

06/26/2006 12:40 IFAX fax@claytonwilliams.com

→ Howard, Dawn

003/003

FY10

OCD-HOBBS

Form 3160-3
(April 2004)
Received
Hobbs
OCD

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDAY 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.

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

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMNM14204
2. Name of Operator SOUTHWEST ROYALTIES, INC.		6. If Indian, Allottee or Tribe Name
3a. Address 6 DESTA DR., STE 2100, MIDLAND, TX 79705	3b. Phone No. (include area code) 432/686-9927	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T, R, M., or Survey Description) J; SEC 31, T9S, R22E		8. Well Name and No. GONSALES FED 31 #1
		9. API Well No. 30 025 23974 00 00
		10. Field and Pool, or Exploratory Area SAN ANDRES
		11. County or Parish, State LEA COUNTY, NM

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 recompletable 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 recompletable 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.)

THIS WELL HAS BEEN SHUT IN AND ORDERED BY NMOCD TO EITHER BE REPAIRED AND PLACED BACK ON PRODUCTION OR TO BE PLUGGED AND ABANDONED. BELOW IS OUR PROPOSED PROCEDURE TO P&A.

MI & RU P&A contractor rig and equipment. DO fill in 4-1/2" csg. TIH and set CIBP @ approx 4100' w/2 sx cmt on top. TIH to 2300' and spot 50 sx plug from approx 2300' - 2200'. TIH & WOC. TIH and tag @ approx 2200'. TOH to 900' and set cmt retainer and squeeze hole in csg w/250 sx cmt. Pull out of retainer @ 900' and check for any back flow. Spot 10 sx cmt on top or retainer. TOH & WOC. Tag top of plug @ 320'. TOH to 30' spot 10 sx surface plug. RD MO; install dry hole marker. Clean nad restore location.

Present wellbore schematic attached.

→ PERF @ 414' + SQUEEZE 30 SX (8 5/8" CSG SHOE) + TAG
→ PERF @ 60' w/20 SX + SQUEEZE SURFACE PLUG

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

Dawn M. Howard dhoward@claytonwilliams.com

Title Operations Assistant

Signature

Date 03/30/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

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

Date

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

GWW

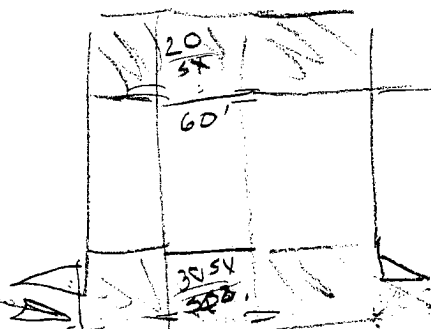
APPROVED

JUN 27 2006

LES BABYAK
PETROLEUM ENGINEER



1. Perf @ 414' +
sqz w/ 30 sk, (tag)



surface plug

8 5/8 24" @ 364'

10 sk out top

SQZ THRU RET. 250 sk w/ CR
@ 900'

SQZ'D 250 sk
THRU CSB HOLES
FOUND AT 1147-1456

1147
1456

2050' T TO C (TAG)

50
sk
Plug

2300

8.097 + 4.09
.2471 CF/FT ANN +
.1104 CF/FT CAP 4"
.3575 CF/FT
35.75 CF =
27.1 sk =
30 sk

CALC. TOC @ 3540

SAN ANDRES @ 3510

CIBP @ 4100' w/ 35' cnt
(bailed)
PERFS 4214-4280

4 1/2 9.5" @ 4320 w/ 200 sk
cnt