

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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.1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator **PECOS PRODUCTION COMPANY**3a. Address
400 W. ILLINOIS, STE 1070, MIDLAND, TX 797013b. Phone No. (include area code)
432-620-84804. Location of Well (Footage, Sec., T., R., M., or Survey Description)
760' FSL & 1930' FWL, SEC 22-T18S-R32E

5. Lease Serial No.

NMNM94190

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

QUERECHO PLAINS UNIT #3

9. API Well No.

30-025-36724

10. Field and Pool, or Exploratory Area

QUERECHO PLAINS; UPPER BS

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			
☐ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☒ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☒ Other GAS PROD/ALLOC
	☐ 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 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.)

PECOS PRODUCTION COMPANY REQUEST THE APPROVAL TO FLOW PRODUCED GAS FROM THE QUERECHO PLAINS UNIT #3 WELL INTO ITS HEATER TREATER, THRU THE CHECK METER, AND THEN UP INTO THE QUERECHO PLAINS UNIT #1 & 2 BTRY, THAT TIES INTO THE FRONTIER ENERGY SALES LINE, LOCATED IN SEC 22, T-18S, R32E, LEA CO, NM. (SEE ATTACHED MAPS).

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

DORA LARATTitle **Eng. Asst.**

Signature

Dora Larat

Date

1-20-05**KGO****THIS SPACE FOR FEDERAL OR STATE OFFICE USE**Approved by **(ORIG. SGD.) DAVID R. GLASS**

Title

Date **JAN 31 2005**

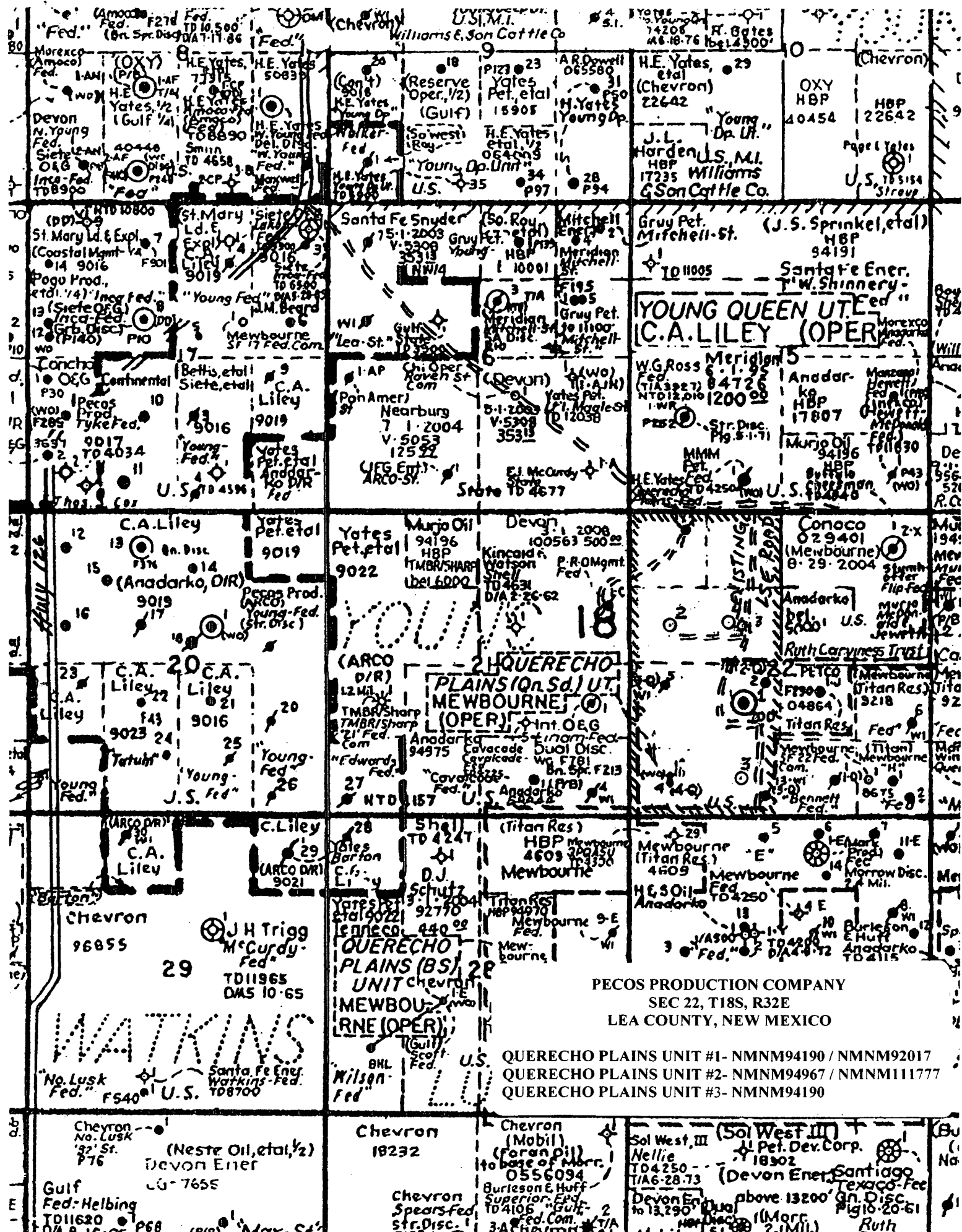
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

