

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

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

|  |   |   |
|--|---|---|
| 1. Type of Well<br><input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other |   | 5. Lease Serial No.<br>LC-065680                                  |
| 2. Name of Operator<br>Santa Fe Energy Resources, Inc.   |   | 6. If Indian, Allottee or Tribe Name                              |
| 3a. Address<br>550 W. Texas, Suite 1330, Midland, TX 79701   | 3b. Phone No. (include area code)<br>915/686-6612 | 7. If Unit or CA/Agreement, Name and/or No.                       |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)<br>(J), 1650' FSL and 1980' FEL, Sec. 23, T-18S, R-31E    |   | 8. Well Name and No.<br>Shugart "23" Fed<br>Com #1                |
|  |   | 9. API Well No.<br>30-015-30448                                   |
|  |   | 10. Field and Pool, or Exploratory Area<br>North Shugart (Morrow) |
|  |   | 11. County or Parish, State<br>Eddy NM                            |

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION                                    | TYPE OF ACTION                                |   |  |   |
|---|---|---|--|---|
| <input 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 checked="" 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 checked="" type="checkbox"/> Other <u>Ran casing</u> |
|   | <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon       | <u>&amp; released rig</u>                                   |
|   | <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 recompleate 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 recompleation 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 final site is ready for final inspection.)

1/26/99: TD 7-7/8" hole at 11,974'. RU Schlumberger and run Platform Express.

1/27/99: WO orders.

1/28/99: TIH w/ test tools. Try to run DST #2. Tools failed. TOH w/ tools.

1/29/99: Circ gas out. TIH w/ test tools. Run DST #2.

1/30/99: Circ gas out to run casing.

1/31/99: RU csg crew. Run 287 jts 5-1/2" 20.0# and 17.0# N-80 & J-55 LT&C csg and set at 11,945', FC @ 11,903'. Cement csg w/ 1100 sx 50/50 Poz "H". Plug down @ 8:15 AM, float held okay. ND BOPs, set csg slips. Intall tbg head. Clean & jet pits. Released rig @ 12:00 PM. Waiting on completion.

14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed)

Terry McCullough

Title

Sr. Production Clerk

Date

Feb. 8, 1999

Approved by

Title

(ORIG. SGD.) DAVID R. GLASS

Office

FEB 17 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.

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.

(Instructions on reverse)