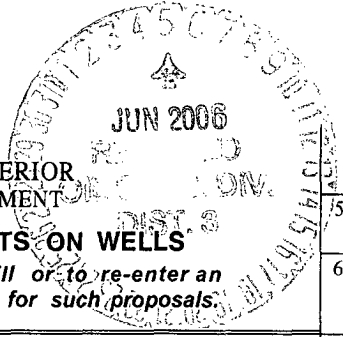


UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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  
 Oil Well     Gas Well     Other

2. Name of Operator  
**PHOENIX HYDROCARBONS OPERATING CORPORATION**

3a. Address  
**P O BOX 3638, MIDLAND, TEXAS 79702**

3b. Phone No. (include area code)  
**432-686-9869**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**790' FSL & 1450' FWL; SEC 15, T27N, R8W**

5. Lease Serial No.  
**SF 078476**

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
**FEDERAL I #1**

9. API Well No.  
**30-045-20425**

10. Field and Pool, or Exploratory Area  
**MESAVERDE/DAKOTA**

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 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 <b>CHANGE OUT TUB STRING 1-1/2" TO 2-3/8"</b>
	<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.)

4/23/06 RU PHOENIX WIRELINE; RUN 1.516 GAUGE RING TO & SET DOWN; POH & RUN 1.25 IMPRESSION BLOCK TO 6639' & ELEV; POH & RIH W/1.516 SWEDGE & COULD NOT GET THROUGH TIGHT SPOT; POH; RD WIRELINE; SWI

4/26/06 MI RIG

4/27/06 SET ANCHORS; RU RIG & EQUIP; BLOW WELL DOWN; PUMP 15 BBLs 2% KLL DOWN DAKOTA STRING & NU BOP & PULL SHORT STRING 139 JTS 1-1/2", IJ SN & PERF SUB; ND BOP PULL DON; NU BOP; RU WIRELINE SPECIAL & FREE POINT 1-1/2" LONG STRING; PIPE FREE TO PKR; POH & RUN 1.23 JET CUTTER & CUT 1-1/2" @ 6410'; POH & RD WIRLINE; WORK TBG FREE; POH LD 1-1/2" LONG STRING; PULL 104 JTS 1-1/2"; SWI

4/28/06 TP=70; CP=70; FINISH OUT OF HOLE W/LONG STRING; 197 JTS 1-1/2" TOTAL LD; TOTAL 336 JTS 1-1/2" RUN 2-3/8" MULE SHOE, 1 25/32" SN & 196 JTS 2-3/8" NEW J-55 TBG; EOT W/ELV 6388'; ND BOP & NU WH; RU SWAB & MADE 5 RUNS 6000' TO 6386', REC 5 BBLs; SWI.

OVER

A2T-1899

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

**BILLY J SNEED**

Title **CONSULTING ENGINEER**

Signature

Date

**05/17/2006**

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

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

Date

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)

RECEIVED  
 FARMINGTON FIELD OFFICE  
 MAY 22 11 09 53 AM '06

JUN 01 2006

NMOCDC

FARMINGTON FIELD OFFICE

FEDERAL I#1, CONT'D

5/01/06 TP=0; CP=90; OPEN WELL UP; START SWAB; TAG @ 5900'; MADE 15 RUNS & REC 18 BBLs; RD RIG

5/02/06 TP=140; CP=90; INSTALL PLUNGER LUBRICATOR; RU HURRICANE SWAB; MADE 1 RUN; TAG @ 5800' PULL FROM SN; PUMP 500 GAL GAS TREAT DOWN TBG & 250 GAL DOWN CSG; SWI

5/03/06 TP=VAC; CP=95; RIH W/SWAB & TAG @ 5500'; MADE 17 RUNS & REC 25 BBLs; DROP PLUNGER & TRIED TO RUN PLUNGER; WOULD NOT RUN; SWI.

5/04/06 TP=152; CP=120; SHOT FLUID LEVEL; CSG @ 4225', TBG @ 6207'; BLOW WELL DOWN; RU SWAB & RIH; PULL PLUNGER; MADE 5 SWAB RUNS TAG @ 6200'; RD & RELEASE SWAB RIG; SWI

5/05/06 TP=150; CP=100; RU PHOENIX WIRELINE; RIH PULL BUMPER SPRINGER @ 6386'; RIH & SET 3 SLIP STOP @ 5538'; RIH SHOT ½" HOLE; RIH SHOT 2<sup>ND</sup> HOLE; POH, GUN DID NOT FIRE; RIH & SHOT 2<sup>ND</sup> HOLE @ 5537'; POH RD WIRELINE; HANG WELL ON @ 10:00 AM.