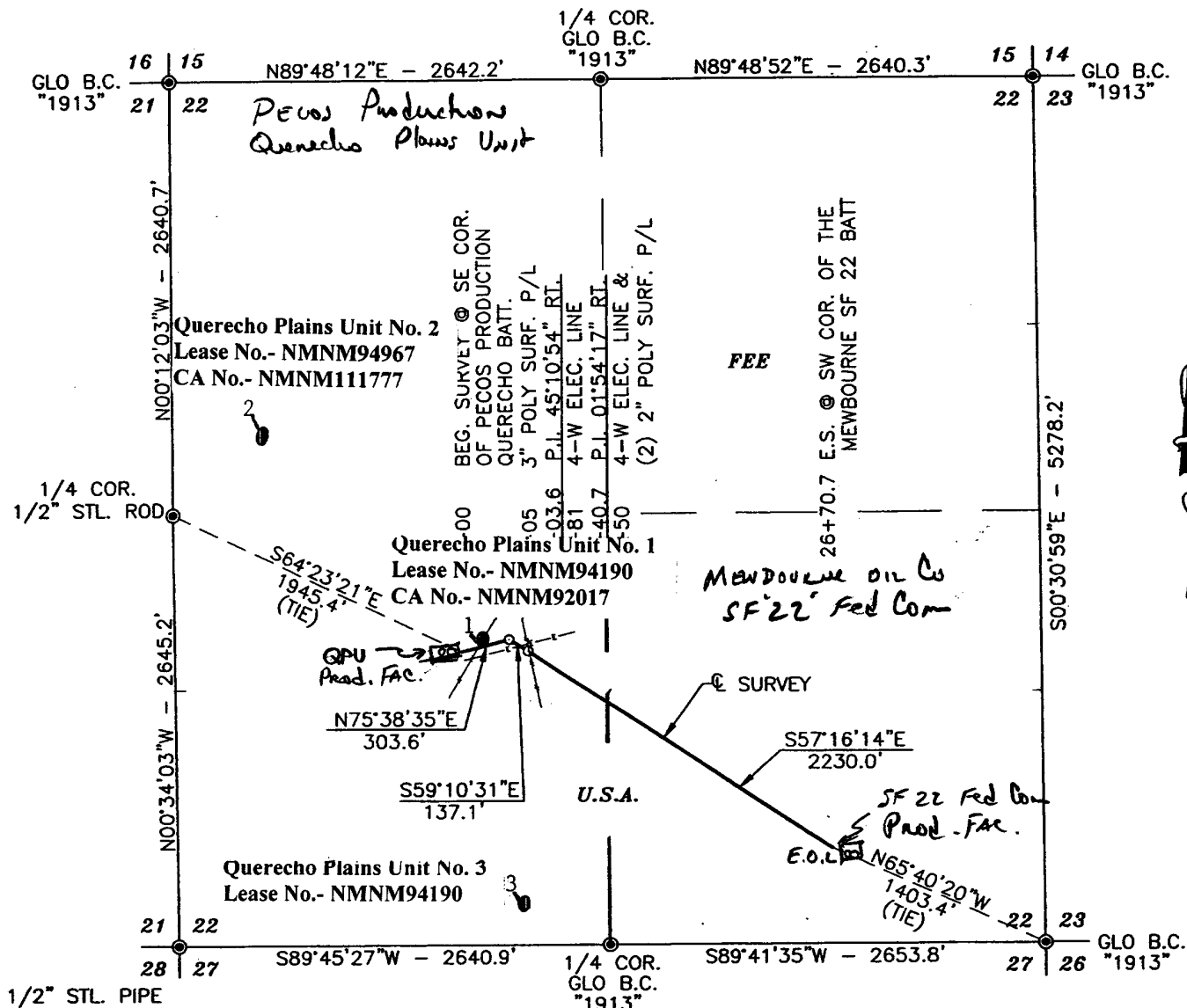
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**



