

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

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

KTO Energy Inc.

3a. Address

2700 Farmington Ave., Bldg. K, Ste 1 Farmington,

3b. Phone No. (include area code)

505-324-1090

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1680' FSL & 1760' FEL SEC 16-T27N-R10W

5. Lease Serial No.

NMSF077382

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

FEDERAL F #1G

9. API Well No.

30-045-33364

10. Field and Pool, or Exploratory Area

BASIN DAKOTA

BASIN MANCOS

11. County or Parish, State

SAN JUAN

NM

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

TYPE OF SUBMISSION

☐ Notice of Intent

☒ Subsequent Report

☐ Final Abandonment Notice

TYPE OF ACTION

☐ Acidize

☐ Deepen

☐ Production (Start/Resume)

☐ Water Shut-Off

☐ Alter Casing

☐ Fracture Treat

☐ Reclamation

☐ Well Integrity

☐ Casing Repair

☐ New Construction

☐ Recomplete

☒ Other TD, SET

☐ Change Plans

☐ Plug and Abandon

☐ Temporarily Abandon

PROD CSG

☐ Convert to Injection

☐ Plug Back

☐ 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 final site is ready for final inspection.)

KTO Energy Inc. reached drillers TD of 6723' on 1/21/06 @ 1:00 a.m. TIH w/150 jts 5-1/2", 15.5#, J-55, ST&C csg tp 6722' KB. Cmtd 1st stage w/200 sx Type III cmt w/4% gel, 0.2% CD-32, 0.5% FL-52, 1/4 pps celloflake & 2% Phenoseal (12.5 ppg & 2.01 cuft/sx) followed by 2000 sx Prem Lite HS cmt w/0.2% CD-32, 0.5% FL-52, 1/4 pps Celloflake & 2% Phenoseal (14.2 ppg & 1.54 cuft/sx). Circ 15 bbls cmt; circ between stages. Cmtd 2nd stage w/400 sx type III cmt w/8% gel, 1/4 pps celloflake & 2% phenoseal (11.9 ppg & 2.60 cuft/sx) followed by 200 sx type III neat cmt (14.5 ppg & 1.39 cuft/sx). Circ 50 bbls cmt to surf.

** Production Casing will be Pressure Tested @ Completion **

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

Name (Printed/Typed)

HOLLY C. PERKINS

Title

REGULATORY COMPLIANCE TECH

Date 1/27/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

ACCEPTED FOR RECORD

Approved by

Title

Date

FEB 02 2006

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

FARMINGTON FIELD OFFICE

Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly and willfully to make any statement or representation to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.