

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

JUN 02 2008

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.

5. Lease Serial No.

NMNM-108021

6. If Indian, Allottee or Tribe Name

N/A

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

N/A

8. Well Name and No.

LAGUNA COLORADO 2/3 #1

9. API Well No.

30-039-30272

10. Field and Pool, or Exploratory Area

W. PUERTO CHIQUITO MANCOS

11. County or Parish, State

RIO ARriba COUNTY, NM

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

U. S. ENERCorp, LTD.

3a. Address

P. O. BOX 17098, SAN ANTONIO, TX 78217

3b. Phone No. (include area code)

210 829 4888

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

SHL: 3250' FSL & 1220' FEL 3-23N-1W NMPM

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 |
| ☒ Change Plans | ☐ Plug and Abandon | ☒ Temporarily Abandon | |
| ☐ 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 site is ready for final inspection.)

Plan to temporarily abandon the existing horizontal wellbore and directionally drill the Gallup "B" sand as originally approved on APD. Will set a CIBP @ +/- 6100' just inside the existing 4-1/2" liner to isolate window from 6029' to 6046' in the 7-5/8" intermediate casing. Set CIBP @ 5860' with KOP at 5850'. Set whipstock, mill new window and directionally drill horizontally to PBHL. See attached directional plan.

Hold C104

for Directional Survey
and "As Drilled" plat

Plan to use H & P rig which becomes available June 10.

PIT, CLOSED LOOP SYSTEM, BELOW
GRADE TANK, PROPOSED
ALTERNATIVE METHOD OR CLOSURE
PLAN TO BE DESIGNED, CONSTRUCTED
& OPERATED PURSUANT TO NMOCD
RULE 19.15.17 EFFECTIVE 06/16/08

cc: BLM, Bruce, McConnell, Sowell

CONDITIONS OF APPROVAL
are to previously issued stipulations.

RCVD JUN 4 '08

OIL CONS. DIV.

DIST. 3

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

BRIAN WOOD

(PHONE 505 466-8120)

Title CONSULTANT

(FAX 505 466-9682)

Signature

Date

06/01/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by Troy L. Salvors

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 Petroleum Eng.Date 6-3-2008

Office

FFO

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

Scientific Drilling Planning Report



Database: EDM 2003.16 Single User Db
Company: U.S. Enercorp, Ltd
Project: Laguna Colorado
Site: Laguna Colorado 2/3 #1 ST2
Well: Laguna Colorado 2/3 #1 ST2
Wellbore: OH
Design: Plan #2 ST2

Local Co-ordinate Reference: Well Laguna Colorado 2/3 #1 ST2
TVD Reference: WELL @ 0.00ft (Original Well Elev)
MD Reference: WELL @ 0.00ft (Original Well Elev)
North Reference: Grd
Survey Calculation Method: Minimum Curvature

Project: Laguna Colorado
Map System: US State Plane 1927 (Exact solution) **System Datum:** Mean Sea Level
Geo Datum: NAD 1927 (NADCON CONUS)
Map Zone: New Mexico East 3001

Site: Laguna Colorado 2/3 #1 ST2
Site Position: Northing: 1,912,519.110 ft Latitude: 36° 15' 15.816 N
From: Map Easting: 301,098.770 ft Longitude: 105° 0' 28.575 W
Position Uncertainty: 0.00 ft Slot Radius: " Grid Convergence: -0.40 °

Well: Laguna Colorado 2/3 #1 ST2
Well Position: +N/-S 0.00 ft Northing: 1,912,519.110 ft Latitude: 36° 15' 15.816 N
 +E/-W 0.00 ft Easting: 301,098.770 ft Longitude: 105° 0' 28.575 W
Position Uncertainty: 0.00 ft Wellhead Elevation: ft Ground Level: 0.00 ft

Wellbore: OH
Magnetics: Model Name Sample Date Declination Dip Angle Field Strength
 IGRF200510 5/28/2008 (°) (°) (nT)
 8.97 63.64 51,189

