or Parish, State
San Juan County, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

RECEIVED

SEP 19 2007

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

2 Name of Operator
Basin Minerals Operating Company c/o Walsh Engineering

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

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

4 Location of Well (Footage, Sec., T., R., M., or Survey Description)
2505 FNL and 660 FWL, Section 27, T31N, R11W

**Bureau of Land Management
Farmington Field Office**

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 Downhole
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	☐ Commingle
	☐ 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 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 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.)

Basin Minerals Operating Company received administrative approval from the NMOCD to downhole commingle the production from the Basin Dakota pool and the Blanco Mesa Verde pool (DHC 2458 AZ). Not enough data was collected during the production tests to make a reasonable production estimate for allocation purposes. Basin Minerals proposes to allocate the production based on the average reserves from the offset MV and DK wells in the adjacent nine sections. Please refer to the attached application. Basin proposes to allocate 67.4% of the gas and 52.8% of the oil to the Mesa Verde and 32.6% of the gas and 47.2% of the oil to the Dakota.

ACCEPTED FOR RECORD

SEP 20 2007

FARMINGTON FIELD OFFICE

W. Joe Herriott

14 I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Paul C. Thompson, P.E.	Title Agent
Signature <i>Paul C. Thompson</i>	Date September 17, 2007

THIS SPACE FOR FEDERAL OR STATE USE

Approved by	Title Geo	Date 9-20-07
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 FFD	

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

Fiscal CashFlow Report

Project: c:\program files\lhrs energy\powertools v8.0\projects\federal #100b.mdb

Summary Lease Report **DAKOTA OFFSET**

Date	Well Count	Gross Production		Net Production		Average Prices		Sales Total (\$)
		Oil (Bbl)	Gas (Mcf)	Oil (Bbl)	Gas (Mcf)	Oil (\$/Bbl)	Gas (\$/Mcf)	
03/2007	12	2,516	760,433	2,013	608,346	40.00	6.00	3,730,590
03/2008	12	1,793	518,954	1,435	415,163	40.00	6.00	2,548,365
03/2009	12	1,282	353,347	1,025	282,678	40.00	6.00	1,737,086
03/2010	11	990	262,593	792	210,075	40.00	6.00	1,292,138
03/2011	11	812	209,137	650	167,309	40.00	6.00	1,029,847
03/2012	10	679	172,390	543	137,912	40.00	6.00	849,208
03/2013	9	480	145,439	384	116,351	40.00	6.00	713,483
03/2014	8	293	124,531	234	99,625	40.00	6.00	607,119
03/2015	7	245	109,625	196	87,700	40.00	6.00	534,050
03/2016	6	190	96,347	152	77,078	40.00	6.00	468,559
03/2017	6	156	85,500	125	68,400	40.00	6.00	415,398
03/2018	6	139	76,709	111	61,367	40.00	6.00	372,643
03/2019	6	124	68,984	99	55,187	40.00	6.00	335,079
03/2020	6	110	62,185	88	49,748	40.00	6.00	302,022
03/2021	6	99	56,193	79	44,954	40.00	6.00	272,887
Remainder:		660	804,028	528	643,223	40.00	6.00	3,880,464
Grand Total:		10,570	3,906,395	8,456	3,125,116	40.00	6.00	19,088,939

Date	Operating Expenses (\$)	Taxes (\$)	Operating Income (\$)	Other Costs (\$)	Periodic Cash Flow (\$)	Cumulative Cash Flow (\$)	10% Cash Flow (\$)
03/2007	144,000	295,525	3,291,066	0	3,291,066	3,291,066	3,134,272
03/2008	144,000	201,852	2,202,513	0	2,202,513	5,493,579	1,908,930
03/2009	144,000	137,576	1,455,510	0	1,455,510	6,949,088	1,146,077
03/2010	136,000	102,326	1,053,812	0	1,053,812	8,002,900	753,851
03/2011	132,000	81,549	816,298	0	816,298	8,819,199	530,664
03/2012	125,000	67,242	656,966	0	656,966	9,476,165	388,150
03/2013	108,000	56,520	548,963	0	548,963	10,025,127	294,781
03/2014	90,000	48,126	468,993	0	468,993	10,494,121	228,905
03/2015	84,000	42,337	407,714	0	407,714	10,901,834	180,896
03/2016	76,000	37,152	355,407	0	355,407	11,257,242	143,350
03/2017	72,000	32,940	310,458	0	310,458	11,567,699	113,836
03/2018	72,000	29,550	271,093	0	271,093	11,838,792	90,366
03/2019	72,000	26,572	236,507	0	236,507	12,075,300	71,671
03/2020	72,000	23,951	206,072	0	206,072	12,281,371	56,771
03/2021	72,000	21,640	179,247	0	179,247	12,460,618	44,893
Remainder:	1,470,000	307,929	2,102,534	0	2,102,534	14,563,152	189,601
Grand Total:	3,013,000	1,512,787	14,563,152	0	14,563,152	14,563,152	9,277,016

