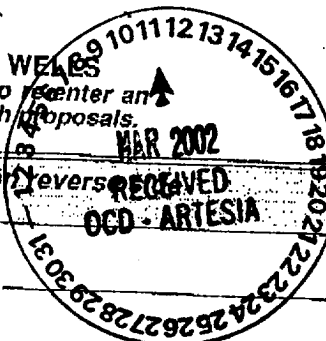


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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



FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

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

2. Name of Operator
Cibola Energy Corporation

3a. Address
P.O. Box 1668, Albuquerque, NM 87103

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec. 7; T-14S; R-11E; Unit P
1063' FSL & 823' FEL

3b. Phone No. (include area code)
(505) 242-2050

5. Lease Serial No.
NM 38313

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.
Ysletano Canyon Fed. #1

9. API Well No.
30-035-20025

10. Field and Pool, or Exploratory Area
Wildcat

11. County or Parish, State
Otero County, NM

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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input checked="" 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 recomple 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 recomple 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.)

Please see attached sheets (2)

Accepted for record - NMOCD

RECEIVED
2002 MAR 11 PM 1:56
BUREAU OF LAND MANAGEMENT
ROSWELL OFFICE

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

Harvey E. Yates, Jr.

Title President

Date March 11, 2002

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

(ORIG. SGD.) ALEXIS C. SWOBODA

PETROLEUM ENGINEER

Date

MAR 11 2002

Approved by
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.

Cibola Energy Corporation

P.O. Box 1668

Albuquerque, NM 87103-1668

Phone: (505)242-2050 Fax: (505)242-8501

March 11, 2002

Attachment to Form 3160-5
BLM Sundry Notice & Report on Well
Subsequent Report/Temporarily Abandon

Ysletano Canyon Federal #1
API: 30-035-20025
Otero County, NM
Sec. 7; T-14S; R-11E; Unit P
1063' FSL & 823' FEL



- 1) In 1995, Cibola placed a temporary bridge plug at 3940', which is above the perforations. A copy of the invoice from the well service company evidencing this action is attached.
- 2) While the existing well is capable, at reasonable gas prices, of producing in paying quantities, it, by itself, cannot economically justify the construction of the 10-mile-plus pipeline which would be required to market the gas. Additional wells need to be drilled in the area around this well. The BLM, however, has imposed a moratorium on the leasing of BLM lands in Otero County, and at the present time, there are no existing BLM leases in the area near the well, save the one on which this well sits. Yet the BLM owns most of the pertinent land in that area. Thus, the moratorium has directly stifled the development of the further gas reserves which are necessary to justify the construction of the pipeline.
- 3) In 1998, I met with Mr. Lopez of the BLM office in Roswell related to the status of the well and the effect, as stated above, of the existing BLM moratorium in Otero County. Mr. Lopez said that the well would be placed on a "Shut In" status.
- 4) Since my conversation with Mr. Lopez, Cibola has continued to make minimum royalty payments to the Mineral Management Service covering the lease underlying the well. Copies of the most recent check paying these royalties and MMS-2014 are attached.
- 5) An integrity test was run on the well on 10/15/01 by Jim's Water Service. Because no BLM official witnessed the test, a second test was run by Jim's Water Service on 3/11/02. This test was witnessed by Stan Mayo of the BLM.

Accepted for record - NMOCD

Attachment to Form 3160-5
BLM Sundry Notice & Report on Well
Subsequent Report/Temporarily Abandon

Ysletano Canyon Federal #1
API: 30-035-20025
Otero County, NM
Sec. 7; T-14S; R-11E; Unit P
1063' FSL & 823' FEL



March 11, 2002
Page 2

- 6) Recently the New Mexico Oil Conservation Division (the OCD) has sent us a notice indicating that Cibola is out of compliance in regard to this well. The OCD has stated that this well needs to be listed as Temporarily Abandoned ("T" status). The difficulty with this is that, according to the BLM, Temporarily Abandoned wells have not been regarded as capable of holding a lease. Therefore, Cibola has continually reported this well on Mineral Management Form MMS 3160 as a "Shut In" well.
- 7) In order to allow Cibola to comply with the requirements of the OCD, we request that this "Shut In" well be listed as Temporarily Abandoned ("TA"), but that it continue to hold the lease upon which it was drilled, so long as other requirements are met (such as the payment of minimum royalties). We request that this continue until a reasonable time following the termination of the moratorium.