Design: Plan #2 ST2
Audit Notes:
Version: Phase: PLAN Tie On Depth: 5,850.00
Vertical Section: Depth From (TVD) +N/-S +E/-W Direction
 (ft) (ft) (ft) (°)
 0.00 0.00 0.00 108.95

Plan Sections										
Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	TFO (°)	Target
5,850.00	0.64	349.98	5,849.55	20.75	45.81	0.00	0.00	0.00	0.00	
6,076.17	20.00	113.00	6,071.23	6.73	81.57	9.00	8.56	54.39	124.47	
6,209.17	20.00	113.00	6,196.20	-11.04	123.45	0.00	0.00	0.00	0.00	
6,953.94	87.03	113.00	6,614.23	-231.90	643.75	9.00	9.00	0.00	0.00	
7,056.73	87.03	104.77	6,619.56	-265.10	740.80	8.00	0.00	-8.01	-90.19	
7,451.68	87.03	104.77	6,640.00	-365.62	1,122.19	0.00	0.00	0.00	0.00	TG2-LC 2/3 #1
7,588.85	94.44	112.87	6,638.23	-409.79	1,251.82	8.00	5.40	5.91	47.59	
7,966.48	94.44	112.87	6,609.00	-556.11	1,598.72	0.00	0.00	0.00	0.00	
8,124.67	82.68	108.18	6,612.97	-611.46	1,746.51	8.00	-7.43	-2.96	-158.28	
8,729.42	82.68	108.18	6,690.00	-798.61	2,316.39	0.00	0.00	0.00	0.00	TG4-LC 2/3 #1
8,792.24	87.67	108.76	6,695.28	-818.44	2,375.75	8.00	7.95	0.92	6.63	
9,647.91	87.67	108.76	6,730.00	-1,093.41	3,185.29	0.00	0.00	0.00	0.00	0.00 -PBHL-LC 2/3 #1

Scientific Drilling

Planning Report



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 Site: Laguna Colorado 2/3 #1 ST2
 Well: Laguna Colorado 2/3 #1 ST2
 Wellbore: OH
 Design: Plan #2 ST2

