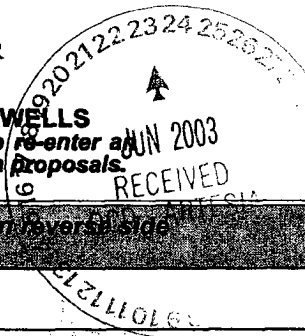


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

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



SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
 Threshold Development Company

3a. Address 777 Taylor St.-Penthouse II
 Fort Worth, TX 76102

3b. Phone No. (include area code)
 817-870-1483

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 1115' FNL & 660' FWL of Section 21-T24S-R18E
 Unit D, NWNW

5. Lease Serial No.
 NM-99009

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
 Chiricahua R 21 Federal #1

9. API Well No.
 30-035-20034

10. Field and Pool, or Exploratory Area
 Wildcat

11. County or Parish, State
 Otero Co., 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 type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input checked="" 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 recomplate 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.)

Threshold Development Company respectfully requests permission to change the size of the pad dimensions as follows: allowing 180' to the west and 180' to the east of the centerhole and 180' to the south of the centerhole. This will allow us room to make a "camp" on this location for the rig crews, toolpushers, etc. while this well and the other two (2) proposed Threshold wells in the area are being drilled. Due to the remoteness of these locations, we believe that it will provide more safety for the rig crews allowing them to live on location rather than driving back and forth.

Please see the attached diagram showing the location of the rig, pits and camp.

(185x265)
Present.

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

Name (Printed/Typed) Rusty Klein Title Agent

Signature Rusty Klein Date June 7, 2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by [Signature] Title ASST FIELD MGR Date JUNE 16, 2003

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 LAS CRUCES FIELD OFFICE



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Las Cruces Field Office
1800 Marquess
Las Cruces, New Mexico 88005
www.nm.blm.gov

IN REPLY REFER TO:

NM99009

NM95663

NM99011

3200 (03000)

JUN 18 2003

Mr. Gary Tidmore
Threshold Development Company
777 Taylor St. - Penthouse II
Fort Worth, TX 76102

Dear Mr. Tidmore:

Enclosed are signed copies of your approved Sundry Notice with conditions of approval, seeding guidelines, and road building stipulations pertaining to the expansion of the Chiricuhua "R21" drill pad. The enclosed documents represent approval of your Sundry Notice as proposed.

Please advise us of your schedule for pad, road construction, and drilling so we can make plans to be on site for the construction on the drill pads and access roads. Your contact for the surface use is Joe Torrez at (505) 525-4374.

Sincerely,

Leonard T. Brooks
Assistant Field Manager
Division of Multi-Resources



Enclosures

cc:

✓ Ms. Rusty Klein

**CONDITIONS OF APPROVAL
SPECIAL STIPULATIONS
for
THRESHOLD DEVELOPMENT COMPANY APDs –CROW FLATS**

Contact the Las Cruces Field Office at (505) 525-4300 a minimum of 3 working days prior to commencing construction of roads and pads.

Furnish the dirt contractor a copy of these Conditions of Approval prior to commencing operations.

Mitigation Measures

1. Surface, ditch and water bar roads according to BLM road standards. Ensure drill pad is properly drained.
2. Fine mesh nets will be placed over all open fluids and/or mud pits in order to eliminate the entrapment of birds or other wildlife.
3. A BLM standard 4-strand barbed wire fence will fence mud pits and will be maintained in good condition to prevent wildlife and livestock from entering during drilling and completion activities.
4. Line mud pits and upon reclamation bury pit material a minimum of 24 inches deep.
5. Locate fluid containers (fluid tanks, completion fluids, mud tanks, etc.) on the upslope side of drilling pads whenever possible to facilitate early detections of leaks/spills.
6. Leaking equipment shall be promptly repaired or removed from the site.
7. Production and exploration equipment will have vertical stacks covered to prevent entry of birds and bats.
8. Clean all equipment (power or high-pressure cleaning) of all mud, dirt, and plant parts before moving into relatively weed-free areas.
9. If dust becomes a problem during the drilling or construction operations, a water truck will be used to control dust generated from the activities.
10. All waste from any other operation will be contained in steel tanks or lined pits (limited to approximately 2'x10'x 3'deep—for example, temporary septic tanks) and removed to an approved disposal site.
11. All above ground permanent facilities will be painted Carlsbad Canyon, Munsell Soil, Color-25Y 6/2 within 60 days unless contrary to State and Federal safety requirements.
12. Fences to be crossed by the permittee will be braced and tied off before cutting. The opening will be protected as necessary during the construction to prevent the escape of livestock and upon completion of construction, the fence will be repaired back to the original standard of the existing fence. Unless otherwise approved, a cattle guard will be installed and maintained to prevent movement of livestock.
13. Noxious Weed Stipulations will be complied with. They are attached to conditions of approval.