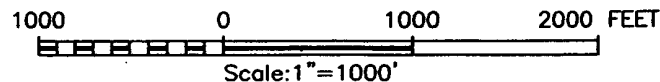
SECTION 22, TOWNSHIP 18 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



DESCRIPTION

A STRIP OF LAND 50.0 FEET WIDE AND 2670.7 FEET OR 0.506 MILES IN LENGTH CROSSING USA LAND IN SECTION 22, TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM, LEA COUNTY, NEW MEXICO AND BEING 25.0 FEET LEFT AND 25.0 FEET RIGHT OF THE ABOVE CENTERLINE.

NOTE: BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE" NORTH AMERICAN DATUM 1983. DISTANCES ARE SURFACE VALUES.



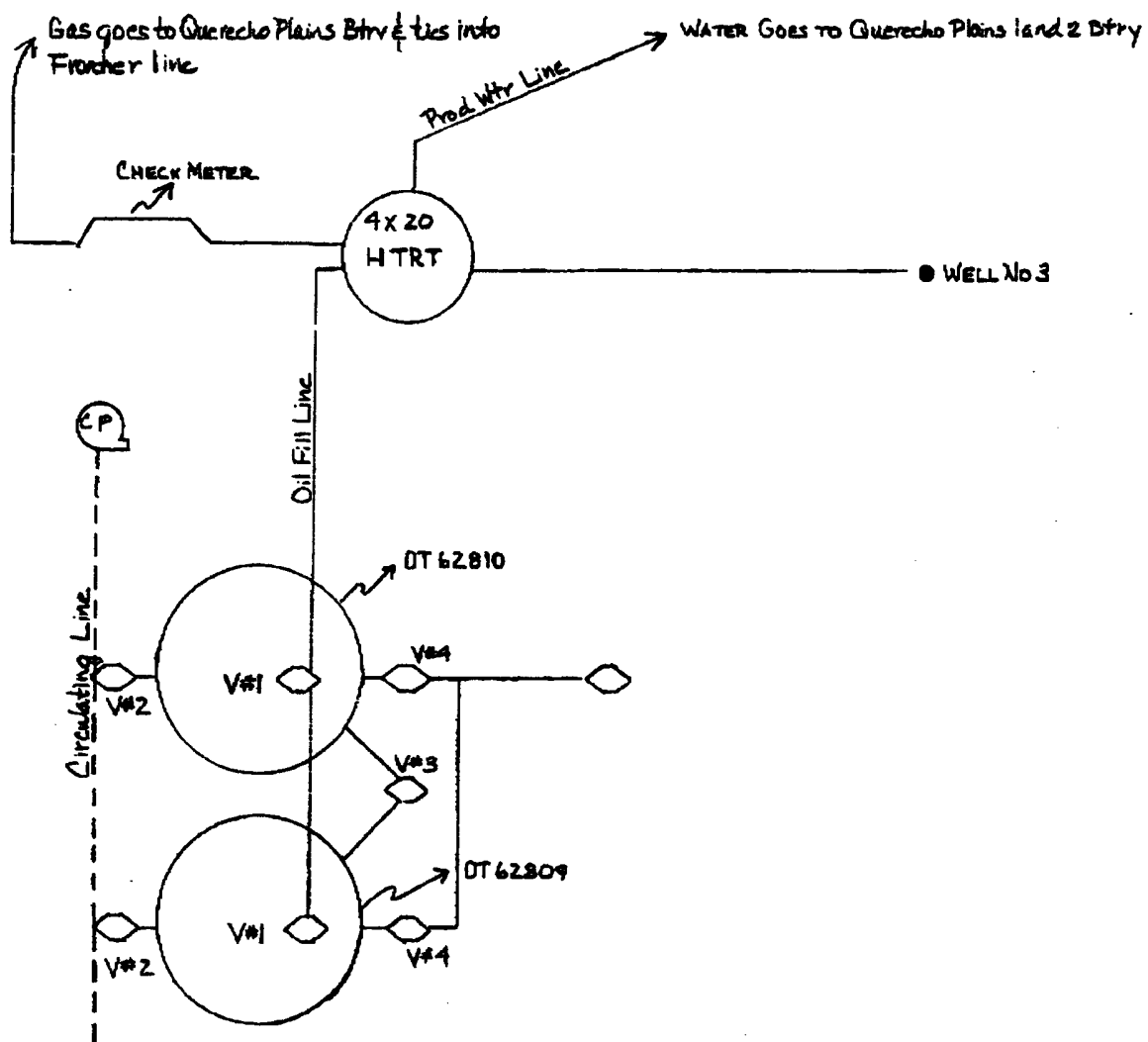
I HEREBY CERTIFY THAT I DIRECTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THIS SURVEY AND PLAT MEET THE MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO.

GARY G. EIDSON
GARY G. EIDSON, N.M. P.S. No. 12641
JOHN WEST SURVEYING COMPANY
412 N. DA RASO - HOBBS, NEW MEXICO - 505-393-3117

