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Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Road
Aztec, NM 87410
District IV - (505) 827-7131

Energy Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

Originated 11/1/96

Submit Original
Plus 2 Copies
to appropriate
District Office

APPLICATION FOR
QUALIFICATION OF PRODUCTION RESTORATION PROJECT
AND CERTIFICATION OF APPROVAL

THREE COPIES OF THIS APPLICATION MUST BE FILED WITH THE APPROPRIATE DISTRICT OFFICE OF THE OIL CONSERVATION DIVISION.

- I. Operator: THOMPSON ENGR. & PROD. CORP. OGRID #: 037581
Address: 7415 E. Main Farmington, N.M. 87402
Contact Party: Paul C. Thompson Phone: 505 327-4892
- II. Name of Well: Rusty Federal #2 API #: 30-043-20157
Location of Well:
Unit Letter H, 1850 Feet from the North line and 800 feet from the East line, Section 14,
Township 22N, Range 7W, NMPM, Sandoval County
H-14-22-7
- III. Previous Producing Pool Name: _____
- IV. Describe the process used to return the Well to production. (Attach additional information if necessary):
Installed new gathering system pipeline.
- V. Date the Production Restoration Project was commenced: 11/1/96
Date the Well was returned to production: 12/1/96
- VI. Identify the Oil Conservation Division records which show the Well had thirty (30) days or less production between January 1, 1993 and December 31, 1994:

[] Ongard inactive well list; or [X] OCD Form C-115 (Operator's Monthly Report)

VII. AFFIDAVIT:

State of NEW MEXICO)
County of San Juan) ss.

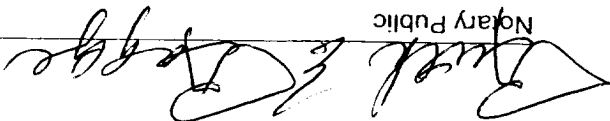
Paul C. Thompson, being first duly sworn, upon oath states:

1. I am the Operator or authorized representative of the Operator of the above referenced Well.
2. I have personal knowledge of the facts contained in this Application for Qualification of a Production Restoration Project.
3. The data utilized to prepare this application is complete and correct.

Paul C. Thompson
(Name)

President
(Title)

SUBSCRIBED AND SWORN TO before me this 10 day of February, 1997


Notary Public

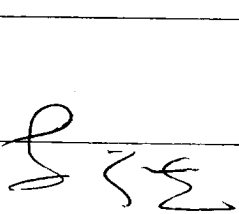
My Commission expires: July 31, 1997

FOR OIL CONSERVATION DIVISION USE ONLY:

VIII. CERTIFICATION OF APPROVAL:

This Application for Qualification of a Production Restoration Project is hereby approved and the above referenced Well is designated as a Production Restoration Project pursuant to the "Natural Gas and Crude Oil Production Incentive Act" (Laws 1995, Chapter 15, Sections 1 through 8). By copy of this Application and Certification of Approval, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval and certifies that production was restored in this Production Restoration Project on:

12/1, 1997


District Supervisor, District 3
Oil Conservation Division
Date: 2/24/97

IX. DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT: DATE: