

N.M. Oil Cons. DIV-Dist. 2  
1301 W. Grand Avenue  
UNITED STATES  
DEPARTMENT OF THE INTERIOR, NM 88210  
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.**

5. Lease Serial No.  
NM93771 out of NM 025503

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
Shugart West 24 Fed J-3

9. API Well No.  
30-015-31581

10. Field and Pool, or Exploratory Area  
Shugart

11. County or Parish, State  
Eddy, NM

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

SEP 22 2004

ODD ARTESIA

1. Type of Well  
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator  
KCS Resources, Inc.

3a. Address 1000 S. Garfield Ave. #1 3b. Phone No. (include area code)  
Traverse City, MI 49686-3434 (231) 933-6191

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

2310' FSL & 1650' FEL of Sec. 24 T18-R30E

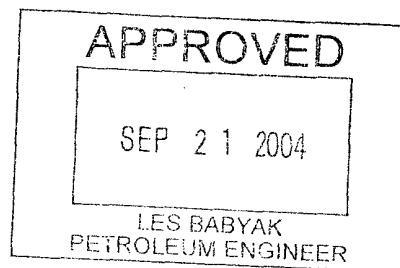
**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

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 Authorization
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	to co-mingle gas
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	sales off lease.

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.)

SEE ATTACHMENT

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS ATTACHED



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

BRYAN W. KLUMPP

Title Production Foreman

Signature

Bryan W. Klumpp

Date 1/30/04

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

Approved by

Title

Date

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

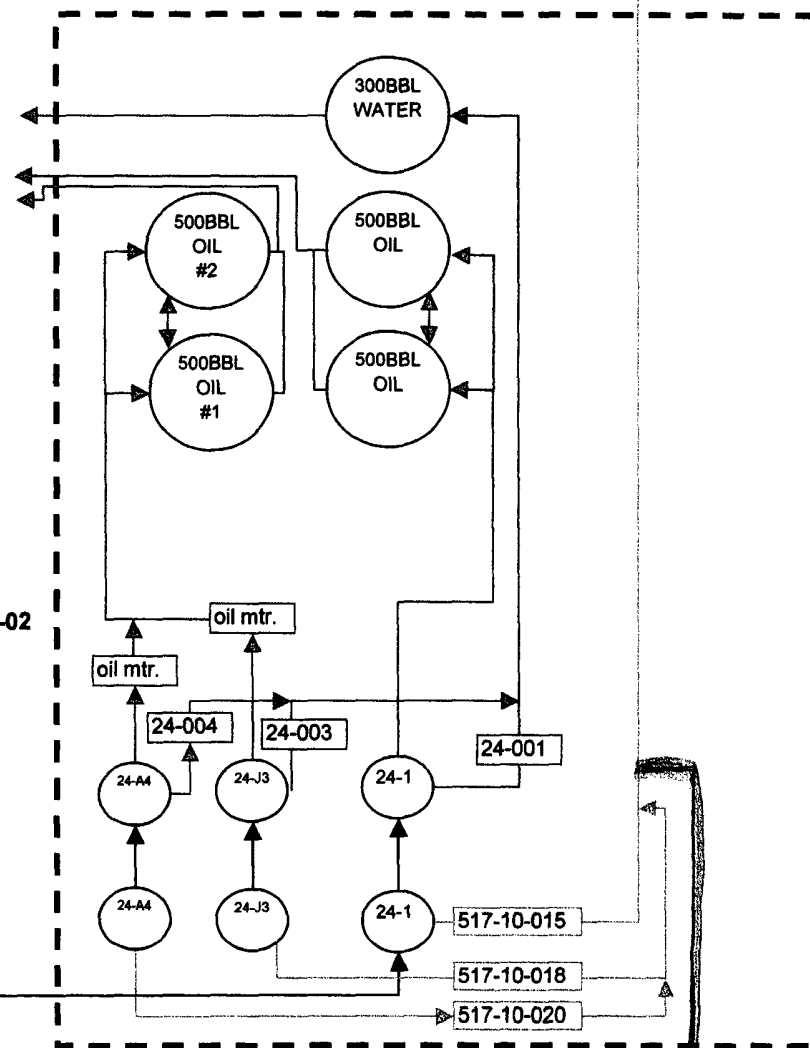
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)




# SHUGART WEST "24" FEDERAL #1 SCHEMATIC DIAGRAM

TO SALES METER  
# 0588-709816 (GPM)


