

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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 to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

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| 1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. NMSF078543 |
| 2. Name of Operator PHILLIPS PETROLEUM COMPANY | | 6. If Indian, Allottee or Tribe Name |
| 3a. Address 5525 HWY. 64 FARMINGTON, NM 87401 | | 7. If Unit or CA/Agreement, Name and/or No. NNMN7844423D |
| 3b. Phone No. (include area code) Ph: 505.599.3454 Fx: 505-599-3442 | | 8. Well Name and No. SAN JUAN 32-7 UNIT 48 |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 35 T32N R7W Mer NWNW 900FNL 1030FWL | | 9. API Well No. 30-045-22983 |
| | | 10. Field and Pool, or Exploratory S. LOS PINOS FRUITLAND PC |
| | | 11. County or Parish, and State SAN JUAN 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 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 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 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.)

On 4/19/01 we returned this well to production after a cleanout & acid treatment. We just conducted a Bradenhead Test and the results of the test indicate this well may have recently developed a casing leak. Plans are to use Baker, CUDD and BJ to find and squeeze the leak using a coiled tubing unit if one is available. We are in the process now of obtaining partner approval. This work will begin as soon as the approvals are in place as long as the unit remains available. Below are the details of the procedure we will be using:

SI well. LO/TO location. MIRU CUDD coiled tubing unit. PT lines & BOP. RIH w/Baker retrievable bridge plug & set @ 3450'. COOH. RIH w/ Baker J packer on coiled tubing to find casing leak. After leak is found reset packer 30' above hole & establish injection rate. Cement/Squeeze leak. COOH w/packer. WOC. RIH w/bit & drill out cement & PT casing to 500 psi for 30 minutes. RD & released CUDD. Turn the well back over to production.

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| 14. I hereby certify that the foregoing is true and correct. Electronic Submission #5998 verified by the BLM Well Information System For PHILLIPS PETROLEUM COMPANY, sent to the Farmington Committed to AFMSS for processing by Matthew Warren on 07/27/2001 () | |
| Name (Printed/Typed) PATSY CLUGSTON | Title AUTHORIZED REPRESENTATIVE |
| Signature | Date 07/27/2001 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|------------------------|---------------------|
| Approved By <i>Matthew Warren</i> | Title <i>Pet. Eng.</i> | Date <i>7/27/01</i> |
| 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.

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