Discount Present Worth:

0.00 %	14,563,152
10.00 %	9,277,016
20.00 %	7,355,367
30.00 %	6,247,387
40.00 %	5,507,137
50.00 %	4,970,093
60.00 %	4,559,078
70.00 %	4,232,435
80.00 %	3,965,447
90.00 %	3,742,405
100.00 %	3,552,792

Economic Dates:

Effective Date	04/2006
Calculated Limit	03/2106
Economic Life	1200 Months
	100 Years 0 Months

Economics Information:

Net Payout Date:	04/2006
Rate of Return:	>100 %
Return on Investment:	0.00
Disc Return on Invest:	0.00

Economics Summary:

	Bbl Oil	Mcf Gas
Ultimate Gross	34,574	11,926,714
Historic Gross	26,854	8,883,056
Gross at Eff Date	24,004	8,020,319
Remaining Gross	10,570	3,906,395
Remaining Net	8,456	3,125,116

34,574 / 12 WELLS
2,881 BBL / WELL

11,926,714 / 12 WELLS
993,892 MCF / WELL
x 1.02
1,014,000 MMBtu / WELL

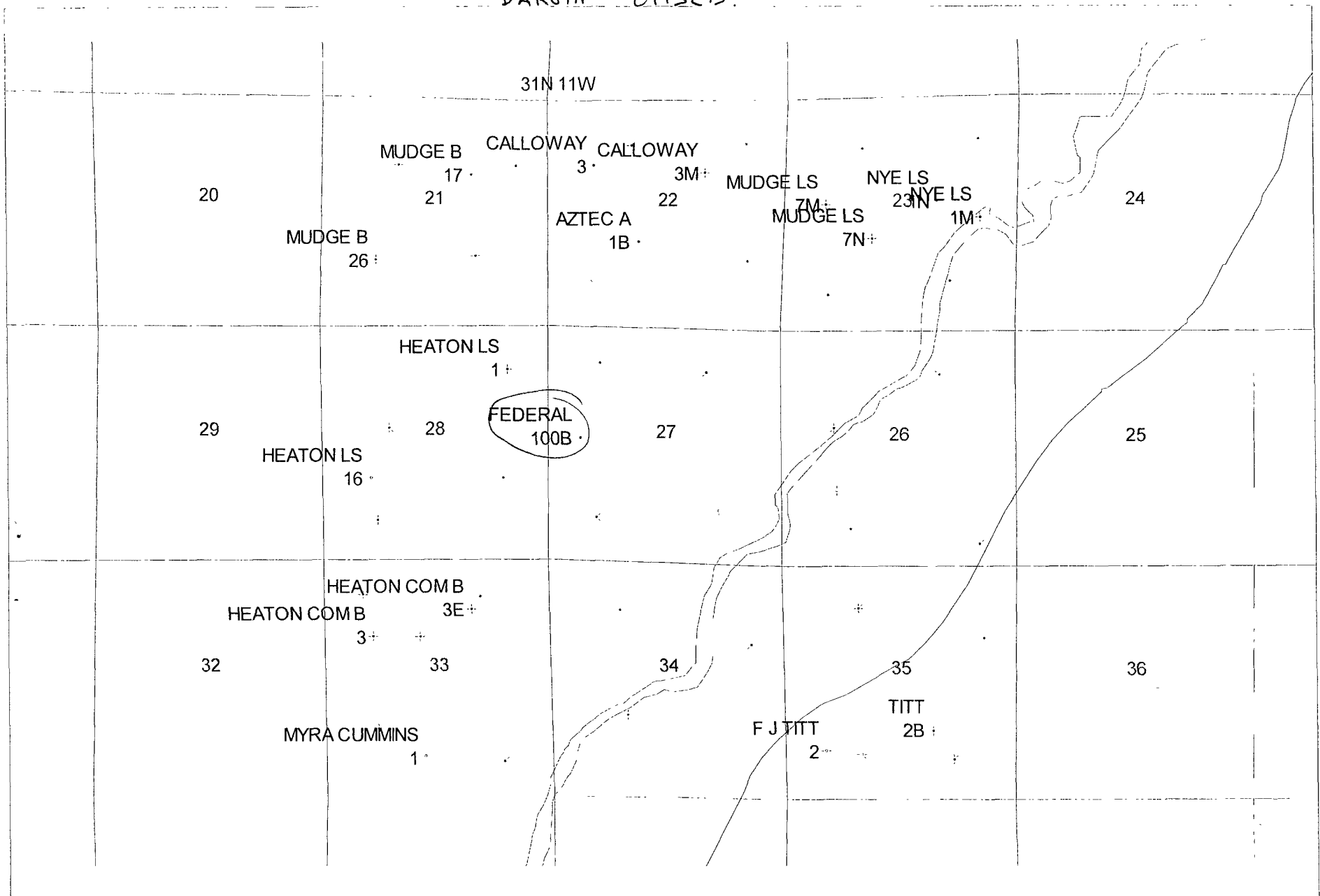
PowerTools Map

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DAKOTA OFFSETS.



