Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

5. Lease Serial No.
NM ~~24160~~ 54865 (EDP)

6. If Indian, Allottee or Tribe Name

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

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

RECEIVED
JAN 10 2006
UNITED

8. Well Name and No.
PDU # 706

2. Name of Operator **ST. MARY LAND & EXPLORATION COMPANY**

9. API Well No.
30-015-34408

3a. Address
580 Westlake Park Blvd., Suite 600, Houston TX 77079

3b. Phone No. *(include area code)*
281/677-2800

10. Field and Pool, or Exploratory Area
PARKWAY DELAWARE

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
(H), 1980' FNL & 430' FEL, SEC 35, T19S, R29E

11. County or Parish, State
EDDY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☑ Alter Casing frogram	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ 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 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 shall 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 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.)

Original APD had incorrect 9-point drilling plan and 13-point plan for surface use.

Corrected forms attached.

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)* **Tiffany D. Grant** Title **Regulatory Technician**

Signature Date **12/12/2005**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by **/s/ Joe G. Lara** ACTING Title **FIELD MANAGER** Date **JAN 09 2006**

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 **CARLSBAD FIELD 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)

Nine Point Drilling Plan

(Supplement to BLM 3160-3)

St. Mary Land and Exploration Co.

PDU #706

1980' FNL, 430' FEL; Sec 35, TI9S, R29E

Parkway Delaware Unit

Parkway (Delaware) Field

Eddy Co., NM

NM-24160

1. Name and estimated tops of geologic horizons

Rustler	146'
Slado	351'
Tansill	1261'
Yates	1513'
Capitan Reef	1695'
Delaware	2698'

2. Protection of possible useable water will be achieved by setting 13.375" surface casing @ 400'+/- and cementing it to surface. Isolation of the productive Delaware-Brushy Canyon will be achieved by setting 5.5" casing @ 4600' +/-, and cementing back to surface.

3. The well control equipment to be employed during the drilling of this well is illustrated on attached EXHIBIT A. This equipment includes a two ram BOP, annular BOP and choke manifold of comparable pressure rating. Equipment will be rated for 3000 PSI and will be tested to 80% of that pressure prior to drilling out of the 13 3/8" surface casing. A hydraulic closing unit will be a part of this equipment and will be function tested daily.

4. The casing strings will consist of the following:

Surface: 13 3/8" OD, 48#/ft, H40, STC, new pipe @ 400' in 17 ½" hole. WITNESS

NEW Intermediate 1: 9.625" OD, 36#/ft, J55, STC, new pipe @ 1500'+/- in 12.25" hole. WITNESS

Intermediate 2: 7" OD, 23#/ft, J55, STC, new pipe @ 3200' +/- in 8.75" hole. WITNESS

Production: 4.50" OD, 11.6#/ft, J55, LTC, new pipe @ 4600'+/- in 6.25" hole

5. **Cementing programs for the above casing strings are:**

Surface:

Lead Slurry: 195 sx Class C Cement w/ 4% bwoc Bentonite, 2% bwoc CaCl, .25#/sc celloflake. .004 gps FP-13L mixed at 13.5 ppg, and having a yield of 1.75 cu ft/sk.

Tail Slurry: 150 sx Class C Cement w/ 2% bwoc CaCl, .004 gps FP-13L mixed @ 14.8 ppg, and having a yield of 1.34 cu ft/sk.

The above volume represents 80% excess over calculated hole volume, and will be adjusted to actual setting depth of casing. The slurries will be preceded by a fresh water spacer, and displaced with brine water.

Intermediate 1 @ 1500':

Lead Slurry: 280 sx (50:50) Poz (Fly Ash): Class C Cement w/ 10% bwoc Bentonite, 5% bwoc CaCl, .25#/sk celloflake, .004 gps FP-13L mixed at 11.9 ppg, and having a yield of 2.37 cu ft/sk.

Tail Slurry: 200 sx Class C Cement w/ 2% bwoc CaCl, .004 gps FP-13L mixed at 14.8 ppg, and having a yield of 1.35 cu ft/sk.

The above are BJ Services products with 120% excess open hole volume - actual volumes will be adjusted to the open hole caliper of this wellbore. The cement slurries will be preceded by 12 bbls cement wash for mud removal and displaced with fresh water. Equivalent products from another vendor may be substituted for BJ depending on price/availability.

