

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. Oil & Gas Division
1625 N. French Dr.
Hobbs, NM 88240

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

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 ☐ Other

2. Name of Operator
QUAY VALLEY, INC.

3a. Address
P. O. BOX 10280 MIDLAND, TX 79702-7280

3b. Phone No. (include area code)
(915)687-4220

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
UNIT LETTER I, 2310' FSL AND 890' FEL
SECTION 21, T-26-S, R-38-E
3.

Lease Serial No.
NM70227

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
MCDONALD FEDERAL NO. 1

9. API Well No.
30-025-30660

10. Field and Pool, or Exploratory Area
MASON DELAWARE EAST

11. County or Parish, State
LEA COUNTY
NEW MEXICO

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

TYPE OF SUBMISSION	TYPE OF ACTION				
<input checked="" 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 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 type="checkbox"/> Temporarily Abandon		
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input checked="" 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 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.)

PROPOSED CONVERSION OF THIS WELL INTO A SALT WATER DISPOSAL WELL:
ESTIMATED STARTING DATE OF JUNE 15, 2001.

1. MOVE AND RIG UP PULLING UNIT.

2. PULL RODS, DOWNHOLE PUMP AND TUBING.

3. RUN IN HOLE WITH PROFILE NIPPLE, ON AND OFF TOOL, 5 1/2" BAKER LOC-SET COATED PACKER, 2 3/8" TUBING (PLASTIC COATED) @ 4,384'.

4. PACKER @ 4,387'.

APPROVED

MAY 22 2001

ARMANDO A. LOPEZ
PETROLEUM ENGINEER

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

JUANITA F. MICHAELIS

Title
PRODUCTION ANALYST

Signature

Juanita F. Michaelis

Date
05/02/2001

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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, makes 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.

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GENERAL INSTRUCTIONS

This form is designed for submitting proposals to perform certain well operations, and reports of such operations when completed, as indicated on Federal and Indian lands pursuant to applicable Federal law and regulations. Any necessary special instructions concerning the use of this

form and the number of copies to be submitted, particularly with regard to local area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from the local Federal office.

SPECIFIC INSTRUCTIONS

Item 4 - Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult the local Federal office for specific instructions.

Item 13 - Proposals to abandon a well and subsequent reports of abandonment should include such special information as is required by the local Federal office. In addition, such proposals and reports should include reasons for the abandonment; data on any former or present

productive zones, or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to top of any left in the hole; method of closing top of well and date well site conditioned for final inspection looking to approval of the abandonment.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information on connection with information required by this application.

AUTHORITY: 30 U.S.C. et seq., 181 et seq., 25 U.S.C. et seq.: 43 CFR 3160.

PRINCIPAL PURPOSE - The information is to be used to evaluate, when appropriate, approve applications, and report completion of subsequent well operations, on a Federal or Indian lease.

ROUTINE USES:

- (1) Evaluate the equipment and procedures to be used during a proposed subsequent well operation and to review the completed well operations for compliance with the approved plan.
- (2) Request and grant approval to perform those actions covered by 43 CFR 3162.3-2, 3162.3-3, and 3162.3-4.
- (3) Report the beginning or resumption of production, as required by 43 CFR 3162.4-1(c).
- (4) Analyze future applications to drill or modify operations in light of data obtained and methods used.
- (5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions.

EFFECT OF NOT PROVIDING INFORMATION - Filing of this notice and report and disclosure of the information is mandatory for those subsequent well operations specified in 43 CFR 3162.3-2, 3162.3-3, 3162.3-4, and 3162.4-1(c).

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501, et seq.) requires us to inform you that:

This information is being collected in order to evaluate proposed and/or completed subsequent well operations on Federal or Indian oil and gas leases.

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 25 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management, Bureau Clearance Officer, (DW-101) Denver Federal Center, Building 40, P.O. Box 25047, Denver, CO 80225-0047 and the Office of Management and Budget, Paperwork Reduction Project (1004-0135), Washington, D.C. 20503.



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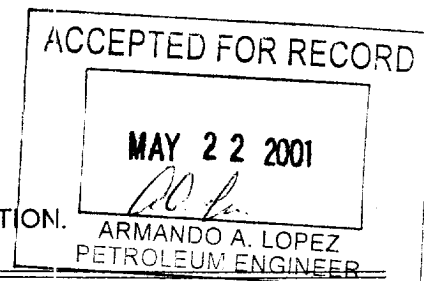
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COMPLETED DEEPENING PROCEDURE FOR MCDONALD FEDERAL #1 WELL:

1. MOVE IN AND RIG UP PULLING UNIT. PULL RODS, DOWNHOLE PUMP AND TUBING RIG UP REVERSE FOAM UNIT WITH SWIVEL PICK UP COLLARS, TUBING AND BIT ASSEMBLE - RUN IN HOLE W/SAME
2. DRILL AN ADDITIONAL 6 FEET (APPROXIMATELY) OF RAMSEY SAND - EVALUATE SAMPLES.
3. RE-RUN TUBING - SWAB WELL - EVALUATE RESULTS.
4. ACIDIZED WELL.
5. RUN BOTTOM HOLE PUMP AND RODS, HANG ON. 6. RETURN WELL TO PRODUCTION.



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

JUANITA F. MICHAELIS

Title

PRODUCTION ANALYST

Signature

Juanita F. Michaelis

Date

05/02/2001

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G.W.W.
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RECEIVED

MAY 4 2001

BLM
ROSWELL, NM