

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MAY 2006

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

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. NM-4454
2. Name of Operator SCHALK DEVELOPMENT CO.		6. If Indian, Allottee or Tribe Name 070 FARMINGTON NM
3a. Address P.O. Box 25825, ALBUQUERQUE, NM 87125	3b. Phone No. (include area code) (505) 881-6649	7. If Unit or CA Agreement, Name and/or No. 070 FARMINGTON NM
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1,545' FSL + 765' FEL, SEC. 2, T-30N, R-5W		8. Well Name and No. SCHALK 54 #2005
		9. API Well No. 30-039-27622
		10. Field and Pool, or Exploratory Area Basin Fruitland Coal
		11. County or Parish, State Rio Arriba County, 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 COMPLETION UPDATE
	<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.)

WE RECEIVED YOUR LETTER DATED APRIL 18, 2006 CONCERNING THE ABSENCE OF A COMPLETION REPORT FOR THIS WELL. THIS WELL HAS NOT YET BEEN COMPLETED. COMPLETION OPERATIONS ARE SCHEDULED TO BEGIN DURING THE WEEK OF APRIL 24, 2006. WE WERE UNABLE TO START COMPLETION OPERATIONS EARLIER DUE TO FOREST SERVICE RESTRICTIONS ON OPERATIONS IN THE FOREST BETWEEN NOVEMBER 1ST AND APRIL 1ST. A COMPLETION REPORT WILL BE SUBMITTED WHEN COMPLETION OPERATIONS ARE CONCLUDED.

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

STEVE SCHALK

Title **GENERAL MANAGER**

Signature

Date **APRIL 21, 2006**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

MAY 03 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, 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 reverse)

NMOCD