PECOS PRODUCTION COMPANY

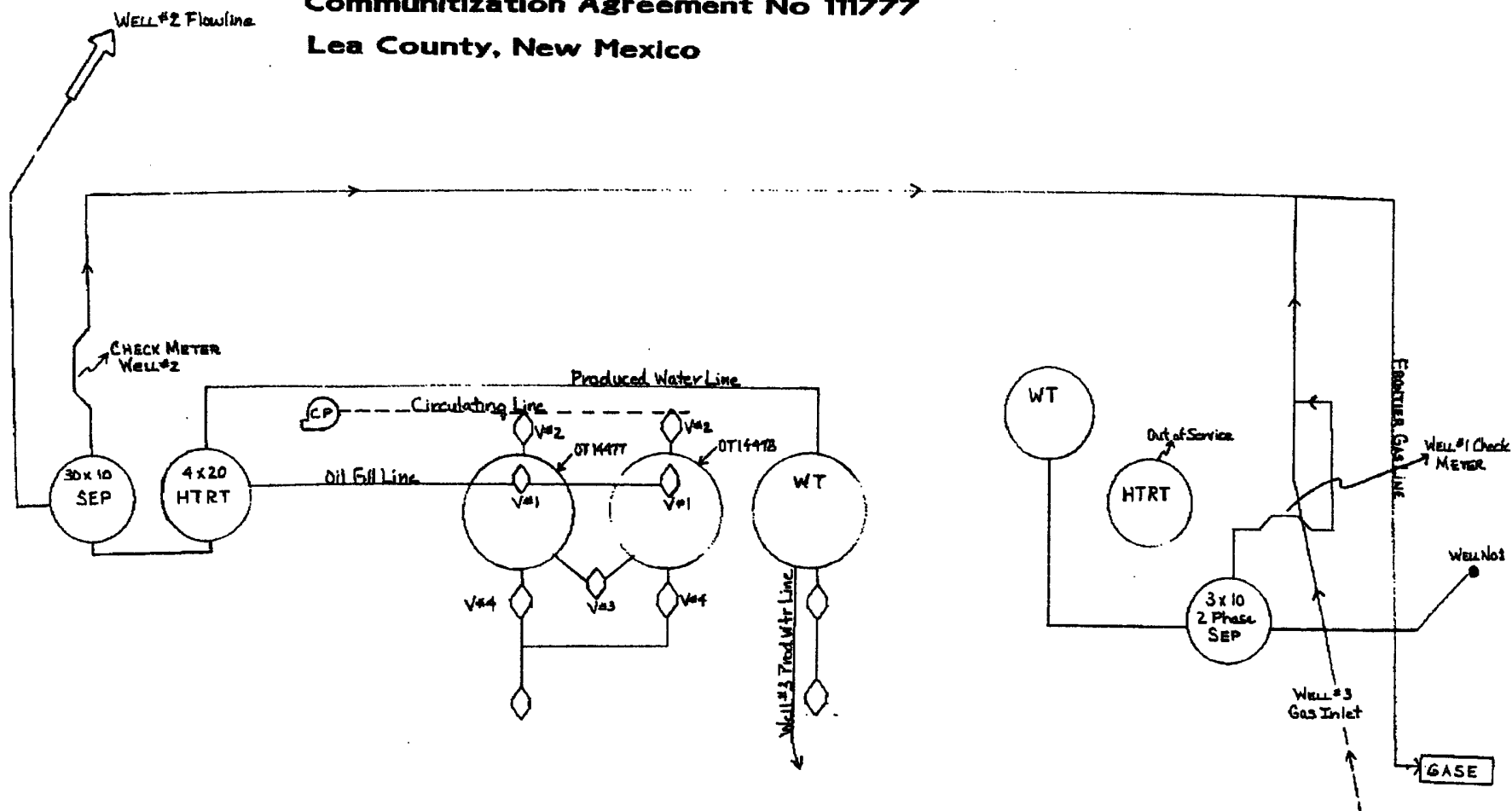
SURVEY A PIPELINE IN THE S/2 OF
SECTION 22, TOWNSHIP 18 SOUTH, RANGE 32 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO

Survey Date: 4/2/04	Sheet 1 of 1 Sheets
W.O. Number: 04.11.0396	Drawn By: L.A.
Date: 4/5/04	DISK: CD#3
	04110396



Pecos Production Company
Querecho Plains Unit No 3 NM 94190
Sec 22, T18S, R32E
Las County, New Mexico

Pecos Production Company
Querecho Plains Unit Lease NM94967
UL K, Sec 22, T18S, R32E
Communitization Agreement No 111777
Lea County, New Mexico





Field Services, LLC

4200 E. Skelly Drive, Suite 700

Tulsa, OK 74135

www.frontierenergyllc.com

OGRID: 221115

SETTLEMENT STATEMENT

Maljamar Gas Plant

PECOS PRODUCTION CO

September 2004 Production

Contract Number: 30025-A
Meter No: 6025008
Meter Name: QUERCHO PLAINS 1
Property No: 8000028001
Property Name: QUERCHO PLAINS UT 1