Intermediate 2 @ 3200':

Lead Slurry: 115 sx (50:50) Poz (Fly Ash): Class C Cement w/ 10% bwoc Bentonite, 5% bwoc CaCl, .25#/sk celloflake, .004 gps FP-13L mixed at 11.9 ppg, and having a yield of 2.37 cu ft/sk.

Tail Slurry: 150 sx Class C Cement w/ 2% bwoc CaCl, .004 gps FP-13L mixed at 14.8 ppg and having a yield of 1.35 cu ft/sk.

The above are B J Services products with 60% excess open hole volume – actual volumes will be adjusted to the open hole caliper of this wellbore. The cement slurries will be preceded by 12 bbls cement wash for mud removal and displaced with fresh water. Equivalent products from another vendor may be substituted for B J depending on price/availability.

Production:

Lead Slurry: 145sx (50:50) Poz (Fly Ash): Class C Cement w/ 10% bwoc Bentonite, 5% bwoc CaCl, .25#/sk celloflake, .004 gps FP-13L, 5#/sk LCM-1 mixed at 11.5 ppg, and having a yield of 2.71 cu ft/sc.

Tail Slurry: 100 sx Class C Cement w/ 12% bwoc CSE-2, 1% bwoc FL-62, .004 gps FP-13L mixed at 13.6 ppg, and having a yield of 1.8 cu ft/sk.

The above are B J Services products with 30% excess volume - actual volumes will be adjusted to the open hole caliper of this wellbore. Equivalent products from another vendor may be substituted for B J depending on price/availability.

6. It is anticipated that this well will be drilled to TD utilizing the fluids shown below:

0-400': Gel/Lime "spud mud" 8.6-9.0 PPG. Utilize native solids to maintain sufficient viscosity to clean hole. Mix paper as required to control seepage loss.

300-1800': Brine 9.9 - 10.0 PPG. Circulate thru reserve pit for gravitational solids solids removal. Add paper as required to control seepage loss while maintaining pH at 10.0 – 10.5 using Lime. Brine water will minimize hole wash out in the salt.

1800-3200': Fresh Water 8.3 - 8.5 PPG Loss of circulation is anticipated in the Capitan Reef which will require switching to fresh water and dry drilling to casing point.

3200-3800': Cut Brine 8.5 – 8.9 PPG Pump high-vis sweeps to clean hole.

3800-4600': Cut Brine/Starch 8.7 – 8.9 PPG Maintain water loss @ 10-15 cc. Sweep with high-vis pill to clean hole for logging operations.

7. Auxiliary equipment will include an upper kelly cock valve, safety valve to fit drill pipe and pressure gauges.

8. No drill stem testing, mud logging or coring is planned for this wellbore. A Platform Express Triple Combo electric log suite will be run at TD.

9. The estimated BHP at TD is not expected to exceed 1500 psi, and a BHT of 105 F is anticipated. There is no H2S present in the hydrocarbons being produced from the other wells in this section. Should such unexpected circumstances be encountered the operator and drilling contractor are prepared to take necessary steps to ensure safety of all personnel, and environment. Lost circulation could occur but is not expected to be a serious problem in this area, and hole seepage will be compensated for by additions of small amounts of LCM in the drilling fluid.

It is estimated that this well will be drilled and cased in 10-11 days. Drilling will commence as soon after approval is received and services can be contracted.

Thirteen Point Plan for Surface Use

(Additional data for form 3160-3)

St. Mary Land and Exploration Company

PDU #706

1980' FNL, 430' FEL; Sec 35, TI9S, R29E

Parkway Delaware Unit

Parkway (Delaware)

Eddy Co., NM

NM-24160

1. EXISTING ROADS - A "VICINITY MAP" and a "LOCATION VERIFCATION MAP" by John West Surveying are attached which show the location of existing roads and the area topography.

   The road log to the location is as follows:

   a) From the intersection of U.S. Hwy 62-180 and Co. Rd. #238 (Burton Flat).

   b) Go north on Co. Rd. #238 for approx 6 miles.

   c) Turn right (east) and go approx 1.2 miles.

   d) Turn left (north) and go approx .2 miles to a proposed road survey.

   e) Follow proposed road survey for approx 132' to this location.