Local Co-ordinate Reference: Well Laguna Colorado 2/3 #1 ST2
 TVD Reference: WELL @ 0.00ft (Original Well Elev)
 MD Reference: WELL @ 0.00ft (Original Well Elev)
 North Reference: Grid
 Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
5,850.00	0.64	349.98	5,849.55	20.75	45.81	36.60	0.00	0.00	0.00
KOP Start 9.00°/100°									
5,900.00	4.17	107.21	5,899.51	20.48	47.50	38.28	9.00	7.07	234.46
6,000.00	13.15	112.19	5,998.27	15.10	61.54	53.30	9.00	8.98	4.99
6,076.17	20.00	113.00	6,071.23	6.73	81.57	74.97	9.00	9.00	1.06
EOC hold 20.0°									
6,100.00	20.00	113.00	6,093.62	3.54	89.08	83.10	0.00	0.00	0.00
6,200.00	20.00	113.00	6,187.59	-9.82	120.56	117.22	0.00	0.00	0.00
6,209.17	20.00	113.00	6,196.21	-11.05	123.45	120.35	0.00	0.00	0.00
Start 9.00°/100°									
6,300.00	28.17	113.00	6,279.06	-25.52	157.54	157.29	9.00	9.00	0.00
6,400.00	37.17	113.00	6,363.15	-46.59	207.19	211.09	9.00	9.00	0.00
6,500.00	46.17	113.00	6,437.76	-72.54	268.33	277.35	9.00	9.00	0.00
6,600.00	55.17	113.00	6,501.07	-102.74	339.46	354.43	9.00	9.00	0.00
6,700.00	64.17	113.00	6,551.51	-136.43	418.84	440.44	9.00	9.00	0.00
6,776.19	71.03	113.00	6,580.52	-163.94	483.65	510.67	9.00	9.00	0.00
TG1-LC 2/3 #1									
6,800.00	73.17	113.00	6,587.84	-172.79	504.50	533.27	9.00	9.00	0.00
6,900.00	82.17	113.00	6,609.16	-210.92	594.33	630.62	9.00	9.00	0.00
6,953.94	87.03	113.00	6,614.23	-231.90	643.75	684.17	9.00	9.00	0.00
6,963.94	87.03	112.20	6,614.75	-235.74	652.97	694.13	8.00	-0.02	-8.01
EOC & Start 8.00°/100°									
7,000.00	87.02	109.31	6,616.62	-248.50	686.64	730.12	8.00	-0.01	-8.01
7,056.73	87.03	104.77	6,619.56	-265.09	740.79	786.73	8.00	0.02	-8.01
EOC hold 87.03°									
7,100.00	87.03	104.77	6,621.80	-276.11	782.58	829.83	0.00	0.00	0.00
7,200.00	87.03	104.77	6,626.98	-301.56	879.15	929.43	0.00	0.00	0.00
7,300.00	87.03	104.77	6,632.15	-327.01	975.71	1,029.03	0.00	0.00	0.00
7,400.00	87.03	104.77	6,637.33	-352.47	1,072.28	1,128.63	0.00	0.00	0.00
7,451.68	87.03	104.77	6,640.00	-365.62	1,122.19	1,180.10	0.00	0.00	0.00
Start 8.00°/100° - TG2-LC 2/3 #1									
7,500.00	89.64	107.62	6,641.40	-379.09	1,168.56	1,228.34	8.00	5.40	5.90
7,588.85	94.44	112.87	6,638.23	-409.79	1,251.82	1,317.05	8.00	5.40	5.91
EOC hold 94.44°									
7,600.00	94.44	112.87	6,637.37	-414.11	1,262.06	1,328.14	0.00	0.00	0.00
7,700.00	94.44	112.87	6,629.63	-452.85	1,353.93	1,427.61	0.00	0.00	0.00
7,800.00	94.44	112.87	6,621.89	-491.60	1,445.79	1,527.07	0.00	0.00	0.00
7,900.00	94.44	112.87	6,614.15	-530.35	1,537.65	1,626.54	0.00	0.00	0.00
7,966.48	94.44	112.87	6,609.00	-556.11	1,598.72	1,692.67	0.00	0.00	0.00
Start 8.00°/100°									
8,000.00	91.95	111.88	6,607.13	-568.85	1,629.67	1,726.07	8.00	-7.43	-2.96
8,023.99	90.16	111.17	6,606.69	-577.64	1,651.97	1,750.03	8.00	-7.44	-2.95
TG3-LC 2/3 #1									
8,100.00	84.51	108.92	6,610.22	-603.66	1,723.27	1,825.91	8.00	-7.43	-2.96
8,124.67	82.68	108.18	6,612.97	-611.46	1,746.51	1,850.42	8.00	-7.43	-2.99
EOC hold 82.68°									
8,200.00	82.68	108.18	6,622.56	-634.77	1,817.50	1,925.13	0.00	0.00	0.00
8,300.00	82.68	108.18	6,635.30	-665.72	1,911.74	2,024.31	0.00	0.00	0.00
8,400.00	82.68	108.18	6,648.04	-696.67	2,005.97	2,123.49	0.00	0.00	0.00
8,500.00	82.68	108.18	6,660.78	-727.61	2,100.20	2,222.66	0.00	0.00	0.00
8,600.00	82.68	108.18	6,673.52	-758.56	2,194.44	2,321.84	0.00	0.00	0.00
8,700.00	82.68	108.18	6,686.25	-789.51	2,288.67	2,421.02	0.00	0.00	0.00

Scientific Drilling

Planning Report



Database: EDM 2003.16 Single User Db
Company: U.S. Enercorp, Ltd
Project: Laguna Colorado
Site: Laguna Colorado 2/3 #1 ST2
Well: Laguna Colorado 2/3 #1 ST2
Wellbore: OH
Design: Plan #2 ST2

