Form 3160-5

New Mexico Oil Conservation Division, District I

1625 N. French Drive UNITED STATES (April 2004) DEPARTMENT OF THE INTERIO Hobbs, NM 83240 OMB No. 1004-0137 Expires: March 31, 2007 BUREAU OF LAND MANAGEMENT 5. Lease Serial No. SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill or to re-enter an 6. If Indian, Allottee or Tribe Name abandoned well. Use Form 3160 - 3 (APD) for such proposals. SUBMIT IN TRIPLICATE- Other instructions on reverse side. 7. If Unit or CA/Agreement, Name and/or No. 1. Type of Well Oil Well Gas Well Other 8. Well Name and No. 2. Name of Operator Finley Resources, Inc. Fopeano, LC Federal 2 #2 9. API Well No. 3a. Address 3b. Phone No. (include area code) 30-025-04413 1308 Lake Street, Ste. 200, Fort Worth, Texas 76102 817-336-1924 10. Field and Pool, or Exploratory Area 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Eumont: Yates-7 RVRS-Queen H: 1980' FNL & 660' FEL of Sec. 35-20S-36E 11. County or Parish, State Lea Co., NM 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Acidize Deepen Production (Start/Resume) Notice of Intent Water Shut-Off Alter Casing Fracture Treat Reclamation Well Integrity Casing Repair Subsequent Report New Construction Recomplete Other Change Plans Plug and Abandon Temporarily Abandon Final Abandonment Notice 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.) Current Interval: 3,588'-3,685'. Propse to drill out CIBP @ 3690'. CO OH to 3,860'. DO to 4,200' amd water frac the zones with 10,000-15,000 bbls. treated water and diverters down casing at high rate. Commingle Grayburg/San Andres and 7 Rivers Queen zones. Run production equipment and put back on line. APPROVED FOR 2004 SEP GARY GOURLEY PETROLEUM ENGINEER 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) James L. Nance Title Operations and Production Engineer Signature THIS SPACE FOR FEDERAL OR STATE OFFICE USE Title Conditions of approval, if any, are attached. Approval of this notice does not warrant or Date 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 page 2)