S



W

 OIL  
 GAS  
 WATER

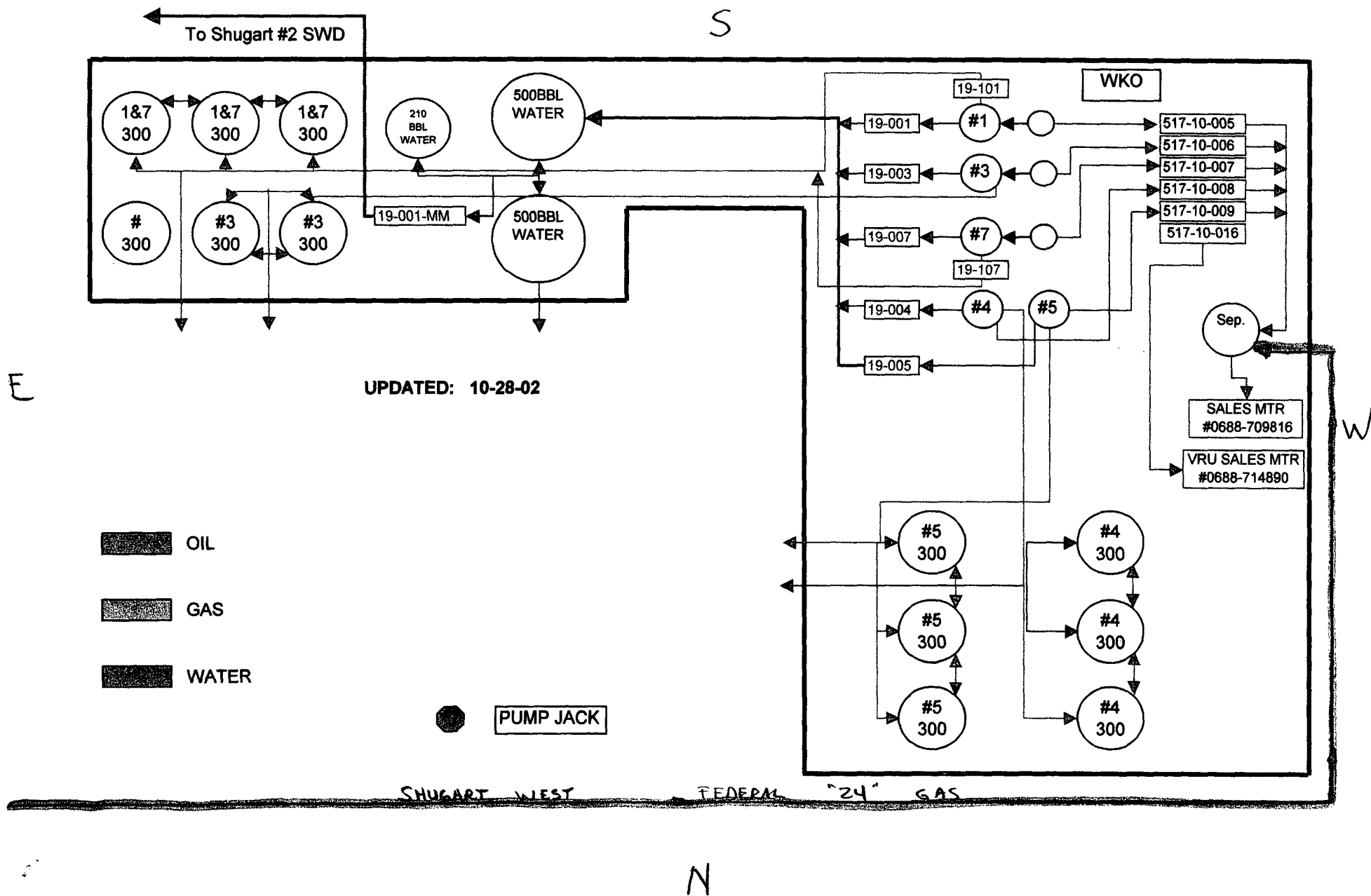
UPDATED: 10-28-02

  
 NORTH

N

SHUGART WEST "24" FEDERAL #1 517-10-016

# WEST SHUGART "19" FEDERAL #1, #3, #4, #5, #7 SCHEMATIC DIAGRAM



## 5



W

2

NEWBOURNE OIL CO.  
SHUGART 18 FEB. 2



**CRA BLM FORMAT**

**APPLICATION FOR SURFACE COMMINGLING,  
OFF LEASE STORAGE AND MEASUREMENT APPROVAL**

**This Format Should Be Attached To A Sundry Notice**

To: Bureau of Land Management  
P. O. Box 1778 620 E Green St  
Carlsbad, New Mexico 88221-1778  
88220

KCS RESOURCES, INC. (Operator's Name) is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formation(s) and well(s) on Federal Lease No. NM93771 ; Lease Name: Shugart W. 24 Fed #1

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
24-J3	1650' FEL	24	18S	30E	Shugart Bone Springs
	2310' FSL				
24-1	2310' FSL	24	18S	30E	Shugart Bone Springs
	330' FEL				
24-A4	990' FNL	24	18S	30E	Shugart Bone Springs
	990' FEL				

with hydrocarbon production from the following formation(s) and well(s) on Federal lease No. NM 93771 ; Lease Name: Shugart W. 24 Fed. #1

ALL INFORMATION IS THE SAME AS ABOVE

<u>Well No.</u>	<u>Loc.</u>	<u>Sec.</u>	<u>Twp.</u>	<u>Rng.</u>	<u>Formation</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Production from the wells involved is as follows:

<u>Well Name and No.</u>	<u>BOPD</u>	<u>Oil Gravity</u>	<u>MCFPD</u>
Shugart W. 24 Fed.	5	43.5	140
J-3			
Shugart 24 Fed. #1	0	42.6	260
Shugart W. 24 Fed.	5	40.7	140
A-4			
_____	_____	_____	_____

Continued ...

Continued:

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling/common storage facility. All unitized/communitized areas, producing zones/pools are also clearly illustrated.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The storage and measuring facility is located at SE -1/4, Sec.24, T<sup>18</sup>S, R<sup>30</sup>E, on lease No. NM93771, Lea County, New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method for allocating production to contributing sources is as follows:

~~All wells have their own gas, oil and water meters. Oil volumes are allocated on meter volume and tank gauged volume. Oil volumes are corrected based on gauged volume and sales. Gas meter numbers are allocated based on total sales at Shugart 19 Gas Sales Meter.~~

The working interest owners have been notified of the proposal.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for continued operation of the above referenced Federal leases.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

Additional wells require additional commingling approvals.

Signature: Bryan Klump  
Name: BRYAN KLUMP  
Title: PRODUCTION FACILITATOR  
Date: SEPT 9, 2004