

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
NMNM Oil Cons. Division
1625 N. French Dr.
Albuquerque, 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 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

KELTON OPERATING CORPORATION

3a. Address

1510 HERITAGE BLVD., ANDREWS, TEXAS

3b. Phone No. (include area code)

915.524.6400

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

330' FSL & 330' FWL Section 1, T-23S, R-37E

5. Lease Serial No.

NMNM2244

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

SARAH B #3

9. API Well No.

30-025-32178

10. Field and Pool, or Exploratory Area

Wildcat-San Andres

11. County or Parish, State

Lea

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

TYPE OF SUBMISSION

TYPE OF ACTION

☐ Notice of Intent

☒ Subsequent Report

☐ Final Abandonment Notice

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☒ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☐ Other _____

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.)

SAN ANDRES COMPLETION AND TEST

- 1-13-03 MI RU PU and BOP. Perforate 5.5" casing at 4594-4602 with 2 JSPF. Run Tubing and packer and acidize with 500 gallons 15% NeFe acid. Treat at 1.3 BPM at 700#. Shut well in.
- 1-14-03 Swab test well. Recovered 118 BW - 0 BO - 0 MCF.
- 1-15-03 Swab test well. Recovered 44 BW - 0 BO - 0 MCF. Pull tubing and packer
- 1-16-03 Run tubing to 4751'. Run rods and pump. Testing well with rod pump.
- 1-16/1-24-03 Testing well. Recovered 915 BW, 0 BO, 0 MCF. Shut well down to tie in to SWD line.
- 1-23-03 Tie into SWD and start pumping well.

Will test well for approximately 60-90 days to try and deplete water.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

C. Dale Kelton

Title PRESIDENT

Signature

Date 1-24-03

ACCEPTED FOR RECORD THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

(ORIG. SGD) DAVID R. GLASS

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 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.

GW

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Number **AJM-002-03**

Page **1** of **1**

☒ Certified Mail - Return Receipt Requested
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☐ Hand Delivered Received by

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

NOTICE OF INCIDENTS OF NONCOMPLIANCE

Identification
IID
Lease NMNM63368
CA
Unit
PA

Bureau of Land Management Office HOBBS INSPECTION OFFICE	Operator WESTALL RAY
Address 414 WEST TAYLOR HOBBS NM 88240	Address P O BOX 4 LOCO HILLS NM 88255
Telephone 505.393.3612	Attention
Inspector MASSENGILL	Attn Addr

Site Name BONANZA FED	Well or Facility A	1/4 1/4 Section SWSE 13	Township 19S	Range 32E	Meridian NMP	County LEA	State NM
Site Name (FACILITY)	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State

THE FOLLOWING VIOLATION WAS FOUND BY BUREAU OF LAND MANAGEMENT INSPECTORS ON THE DATE AND AT THE SITE LISTED ABOVE

Date	Time (24 - hour clock)	Violation	Gravity of Violation
01/09/2003	08:00	43 CFR 3162.7-5 (b)1,5	MINOR
Corrective Action To Be Completed By	Date Corrected	Assessment for Noncompliance	Assessment Reference
02/04/2003	01/24/03		43 CFR 3163.1()

Remarks
The drain valve on oil tank is not effectively sealed. Effectively seal drain valve on oil tank with seals and sealing devices. This must be corrected by 02/04/03. Failure to comply will result in monetary assessments.

When violation is corrected, sign this notice and return to above address.

Company Representative Title _____ Signature _____ Date _____

Company Comments _____

WARNING

Incidents of Noncompliance correction and reporting timeframes begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above. Please note that you already may have been assessed for noncompliance (see amount under "Assessment for Noncompliance"). If you do not comply as noted above under "Corrective Action To Be Completed By" you may incur an additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits, false, inaccurate, or misleading reports, notices, affidavits, record, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

REVIEW AND APPEAL RIGHTS

A person contesting a violation shall request a State Director review of the Incidents of Noncompliance. This request must be filed within 20 working days of receipt of the Incidents of Noncompliance with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer <i>Larry Denny</i>	Date 1-9-03	Time 0930
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FOR OFFICE USE ONLY

Number 14	Date	Assessment	Penalty	Termination
Type of Inspection SS				

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
N.M. Oil Cons. Division
1625 N. French Dr.
Albuquerque, NM 88240

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

SUNDRY NOTICES AND REPORTS
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SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	5. Lease Serial No. NMNM2244
2. Name of Operator KELTON OPERATING CORPORATION	6. If Indian, Allottee or Tribe Name
3a. Address 1510 HERITAGE BLVD., ANDREWS, TEXAS	7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) 915.524.6400	8. Well Name and No. SARAH B #3
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 330' FSL & 330' FWL Section 1, T-23S, R-37E	9. API Well No. 30-025-32178
	10. Field and Pool, or Exploratory Area Wildcat-San Andres
	11. County or Parish, State Lea

12. CHECK 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 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 checked="" type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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Name (Printed/Typed)

C. Dale Kelton

Title PRESIDENT

Signature

Date 1-24-03

ACCEPTED FOR RECORD

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (ORIG. SGD) DAVID R. GLASS

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.

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Telephone 505.393.3612	Attention
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Corrective Action To Be Completed By	Date Corrected	Assessment for Noncompliance	Assessment Reference
02/04/2003	01/24/03		43 CFR 3163.1()

Remarks

This office does not have a current facility diagram on file. Submit a current site facility diagram which accurately reflects actual conditions at the site.
(See attachment)
Failure to comply will result in monetary assessments.

Rec'd

When violation is corrected, sign this notice and return to above address.

Company Representative Title _____ Signature _____ Date _____

Company Comments _____

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Signature of Bureau of Land Management Authorized Officer <i>Larry Denny</i>	Date 1-9-03	Time 0930
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Number 15	Date	Assessment	Penalty	Termination
Type of Inspection SS				