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TVD Reference: WELL @ 0.00ft (Original Well Elev)
MD Reference: WELL @ 0.00ft (Original Well Elev)
North Reference: Grd
Survey Calculation Method: Minimum Curvature

Planned Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
8,729.42	82.68	108.18	6,690.00	-798.61	2,316.39	2,450.19	0.00	0.00	0.00
Start 8.00°/100' - TG4-LC 2/3 #1									
8,792.24	87.67	108.76	6,695.28	-818.44	2,375.75	2,512.77	8.00	7.95	0.92
EOC hold 87.67°									
8,800.00	87.67	108.76	6,695.59	-820.93	2,383.09	2,520.52	0.00	0.00	0.00
8,900.00	87.67	108.76	6,699.65	-853.07	2,477.70	2,620.44	0.00	0.00	0.00
9,000.00	87.67	108.76	6,703.71	-885.20	2,572.31	2,720.36	0.00	0.00	0.00
9,100.00	87.67	108.76	6,707.77	-917.34	2,666.92	2,820.27	0.00	0.00	0.00
9,200.00	87.67	108.76	6,711.83	-949.47	2,761.53	2,920.19	0.00	0.00	0.00
9,300.00	87.67	108.76	6,715.88	-981.61	2,856.13	3,020.11	0.00	0.00	0.00
9,400.00	87.67	108.76	6,719.94	-1,013.74	2,950.74	3,120.03	0.00	0.00	0.00
9,500.00	87.67	108.76	6,724.00	-1,045.88	3,045.35	3,219.94	0.00	0.00	0.00
9,600.00	87.67	108.76	6,728.06	-1,078.01	3,139.96	3,319.86	0.00	0.00	0.00
9,647.91	87.67	108.76	6,730.00	-1,093.41	3,185.29	3,367.73	0.00	0.00	0.00
PBHL-LC 2/3 #1									

Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
TG4-LC 2/3 #1 - plan hits target - Point	0.00	360.00	6,690.00	-798.61	2,316.39	1,911,720.500	303,415.160	36° 15' 8.077 N	105° 0' 0.227 W
PBHL-LC 2/3 #1 - plan hits target - Point	0.00	360.00	6,730.00	-1,093.41	3,185.29	1,911,425.700	304,284.060	36° 15' 5.220 N	104° 59' 49.594 W
TG1-LC 2/3 #1 - plan misses by 29.25ft at 6776.19ft MD (6580.52 TVD, -163.94 N, 483.65 E) - Point	0.00	360.00	6,605.00	-172.00	469.82	1,912,347.110	301,568.590	36° 15' 14.147 N	105° 0' 22.824 W
TG2-LC 2/3 #1 - plan hits target - Point	0.00	360.00	6,640.00	-365.62	1,122.19	1,912,153.490	302,220.960	36° 15' 12.277 N	105° 0' 14.843 W
TG3-LC 2/3 #1 - plan misses by 7.41ft at 8023.84ft MD (6606.69 TVD, -577.59 N, 1651.84 E) - Point	0.00	360.00	6,607.00	-570.71	1,654.56	1,911,948.400	302,753.330	36° 15' 10.285 N	105° 0' 8.326 W

Scientific Drilling

Planning Report



Database: EDM 2003.16 Single User.Db
Company: U.S. Enercorp, Ltd
Project: Laguna Colorado
Site: Laguna Colorado 2/3 #1 ST2
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TVD Reference: WELL @ 0.00ft (Original Well Elev)
MD Reference: WELL @ 0.00ft (Original Well Elev)
North Reference: Grid
Survey Calculation Method: Minimum Curvature

