

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

MAY 14 2008

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

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No NM 0960222
2. Name of Operator Running Horse, LLC c/o Walsh Engineering & Production Corp.		6. If Indian, Allottee or Tribe Name
3a. Address 7415 E. Main, Farmington, NM, 87402	3b. Phone No. (include area code) 505-327-4892	7. If Unit or CA/Agreement, Name and/or No
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1650' FSL and 990' FWL, Sec. 17, T26N, R12W		8. Well Name and No Fusselman Federal #1
		9. API Well No. 30-045-21490
		10. Field and Pool, or Exploratory Area Basin Fruitland Coal
		11. County or Parish, State San Juan, 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 type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input checked="" 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 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 recompleat 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.)

Running Horse, LLC. Plans to repair the casing on this well according to the attached procedure.

RCVD MAY 16 '08

OIL CONS. DIV.

DIST. 3

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 May 13, 2008

THIS SPACE FOR FEDERAL OR STATE USE

Approved by Original Signed: Stephen Mason	Title Date MAY 14 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 any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

NMOCDB

Walsh Engineering and Production

Workover Procedure for Running Horse, LLC Fusselman Federal #1

Location: SW/4 Sec 17 T26N R12W
San Juan County, NM

Date: May 12, 2008

Field: Basin Fruitland Coal
Surface: Federal
Minerals: BLM SF 0560222

Elev: GL 5963'
4-1/2" 10.5# @ 1242'
PBD 1080' CIBP
Perfs: 1066' - 1076'
2-3/8" - 974'

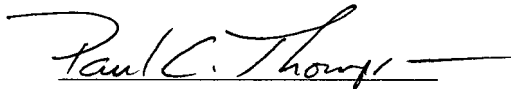
Objective: Repair Bradenhead leak.

Procedure:

Before the rig arrives, dig, line, and fence, a 12' X 12' workover pit.

1. Move on location and rig up a completion rig. Hold safety meeting and explain the procedure to the crew.
2. Nipple up a 2-3/8" relief line to the pit. Blow well down and kill with water if necessary.
3. Nipple down the wellhead and nipple up a BOP. Tally out of the hole with the 2-3/8" tubing.
4. Pick up a 4-1/2" RBP and packer on the 2-3/8" tubing and TIH. Set the RBP above the top perf at approximately 1000'. POH with one joint and set the packer in tension. Pressure test the RBP and packer to 1,000 psi. Pressure test the annulus to 1,000 psi.
5. Move the packer up hole and try to determine the location of the casing leak. Attempt to circulate the well via the bradenhead valve. If a hole is located, spot 5 sx of sand on top of the RBP.
6. Set the packer 200' above the casing leak. Squeeze the hole with enough Type 5 cement to circulate the bradenhead. Close the bradenhead valve and hesitate squeeze to a maximum pressure of 2,000 psi. Leave at least 50' of cement in the casing. Release the packer and circulate the tubing clean. POH with 4 joints of tubing and reset the packer. Re-pressure the squeeze to 2,000 psi and WOC.

7. TOH and lay down the packer. Pick up a 3-7/8" blade bit on six 3-1/8" drill collars and 2-3/8" tubing and drill out the cement. Pressure test the squeeze to 1,000 psi. Re-squeeze if necessary.
8. TOH and lay down the bit. Pick up the retrieving head and TIH to the RBP. Circulate the sand off the RBP and retrieve the RBP.
9. TIH with the 2-3/8" tubing with a standard seating nipple on bottom. Clean out the well to PBTD at 1080'.
10. Pull up and land the tubing at approximately 1060'. Nipple down the BOP and nipple up the wellhead.
11. Swab the well in and return the well to production. Rig down and release the rig.

A handwritten signature in black ink, reading "Paul C. Thompson", followed by a horizontal line.

Paul C. Thompson, P.E.