Fiscal CashFlow Report

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Summary Lease Report

MESA VERDE OFFSETS.

Date	Well Count	Gross Production		Net Production		Average Prices		Sales Total (\$)
		Oil (Bbl)	Gas (Mcf)	Oil (Bbl)	Gas (Mcf)	Oil (\$/Bbl)	Gas (\$/Mcf)	
03/2007	42	3,630	1,696,290	2,904	1,357,032	40.00	6.00	8,258,352
03/2008	42	3,478	1,498,583	2,782	1,198,866	40.00	6.00	7,304,488
03/2009	42	2,956	1,176,888	2,365	941,510	40.00	6.00	5,743,657
03/2010	41	2,491	964,838	1,993	771,871	40.00	6.00	4,710,948
03/2011	39	2,131	812,208	1,705	649,767	40.00	6.00	3,966,782
03/2012	36	1,604	695,729	1,283	556,583	40.00	6.00	3,390,833
03/2013	35	1,381	604,865	1,105	483,892	40.00	6.00	2,947,548
03/2014	34	1,249	530,350	999	424,280	40.00	6.00	2,585,651
03/2015	33	1,096	467,214	876	373,771	40.00	6.00	2,277,682
03/2016	31	974	411,222	779	328,977	40.00	6.00	2,005,042
03/2017	31	892	366,665	714	293,332	40.00	6.00	1,788,537
03/2018	30	821	325,722	657	260,578	40.00	6.00	1,589,739
03/2019	27	726	287,994	581	230,396	40.00	6.00	1,405,620
03/2020	27	658	259,398	526	207,518	40.00	6.00	1,266,150
03/2021	27	610	234,797	488	187,838	40.00	6.00	1,146,542
Remainder:		3,370	1,949,194	2,696	1,559,355	40.00	6.00	9,463,969
Grand Total:		28,067	12,281,957	22,454	9,825,566	40.00	6.00	59,851,540

Date	Operating Expenses (\$)	Taxes (\$)	Operating Income (\$)	Other Costs (\$)	Periodic Cash Flow (\$)	Cumulative Cash Flow (\$)	10% Cash Flow (\$)
03/2007	504,000	654,726	7,099,626	0	7,099,626	7,099,626	6,731,431
03/2008	504,000	579,030	6,221,458	0	6,221,458	13,321,084	5,385,597
03/2009	504,000	455,242	4,784,415	0	4,784,415	18,105,499	3,763,504
03/2010	490,000	373,372	3,847,576	0	3,847,576	21,953,075	2,750,668
03/2011	466,000	314,383	3,186,399	0	3,186,399	25,139,474	2,070,529
03/2012	432,000	268,796	2,690,037	0	2,690,037	27,829,511	1,588,875
03/2013	417,000	233,660	2,296,888	0	2,296,888	30,126,399	1,233,263
03/2014	408,000	204,961	1,972,690	0	1,972,690	32,099,089	962,867
03/2015	397,000	180,550	1,700,132	0	1,700,132	33,799,222	754,371
03/2016	374,000	158,935	1,472,107	0	1,472,107	35,271,329	593,792
03/2017	370,000	141,767	1,276,770	0	1,276,770	36,548,099	468,183
03/2018	355,000	126,002	1,108,737	0	1,108,737	37,656,835	369,599
03/2019	329,000	111,409	965,211	0	965,211	38,622,046	292,494
03/2020	324,000	100,353	841,797	0	841,797	39,463,843	231,909
03/2021	324,000	90,870	731,672	0	731,672	40,195,515	183,252
Remainder:	3,609,000	750,523	5,104,447	0	5,104,447	45,299,962	678,200
Grand Total:	9,807,000	4,744,578	45,299,962	0	45,299,962	45,299,962	28,058,535

Discount Present Worth:

0.00 %	45,299,962
10.00 %	28,058,535
20.00 %	21,068,866
30.00 %	17,180,543
40.00 %	14,676,713
50.00 %	12,917,509
60.00 %	11,607,449
70.00 %	10,590,387
80.00 %	9,775,683
90.00 %	9,106,945
100.00 %	8,547,160

Economic Dates:

Effective Date	04/2006
Calculated Limit	05/2077
Economic Life	854 Months
	71 Years 2 Months

Economics Information:

Net Payout Date:	04/2006
Rate of Return:	>100 %
Return on Investment:	0.00
Disc Return on Invest:	0.00

Economics Summary:

	Bbl Oil	Mcf Gas
Ultimate Gross	135,610	73,226,570
Historic Gross	111,729	62,920,931
Gross at Eff Date	107,543	60,944,613
Remaining Gross	28,067	12,281,957
Remaining Net	22,454	9,825,566

*135,610 / 42 WELLS**3,229 BBL/WELL**73,226,570 / 42 WELLS**1,719,680 MCF/WELL**x 1.22**2,098 MMBtu/WELL*

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