Plan Annotations

Measured Depth (ft)	Vertical Depth (ft)	Local Coordinates		Comment
		+N/-S (ft)	+E/-W (ft)	
5,850.00	5,849.55	20.75	45.81	KOP Start 9.00°/100'
6,076.17	6,071.23	6.73	81.57	EOC hold 20.0°
6,209.17	6,196.21	-11.05	123.45	Start 9.00°/100'
6,963.94	6,614.75	-235.74	652.97	EOC & Start 8.00°/100'
7,056.73	6,619.56	-265.09	740.79	EOC hold 87.03°
7,451.68	6,640.00	-365.62	1,122.19	Start 8.00°/100'
7,588.85	6,638.23	-409.79	1,251.82	EOC hold 94.44°
7,966.48	6,609.00	-556.11	1,598.72	Start 8.00°/100'
8,124.67	6,612.97	-611.46	1,746.51	EOC hold 82.68°
8,729.42	6,690.00	-798.61	2,316.39	Start 8.00°/100'
8,792.24	6,695.28	-818.44	2,375.75	EOC hold 87.67°

U.S. Enercorp, Ltd

Scientific Drilling for U.S. Enercorp, Ltd
Site: Laguna Colorado
Well: Laguna Colorado 2/3 #1 ST2
Wellbore: OH
Design: Plan #2 ST2



SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N-S	+E-W	DLeg	TFace	VSec	Target
1	5850.00	0.64	349.98	5849.55	20.75	45.81	0.00	0.00	36.60	
2	6076.17	20.00	113.00	6071.23	6.73	81.57	9.00	124.47	74.97	
3	6209.17	20.00	113.00	6196.20	-11.04	123.45	0.00	0.00	120.35	
4	6953.94	87.03	113.00	6614.23	-231.90	643.75	9.00	0.00	684.17	
5	7056.73	87.03	104.77	6619.56	-265.10	740.80	8.00	-90.19	786.74	
6	7451.68	87.03	104.77	6640.00	-365.62	1122.19	0.00	0.00	1180.10	TG2-LC 2/3 #1
7	7588.85	94.44	112.87	6638.23	-409.79	1251.82	8.00	47.59	1317.06	
8	7966.48	94.44	112.87	6609.00	-556.11	1598.72	0.00	0.00	1692.66	
9	8124.67	82.68	108.18	6612.97	-611.46	1746.51	8.00	-158.28	1850.42	
10	8729.42	82.68	108.18	6690.00	-798.61	2316.39	0.00	0.00	2450.19	TG4-LC 2/3 #1
11	8792.24	87.67	108.76	6695.28	-818.44	2375.75	8.00	6.63	2512.77	
12	9647.91	87.67	108.76	6730.00	-1093.41	3185.29	0.00	0.00	3367.73	PBHL-LC 2/3 #1

WELL DETAILS: Laguna Colorado 2/3 #1 ST2

+N-S	+E-W	North	East	Lat	Long	Slot
0.00	0.00	1912519.110	301098.770	36°15' 15.816 N	105°0' 28.575 W	

WELLBORE TARGET DETAILS (MAP CO-ORDINATES)

