

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

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 <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. SF077383A
2. Name of Operator Koch Exploration Company, LLC		6. If Indian, Allottee or Tribe Name NA
3a. Address PO Box 489, Aztec, NM 87410	3b. Phone No. (include area code) 505-334-9111	7. If Unit or CA/Agreement, Name and/or No. NA
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) S28, T28N, R10W (F) 1385' FNL & 1968' FWL		8. Well Name and No. Picayune 28 1A
		9. API Well No. 30-045-31446
		10. Field and Pool, or Exploratory Area Basin Fruitland Coal
		11. County or Parish, State San Juan, New Mexico

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 checked="" 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 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.)

Production from this well has not reached the original anticipated volume, which we believe is in part due to the original fracture treatment.

On 9/3/04 we re-perforated 4 1/2" casing with 3 1/8" select fire casing gun, interval 1774'-2004', with 4 spf, 0.35" diameter holes a total of 88 shots. On 9/7/04 we re-fractured stage one of this well perfs 1770'-2005' with 888,174 scf 70Q Foam, and 130,040# of 20/40 Brady sand. On 9/10/04 we re-fractured stage two of this well existing perfs 1770'-2184' with 1,333,057 scf 70Q Foam, and 170,320# 20/40 Brady sand.

On 9/13/04 we tested the refraced coal zone for 13 hours, and the results were 270 MCF of gas, and 11.64 BBL of water. We believe we have increased the production in this well.

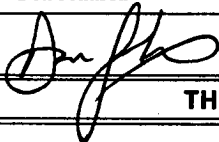
On 9/14/04 we landed the 2 3/8", 4.7#, J-55 tubing @ 2215.64', and pumping unit pump and rods.

This well was returned to production on 9/15/04.

ACCEPTED FOR RECORD

SEP 22 2004

FARMINGTON FIELD OFFICE

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Don Johnson		Title Field Operations Manager	
Signature 		Date 09/16/2004	

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____	Title _____	Date _____
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.

(Instructions on page 2)

NMOCD