Abandonment

1. If the well is dry and is to be plugged, approval of the proposed plugging program may be obtained orally, as to the plugging of the well bore. However, oral approval must be confirmed in writing by immediately filing an original and six (6) copies of the Notice of Intention to Abandon on Form 3160-5 with the BLM Las Cruces Field Office. The report should show the total depth reached, the reason for plugging and the proposed intervals, by depths where plugs are to be placed, type of plug, type of plugging mud, etc..
2. Following the receipt of "Notice of Intent to Abandon" and the "Subsequent report of Abandonment" final BLM requirements for surface reclamation will be followed. Liability under bond will be retained until the surface restoration is completed and the "Final Abandonment Notice" is approved by the Authorized Officer.
3. If the well is not drilled, please notify the BLM so that an official release can be approved.

Final Reclamation

1. Drill pads will be re-contoured, fenced and re-seeded. Fence should stay in place for a minimum of two growing periods on reclaimed pads. Re-seeding will be done on all reclaimed surfaces including the access roads according to the seeding requirements attached at the end of this section. Mud clods will be broken up prior to re-seeding.
2. Bury all drilling fluids, cuttings, completion fluids and/or other products of drilling and completion in the mud pit with a minimum of 24 inches or more of cover to assure successful re-vegetation of the reclaimed pit.
3. Contaminated soil and water will be promptly placed in containers to be removed from the site upon completion of drilling and completion operations.

Re-Vegetation

Seed Bed Preparation

Soils will be prepared by breaking up.

Re-seeding

Re-seeding will be accomplished in June or July to coincide with the "rainy" season. Drill seeding is recommended, but broadcasting seed will be accepted. Using a rake, a drag, or other practical means will cover broadcast seed. Hydro-seeding or other established means of broadcast seeding will be acceptable with approval of the Authorized Officer.

Mulching

Mulching will be required on all seeding projects. Apply relatively weed free mulch with seeding. Acceptable mulches include:

- | | |
|------------------------|-----------------|
| 1) Straw or native hay | (2 tons/acre) |
| 2) Wood residues | (2 tons/acre) |
| 3) Hydro-mulching | (1,500 lb/acre) |

Straw, hay, and wood residue mulch shall be applied on the surface following re-seeding. Rotted or moldy hay or straw will not be accepted.

Application

The following shows species to be re-seeded and application rates of each. Application rates are shown as pounds of pure-live-seed per acre. The Authorized Officer must approve species substitutions and deviations to application rates. When broadcast, seed application rates are double those shown below.

<u>Species</u>	<u>Application Rate Lbs./Acre.. PLS</u>
Alkali sacaton (<u>Sporobolus airoides</u>)	2.0
Sand dropseed (<u>Sporobolus cryptandrus</u>)	1.0
Plains bristlegrass (<u>Setaria macrostachya</u>)	2.0
Desert globemallow (<u>Sphaeralcea ambigua</u>)	2.0
Fourwing saltbush (<u>Atriplex canescens</u>)	3.0

NOXIOUS WEED STIPULATIONS for THRESHOLD APD'S

- 1) Clean all equipment (power or high-pressure cleaning) of all mud, dirt, and plant parts before moving into relatively weed-free areas.
- 2) Re-establish vegetation on all disturbed soil from construction, re-construction and maintenance activities.

For all construction, re-construction, and maintenance activities, re-seed all disturbed soil (except traveled way) before the natural growing season (June-July), unless ongoing disturbance at the site will prevent weed establishment. In that case, seeding shall be accomplished between June and July of the following year use a seed mix that includes fast, early-growing species to provide quick, dense re-vegetation (see seed mix below). Seed should be certified relatively weed-free and/or analyzed before purchase to ensure minimum weed content.

- 3) Gravel and fill to be used in relatively weed-free areas must come from weed-free sources. Inspect gravel pits and fill sources to identify weed-free sources.
- 4) Contractor will be responsible for control of noxious weeds on all access roads and well pads. The Authorized Officer's (AO): representative and the contractor's representative shall conduct a noxious weed survey to identify:
 - A) noxious weed species present,
 - B) locations of infestations,
 - C) acreage infested, and
 - D) density of plants.

BLM staff completed the inventory during a field visit on April 9, 2002. No noxious weeds present.

- 5) Use of pesticides and herbicides shall comply with the applicable Federal and State laws. Pesticides and herbicides shall be used only in accordance with their registered uses and within limitations imposed by the Secretary of the Interior. Prior to the use of pesticides, holder shall obtain from the (AO):
 - A) written approval of a plan showing the type and quantity of materials to be used,
 - B) pest(s) to be controlled,
 - C) method of application
 - D) location of storage and disposal of containers,
 - E) any other information deemed necessary by the AO.

Emergency use of pesticides shall be approved in writing by the AO prior to use.