

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS
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FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS **RECEIVED**
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 07966

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. BAY FEDERAL #3

2. Name of Operator MCDONNOLD OPERATING, INC

9. API Well No. 30-025-04408

3a. Address 505 NORTH BIG SPRING SUITE 204 MIDLAND, TX 79701

3b. Phone No. (include area code) 432-682-3499

10. Field and Pool or Exploratory Area EUMONT; YATES 7 RIVERS QUEEN

4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660 FNL & 660 FWL UNIT D SEC 35 T20S R36E

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 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 checked="" 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 recomplete 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 recompletion 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.)

8/9/2011 MOVE IN RIG UP AND INSTALL BOP. TALLY TUBING OUT OF HOLE. RIH WITH CIBP AND SET AT 3040'. SPOT 30 SX CLASS C CEMENT ON TOP OF CIBP. POH WITH 30 JOINTS AND SION.
8/10/2011 TAGGED CEMENT AT 2800'. COVERED THE BASE OF THE SALT. CIRCULATED HOLE WITH MUD. POH TO 1680' AND SPOTTED 25 SX CLASS C CEMENT. POH WITH 20 JOINTS AND SION.
8/11/2011 RIH AND TAG CEMENT AT 1514'. TOP OF SALT PLUG. POH WITH TUBING AND PERF CASING AT 400'. ATTEMPTED TO SQUEEZE HOLES AT 400'. PERFS WOULD NOT TAKE CEMENT. RIH TO 470' AND SPOTTED 25SX CLASS C CEMENT AS PER BLM OFFICER PATRICIA HUTCHINGS. WOC. COULD NOT TAG BECAUSE OF THUNDERSTORM. SION.
8/12/2011 TAG CEMENT AT 237'. LAY DOWN REMAING TUBING AND PERF CASING AT 60'. PUMPED 20 SX CLASS C CEMENT TO PERFS AT 60' AND UP 5 1/2 X 8 5/8 ANNULUS TO SURFACE. RIG DOWN. CUT OFF WELLHEAD, INSTALL MARKER, AND REMOVE ANCHORS.

RECLAMATION
DUE 2-8-12

Accepted as to plugging of the well bore.
Liability under bond is retained until
surface restoration is completed.

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

Craig M. McDonnold

Title President

Signature *C.M. McDonnold*

Date 8-22-11

ACCEPTED FOR RECORD

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

OCT 22 2011

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 these rights in the subject lease which would entitle the applicant to conduct operations thereon

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.

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE