

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.

NMSF-078046

6. If Indian, Allottee or Tribe Name

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

OIL CONS. DIV. DIST 3

8. Well Name and No.

BW Federal 29-29-8 #101

9. API Well No

30-045-31180

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan County, NM

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Kukui Operating Company

3a. Address

PO Box 369, Ignacio, CO 81137

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

Unit D; 825 FNL, 772 FWL; Sec 29, T29N, R8W, NMPM, San Juan County

JAN 28 2008

Director of Land Management
Fruitland Field Office

3b. Phone No. (include area code)

970-563-5100

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

Shut well in

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.)

Kukui Operating Company proposed producing this well as a ~~1300~~ infill to the Hughes 29L #1.

This proposal was based on Rule 7 (d) of R-8768-F (Well Density) of the "Special Pool Rules and Regulations for the Basin-Fruitland Coal Gas Pool" which allows 2 wells per 320 acre unit in opposite quarter sections. The proposal was denied by NMOCD because BW Federal 29-29-8 #101 is a horizontal well with a TD in the same 1/4 section as the Hughes 29L #1. Kukui Operating Company intends to shut in the BW Federal 29-29-8 #101 to produce the Hughes 29L #1 based on it's historically higher production rate.

THIS APPROVAL EXPIRES 2/1/09

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

Name (Printed/Typed)

Dusty Mars

Title

Petroleum Engineer

Signature

Date

October 23, 2007

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Original Signed: Stephen Mason

Title

Date

JAN 29 2008

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, make it a crime for any person knowingly and willfully to make to any department or agency of the United States false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

NMOCD