Plant Product %: 88.00%
Residue %: 88.00%
Pressure Base: 14.65
N2 - Mol%: 2.494
CO2 - Mol%: 0.244
Marketing Fee: \$0.0000

Field Volumes	Point of Receipt Volume		
	Mcf	BTU	MMBtu
Total System Volume	1,707,098	1.2546	2,141,653
100% Meter Volume	23,646	1.3490	31,898
Producer's Share	23,646	1.3490	31,898

1 288 1949.20
2 22789 154237.01
3 569 3851.02

Prices:	
Ethane:	\$0.4980519
Propane:	\$0.7719837
Iso Butane:	\$0.9288310
Normal But:	\$0.9339000
Pentanes+:	\$1.0459020
T & F:	\$0.0427200
Residue:	\$4.7475003

NGL Settlement	Point of Receipt Volume					
	Ethane	Propane	Iso-But.	Normal But.	Nat. Gasoline	Total
Shrinkage MMBtus	4,610	3,910	690	1,753	2,958	13,922
Well GPMs	3.672	2.006	0.302	0.737	1.110	7.827
Theo. Gallons	86,828	47,434	7,141	17,427	26,247	185,077
Presumed Recoveries	80.00%	90.00%	97.00%	97.00%	99.00%	
Actual Allocated Gallons	69,462	42,690	6,927	16,904	25,985	161,968
Net Price per Gallon	\$0.4553319	\$0.7292637	\$0.8861110	\$0.8911800	\$1.0031820	
NGL Value	\$31,628.26	\$31,132.27	\$6,138.09	\$15,064.51	\$26,067.68	\$110,030.81
Producer's Value						\$96,827.11

MMBtu
1 389
2 30742
3 768
31899

Residue Settlement	Net Delivery	Liquid Shrink	Plant Fuel	Residue Returned	Residue	Residue	Gas Price	Residue
	MMBtu	MMBtu	MMBtu	MMBtu	MMBtu	Mcf	/MMBtu	Value
Total Plant Volume	2,110,428	738,214	144,499	0	1,185,687	1,188,285		
Producer's Share	31,898	13,922	2,400	0	15,130	15,163	\$4.74750	\$63,210.12

Total Settlement	Producer's Total Value NGLs + Residue	Fees					Net Due Producer
		Low Meter	Gathering	Compression	Deliv	Taxes	
Rate			0.0000	0.0000	0.0000		
Volume			0	0	0		
Producer's Total Net Value	\$160,037.23		\$0.00	\$0.00	\$0.00	\$12,904.84	\$147,132.39

6.76804660407 X
individual well
= Value for
well.

CONTACT INFORMATION		Fax: 918-492-4701
GAS PAYMENTS:	Jim Coghill	(918) 388-8411
CONTRACTS:	Jeff Hull	(918) 388-8420
DO/TAXES:	Dan Young	(918) 388-8414
OPERATIONS:	Mike Hicks	(918) 388-8417

PECOS PRODUCTION CO
ATTN: DEBBIE NEWCOMB
400 W. ILLINOIS SUITE 1070

MIDLAND, TX 7-9701

GPIS by eXigent

Date: October 13, 2004

September, 2004 Querecho Plains Allocations

		Charts MCF	Frontier MCF
Querecho Plains 1	6025008-1	293	288
Querecho Plains 2	6025008-2	23176	22789
Querecho Plains 3	6025008-3	579	569
		24048	23646

Producer's Total Net Value 160037.23
 Divided by 100% Meter Volume 23646
 Equals Factor Times Individual 6.768046604077
 Well = Value for each well

		Frontier MCF	Frontier Value	Frontier MMBtu
Querecho Plains 1	6025008-1	288	1949.20	388.51
Querecho Plains 2	6025008-2	22789	154237.01	30742.36
Querecho Plains 3	6025008-3	569	3851.02	767.58
				31898.45