

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-HOBBS

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

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.

5. Lease Serial No.
LC-029512(c)

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

1. Type of Well

☒ Oil Well

☐ Gas Well

☐ Other

2. Name of Operator
Dakota Resources, Inc

3a. Address
4912 N Midkiff
Midland, Texas 79705

3b. Phone No. (include area code)
(432) 697-3420

4. Location of Well (Footage, Sec., T., R./M., or Survey Description)
1980 FSL & 1980 FEL, Sec 18, T20S-R34E

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

8. Well Name and No.
Federal #1

9. API Well No.
30-025-08463

10. Field and Pool or Exploratory Area
Teas Yates *Seven River*

11. Country or Parish, State
Lea County, New Mexico

12. CHECK THE 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 checked="" type="checkbox"/> Other <u>Production Report</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

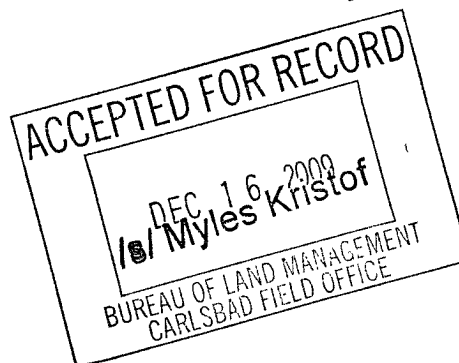
13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

12-9-2009

100% Load water recovery achieved.

24 hr Production Test - 2 bopd, 1 bwpd, 1 mcf/gpd via rod pump.

Economics Attached



RECEIVED
DEC 21 2009
HOBBSOCD

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

Title Operations Engineer

Signature

Date 12/09/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

PETROLEUM ENGINEER

JAN 20 2010

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)

 [printer friendly view](#)

OMSYS™ Exploration & Production Economics Report



Federal #1 Dakota Resources Well Economics

Production & Cash Flow Stream

Fiscal Year	Oil (BO)	Gas (MMCF)	Oil \$/BBL	Gas \$/MMBTU	Gross Revenue	Net Revenue	Net Op. & Cap. Exp.	Cash Flow (Undisc.)	Cash Flow (PV 10%)
2009	674	0	\$75.00	\$4.00	\$51,886	\$38,914	\$6,600	\$28,958	\$27,494
2010	573	0	\$75.00	\$4.00	\$44,103	\$33,077	\$6,600	\$23,625	\$20,305
2011	487	0	\$75.00	\$4.00	\$37,487	\$28,116	\$6,600	\$19,091	\$14,855
2012	414	0	\$75.00	\$4.00	\$31,864	\$23,898	\$6,600	\$15,237	\$10,734
2013	352	0	\$75.00	\$4.00	\$27,085	\$20,314	\$6,600	\$11,962	\$7,629
2014	299	0	\$75.00	\$4.00	\$23,022	\$17,267	\$6,600	\$9,177	\$5,299
2015	254	0	\$75.00	\$4.00	\$19,569	\$14,677	\$6,600	\$6,811	\$3,561
2016	216	0	\$75.00	\$4.00	\$16,633	\$12,475	\$6,600	\$4,799	\$2,273
2017	184	0	\$75.00	\$4.00	\$14,138	\$10,604	\$6,600	\$3,089	\$1,326
2018	156	0	\$75.00	\$4.00	\$12,018	\$9,013	\$6,600	\$1,636	\$637
2019	112	0	\$75.00	\$4.00	\$8,626	\$6,469	\$5,500	\$411	\$147
Total	3,720	2			\$286,431	\$214,823	\$71,500	\$124,797	\$94,259

Reserve Category

Reserve Category: PDP

Valuation Parameters

Net Present Value @ 18%: \$77,923
 50% of Undisc. Cash Flow: \$62,398
 3 Year Cash Flow: \$71,674

Interests

Operating Status: Operated

WI: 1.000

NRI: 0.750

Net Present Value Profile

0%: \$124,797	18%: \$77,923	35%: \$56,109
5%: \$107,750	20%: \$74,602	40%: \$51,727
10%: \$94,259	22%: \$71,527	45%: \$47,952
12%: \$89,648	25%: \$67,323	50%: \$44,671
15%: \$83,425	30%: \$61,243	

Decline

Decline Model: Exponential Decline Curve

Initial Flow Rate: 2 BO/D

Decline Rate: 15%/year

Capital Investment Analysis

Acquisition Cost (Gross): \$0

Future Capital Expenditure (Gross): \$0

ROI: N/A [Help](#)

Payout: 1 month [Help](#)

Product Price Assumptions

Oil Price: \$75.00/BBL Esc: 0%

Gas Price: \$4.00/MMBTU Esc: 0%

BTU Content of Gas: 1,000 BTU/SCF

Cumulative & Estimated Future Production

Operating Expense, Tax Assumptions

Initial Op. Exp.: \$550/month Esc: 0%

Oil Severance Tax: 3.75%

Gas Severance Tax: 2.75%

Ad Valorem Tax: 4.9%

	Oil (MBO)	Gas (MMCF)
Est. Expected Ultimate Recovery (EUR):	4	2