

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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

EC

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.
NMLC049998A

6. If Indian, Allottee or Tribe Name

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

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

RECEIVED

SEP 23 2004

OCD-ARTESIA

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
MERIT ENERGY COMPANY
Contact: BEV HATFIELD
E-Mail: beverly.hatfield@meritenergy.com

3a. Address
13727 NOEL RD STE 500
DALLAS, TX 75240

3b. Phone No. (include area code)
Ph: 972.628.1630 Ext: 630
Fx: 972.960.1252

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 17 T17S R31E SWNE 1650FNL 2310FEL

8. Well Name and No.
LAST CHANCE 1

9. API Well No.
30-015-24450-00-S1

10. Field and Pool, or Exploratory
GRAYBURG

11. County or Parish, and State
EDDY COUNTY, NM

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 checked="" 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 recomplete 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 recompletion 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.)

Merit Energy Company (MEC) would like to re-apply for TA status. MEC would like to use this wellbore for future 7 Rivers waterflood production or injection. According to log and offset log information, this wellbore has a large gross pay height for the 7 Rivers formation. MEC feels that this well would be a valuable future producer or injector if the current pilot flood is successful. Early results of the current flood will be determined in 2005. If the pilot flood proves unsuccessful, MEC would recommend to P&A the wellbore in 2005.

** Subject to the attached conditions for TA wells,
Perform CIT w/in 30 days. NOTE: CIT & BP to be placed
w/in 50' of uppermost perf.*

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

Electronic Submission #35694 verified by the BLM Well Information System
For MERIT ENERGY COMPANY, sent to the Carlsbad
Committed to AFMSS for processing by LINDA ASKWIG on 09/08/2004 (04LA0808SE)

Name (Printed/Typed) BEV HATFIELD Title NOTIFICATION CONTACT

Signature (Electronic Submitted) Date 09/07/2004

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By /s/ Joe G. Lara Title FIELD MANAGER Date SEP 20 2004

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 CARLSBAD FIELD 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.