

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No 1004-0137  
Expires July 31, 2010

JUL 15 2011

**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.  
064194

6 If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE – Other instructions on page 2**

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

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

8 Well Name and No  
Powell Fed No 1

2 Name of Operator  
Snow Oil & Gas Inc

9 API Well No.  
30-025-30519

3a Address  
PO Box 1277 Andrews Tx 79714

3b Phone No. (include area code)  
432 524 2371

10 Field and Pool or Exploratory Area  
NE Lea Delaware

4 Location of Well (Footage, Sec. T., R., M., or Survey Description)  
660' Fsl 660' FEL Sec 4, Twp 20S, Rge 34E

11 Country or Parish, State  
Lea County New Mexico

12 CHECK THE 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 checked="" 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 type="checkbox"/> Other
	<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 must 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 must be filed once testing has been completed Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Well was producing on low time clock for the production time period of the last 18 months. Since the well was returned to fulltime time clock on June 22 the well is now producing 45 minutes every 3 hours every day. The well is producing 1.4 BOPD and 2.7 BWPD and gas TSTM<1 MCFperday. Based upon the following costs to operate this well and the resultant oil prices it is economical at the rate of \$1550 net income to the well per month. This is based upon the following parameters.

42 BOPM, 78% NRI ( including severence and ad val), & \$89/ bbl of oil price= \$2915/month  
Lifting expense of \$1265 per month including  
water disposal- \$32/mo,  
administrative overhead, \$450/mo  
electricity \$250/mo  
pumper \$420/mo  
misc expenses \$113/mo  
NET income = \$1550/mo

*See attached  
comments and  
requirements*

This well is generating out of the above production \$467 royalty to the Federal Government every month and is not the only well on this base lease.

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

Dan W Snow

Title President

*FX* PETROLEUM ENGINEER  
AUG 11 2011

Signature

*Dan W Snow*

Date 07/05/2011

ACCEPTED FOR RECORD

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Office

JUL 8 2011

WESLEY W. INGRAM  
PETROLEUM ENGINEER

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 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)

AUG 11 2011

Powell Fed No. 1  
30-025-30519  
Snow Oil and Gas  
Comments and Requirements

Snow Oil & Gas Inc was requested to submit the daily volumes and ONRR reports for April 1<sup>st</sup>- June 20<sup>th</sup> by June 30, 2011. Documents submitted with sundry dated July 5, 2011.

Operator stated that well was producing on a low time clock for the last 18 months. However, the reports to ONRR show the well shut-in for January, March, May-July, Sept.-Dec. 2010 and Jan.-March 2011. This matches exactly with what was reported to NMOCD. **Where is the production from the time period that the well was on a low time clock?**

Using the operator's \$89/barrel rate, 2009, 2010 and 2011 were evaluated to determine commerciality. During 2009, the well reported production every month for an average over the year of 13.1 bbls/month. This results in a gross income of \$1164/month, which is not more than the operator's lifting expenses of \$1265/month. In 2010, the well reported production for three months at an average of 12.3 bbls/month. This results in a gross income of \$1098/month, which is not more than the operator's lifting expenses of \$1265/month. For 2011, only the month of April shows production in ONRR and NMOCD and that was 5 bbls, which equates to \$445 gross income and once again is less than the \$1265/month lifting expense.

Documents for April and May 2011 do not support the claim that this well is producing in paying quantities. However, the numbers reported for approximately 10 days in June 2011 indicate that the well may be capable of producing in paying quantities. **Pursuant to the telephone conversation with Dan Snow on July 1, 2011, Dan informed the BLM that he was using a hot oil truck due to the heater treater malfunctioning. That cost has not been included in the well expense list.**

**Due to the short amount of time used for determining the paying quantities, June 22<sup>nd</sup> – July 1<sup>st</sup>, the operator shall submit the same documentation for the next three months and perform a 72 hour independent well test witnessed by the BLM.**

**The operator shall contact the BLM if the well will be down more than 24 hours. If an emergency happens with the well, the operator shall contact the BLM within 24 hours to discuss what has happened and the timing for when the well will be back on production.**

When the well is producing at a rate of 42 BOPM, it does provide \$467 of royalty at the per barrel rate of \$89/barrel. However, this well had not produced at that rate until June 22, 2011. Prior to that time, the previous year with production at approximately 42 BOPM was 2000.

The number of the wells on a lease is of no consequence as 43 CFR 3162.3-4 (a) requires all wells to be producing hydrocarbons in paying quantities.

WWI 070711