

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

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 <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM70227
2. Name of Operator QUAY VALLEY, INC		6. If Indian, Allottee or Tribe Name
3a. Address P. O. BOX 10280 MIDLAND, TX 79702-7280	3b. Phone No. (include area code) (915)687-4220	7. If Unit or CA/Agreement, Name and/or No.
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		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 checked="" 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 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 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 25 FEET (APPROXIMATELY) OF RAMSEY SAND - EVALUATE SAMPLES.
3. RE-RUN TUBING - SWAB WELL - EVALUATE RESULTS.
4. IF WARRANTED, ACIDIZE WELL.
5. RUN BOTTOM HOLE PUMP AND RODS, HANG ON. 6. RETURN WELL TO PRODUCTION. THE STARTING DATE FOR THE PROPOSED WORK IS NOVEMBER 1, 2000.

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) STELLA SWANSON, CPL		Title PRESIDENT
Signature 		Date 10/19/2000

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date 10/30/00
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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