

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 checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMSF080382 A
2. Name of Operator KTO Energy Inc.		6. If Indian, Allottee or Tribe Name
3a. Address 2700 Farmington Ave., Bldg. K, Ste 1 Farmington,	3b. Phone No. (include area code) 505-324-1090	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1610' FSL & 905' FEL SEC 5-T27N-R11W		8. Well Name and No. SCHWERTFEGER 5 #2
		9. API Well No. 30-045-32148
		10. Field and Pool, or Exploratory Area BASIN FRUITLAND COAL
		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	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 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 final site is ready for final inspection.)

KTO Energy Inc. reqsts a change to casing & cement as follows:

SURFACE CASING:

Old Casing: 7", 20#, set to 160' in 8-3/4" hole.

New Casing: 8-5/8", 24#, set to 225' in 12-1/4" hole.

NEW CEMENT: 150 sx Type III cmt (or equivalent) w/3% CaCl₂ & 1/4 pps Celloflake (14.5 ppg & 1.41 cuft/sx & 6.67 gal wtr/sx). Continue to mix cmt until a trace of cmt is observed @ the surface. Shut down & drop plug as normal.

PRODUCTION CASING:

Old Casing: 4-1/2", 10.5#, set to 2100' in 6-1/4" hole.

New Casing: 5-1/2", 15.5#, set to 2100' in 7-7/8" hole.

NEW CEMENT: Lead: Pmp +/- 200 sx Prem lite Hi Strength FM + 2% bwoc Potassium Chloride + 0.5#/sx Celloflake + 0.2% bwoc CD-32 + 0.5% bwoc FL-52 + 2% bwoc Phenoseal + 104.9% fresh wtr @ 12.5 ppg, 2.01 cuft/sx & 10.55 gal wtr/sx. Tail: Pmp +/- 100 sx Type III cmt w/0.3% bwoc CD-32, 0.2% bwoc FL-52, 1/4 pps cello, 2% bwoc Phenoseal + 66.6% fresh wtr (14.2 ppg & 1.54 cuft/sx, 7.51 gals wtr/sx).

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

Name (Printed/Typed)

BOLLY C. PERKINS

Title

REGULATORY COMPLIANCE TECH

Date

3/23/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

PE

Date

4/27/06

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

FFO

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 to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

NMCOO