

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTN.M. Oil Co  
811 S. 1st St  
Artesia, NM 88201

Division

FORM APPROVED  
OMB No. 1004-0135  
Expires July 31, 1996

0-2834

RECEIVED  
1999 MAY 18  
SUNDAYDo 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

|   |  |  |
|---|--|--|
| 1. Type of Well<br><input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other      |  | 5. Lease Serial No.<br>NMNM 89879                                  |
| 2. Name of Operator<br>William A. & Edward R. Hudson  |  | 6. If Indian, Allottee or Tribe Name                               |
| 3a. Address<br>P.O. Box 9, Maljamar, NM 88264   |  | 7. If Unit or CA/Agreement, Name and/or No.                        |
| 3b. Phone No. (include area code)<br>505 676 2222   |  | 8. Well Name and No.<br>Shugart B #2                               |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)<br>Unit Letter A Section 15 T18S R31E<br>660' FNL and 660' FEL |  | 9. API Well No.<br>30 015 05553                                    |
|   |  | 10. Field and Pool, or Exploratory Area<br>Shugart Yates SB, On Gr |
|   |  | 11. County or Parish, State<br>Eddy 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 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 checked="" 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 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.)

This well is currently producing 180 bbls of water daily, from the Grayburg, San Andres formation. Attached is a water analysis.

The water is stored on the lease at the tank battery in a 500 bbl welded tank. The water is transported via pipeline to Marathon's Tamano BSSC Unit. It is located in the SW/4 NE/4, Section 11, T18S R31E Eddy County, NM. The NMOCD permit number is R 9555, BLM No. NM-8531.

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed)

Title

J. B. Smith

Production Superintendent

Signature

Date

5/17/99

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

ORIG. SGD LES BARYAK

Title

PETROLEUM ENGINEER

Date

JUN 10 1999

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, makes 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.