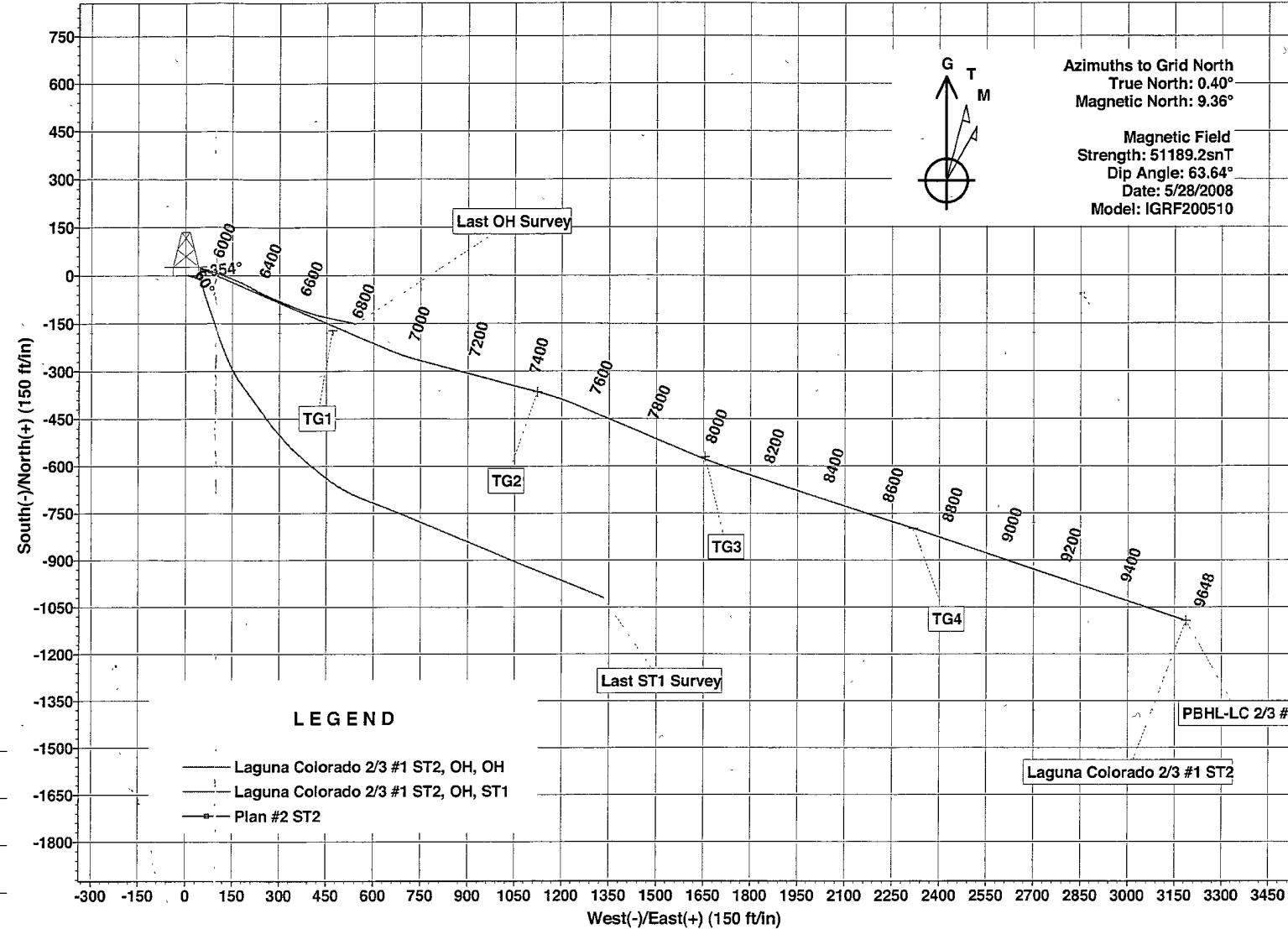
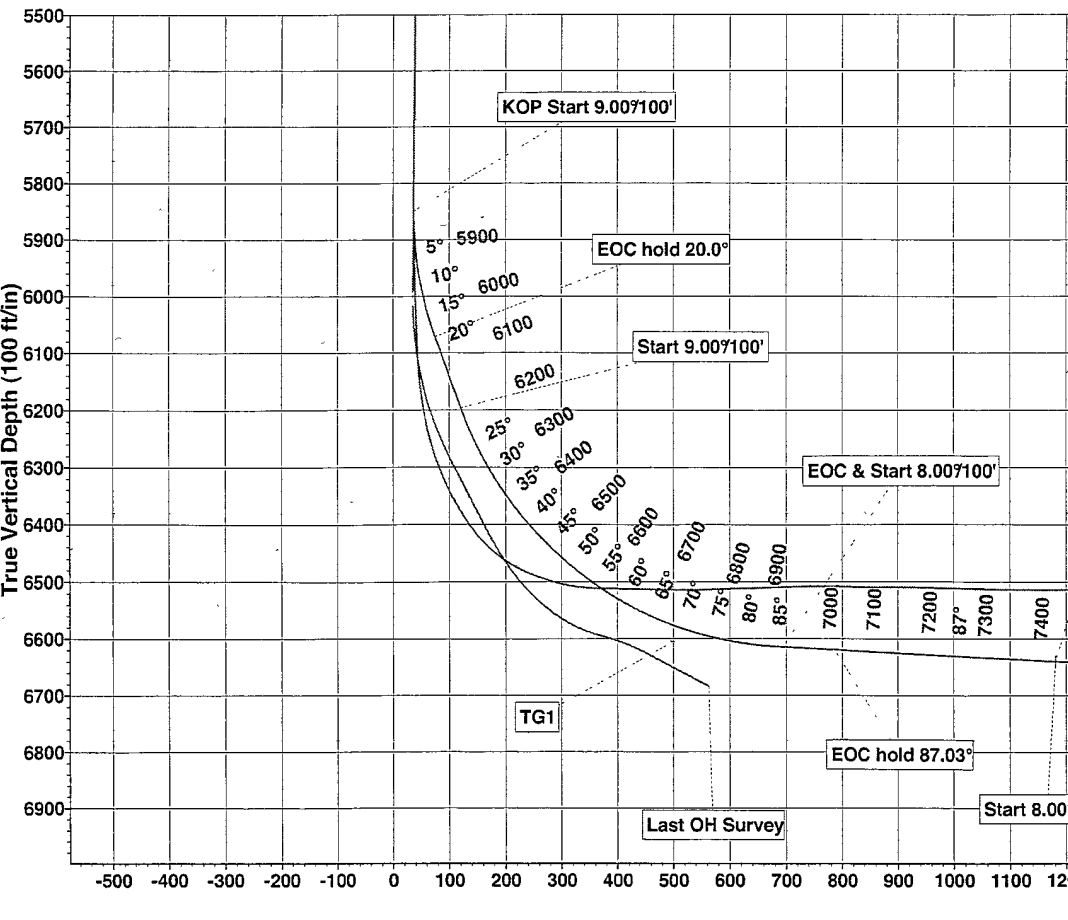
Name	TVD	+N-S	+E-W	North	East	Lat	Long	Shape
TG1-LC 2/3 #1	6605.00	-172.00	469.82	1912347.110	301568.590	36°15' 14.147 N	105°0' 22.824 W	Point
TG3-LC 2/3 #1	6607.00	-570.71	1654.56	1911948.400	302753.330	36°15' 10.285 N	105°0' 8.326 W	Point
TG2-LC 2/3 #1	6640.00	-365.62	1122.19	1912153.490	302220.960	36°15' 12.277 N	105°0' 14.843 W	Point
TG4-LC 2/3 #1	6690.00	-798.61	2316.39	1911720.500	303415.160	36°15' 8.077 N	105°0' 0.227 W	Point
PBHL-LC 2/3 #1	6730.00	-1093.41	3185.29	1911425.700	304284.060	36°15' 5.220 N	104°59' 49.594 W	Point

PROJECT DETAILS: Laguna Colorado

Geodetic System: US State Plane 1927 (Exact solution)
Datum: NAD 1927 (NADCON CONUS)
Ellipsoid: Clarke 1866
Zone: New Mexico East 3001
System Datum: Mean Sea Level

Plan: Plan #2 ST2 (Laguna Colorado 2/3 #1 ST2/OH)

Created By: Julio Pina Date: 28-May-08
Checked: Date:
Reviewed: Date:
Approved: Date:



AZIMUTH CORRECTIONS
ALL AZIMUTHS MUST BE CORRECTED TO GRID
GRID CORRECTIONS MUST BE APPLIED BEFORE PLOTTING
To convert a Magnetic Direction to a Grid Direction, Add 9.37°
To convert a True Direction to a Grid Direction, Add 0.40°