2. PLANNED ACCESS ROAD —Approximately 130' of new E-W access road will be built from the existing N-S main caliche road to the east.

3. LOCATION OF EXISTING WELLS - EXHIBIT B shows the location of other wells within a mile radius of the proposed location.

4. LOCATION OF EXISTING OR PROPOSED FACILITIES – This production well will be tied into existing PDU facilities.

5. LOCATION AND TYPE OF WATER SUPPLY - All water (fresh or otherwise) needed for the drilling and completion of this well will be purchased from a commercial source and trucked to the location via the existing and proposed access road. No water source wells will be drilled, and no surface water will be utilized.

6. SOURCE OF CONSTRUCTION MATERIALS - Construction material (caliche) required for the preparation of the drill site is available from a local source 3 ½ miles away. It is not anticipated that a significant amount of material will be required as the terrain is relatively flat. Transportation will be over the existing roads.

7. METHODS FOR HANDLING WASTE DISPOSAL -

• Drill cuttings will be disposed into drilling pits after fluids have evaporated.

• The drilling pits will be lined with a biodegradable plastic liner, and buried as per regulatory requirements. The pits will be located on the #512 drill site.

• Receptacles for solid wastes (paper, plastic, etc) will be provided and equipped to prevent scattering by wind, animals, etc. This waste will be hauled to an approved landfill site.

• Any other waste generated by the drilling, completion, testing of this well will be removed from the site within 30 days of the completion of drilling or testing operations.

• A Porta-John will be provided for the crews. This will be properly maintained during the drilling operations and removed upon completion of the well.

8. ANCILLARY FACILITIES - The drilling, completion, and/or testing of this well will require no ancillary facilities.

9. WELLSITE LAYOUT - Attached, as EXHIBITS C & D are plats showing the anticipated orientation of the drilling rig and the pad. A similar rig may have to be substituted for United Drilling Rig #24 if it is no longer available when approval is granted for this application. Material moved to create the drilling pits will be utilized in the dike around the pits so as to facilitate restoration of the area when operations are completed.

10. PLANS FOR SURFACE RESTORATION - Reclamation of the surface location will be in accordance with the requirements set forth by the BLM. As stated earlier all waste generated by this operation will be disposed of in an approved manner, and the site restored as closely as possible to its pre-operation appearance. Due to the topography of the area no problems are anticipated in achieving this status and no erosion or other detrimental effects are expected as a result of this operation.

11. OTHER INFORMATION - The surface ownership of the drill site and the access routes are under the control/ownership of:

Bureau of Land Management

P. O. Box 1778

Carlsbad, New Mexico 88221-1778

505-234-5972

The BLM representative for this area is Barry Hunt who can be reached at the above number, or 505-361-4078.

The site was archaeologically surveyed in Aug 2005. Danny Boone, the registered archeological surveyor, should forward a copy of that report to the BLM.

12. OPERATORS REPRESENTATIVE - St. Mary Land and Exploration is covered by Nationwide Bond No. 6041872. St. Mary Land and Exploration is represented by:

Charles M. Jones, Operations Manager

Dennis Goins, Operations Engineer

580 Westlake Park Blvd., Suite 600

Houston, Texas 77079

281-677-2800 Office

281-677-2774 Direct

918-408-8025 Cell

Alan D. Means, Contract Drilling Engineer

Midland, Tx

432-620-9181 Office

432/664-7052 Cell

432-687-3117 Home

Jackie Herron, Contract Pumper
Hagerman, NM

505-746-7601 Cell

505-752-2701 Home

13. OPERATORS CERTIFICATION

I hereby certify that I, Alan D. Means-Contract Drilling Engineer, have inspected the proposed drill site and access route and that I am familiar with the conditions that currently exist; that the statements made in the APD package are to the best of my knowledge true and correct; and that the work associated with operations herein will be performed by ST. MARY LAND & EXPLORATION COMPANY and it's contractors and subcontractors in conformity with the terms and conditions of this APD package. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application with bond coverage being provided under a BLM nationwide bond.

This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Name and title: Alan D. Means, Consulting Operations Engineer for St. Mary Land & Exploration Company

Signature: for Alan Means

Date: 12-12-05