

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
N. M. Oil and Gas Division
811 S. 1ST ST.
ARTESIA, NM 88210-2884

Budget Bureau No. 1001-01.15
Expires August 31, 1985
N.M. DESIGNATION AND SERIAL NO.
NMNM0223201

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT" for each proposal.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>	7. UNIT AGREEMENT NAME
2. NAME OF OPERATOR HERMAN V. WALLIS	8. FARM OR LEASE NAME HOWELL
3. ADDRESS OF OPERATOR Post Office Box 1858, Kerrville, Texas 78029-1858	9. WELL NO. 1
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.) At surface 1980' FNL & 660' FWL (SWNW)	10. FIELD AND FOOT, OR WILDCAT Sams Ranch Grayburg
11. H.C., T., B., M., OR BLK. AND SURVEY OR AREA Sec 10, T14S, R28E	12. COUNTY OR PARISH Chaves
13. STATE New Mexico	

14. PERMIT NO.				15. EXPIRATION (Specify whether by, to, or after date) JUN 13 1996 3581' GR			
16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data							
NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
WATER SHUT OFF		TELL OR ALTER CASING		WATER SHUT OFF		REPAIRING WELL	
FRACURE TREAT		MULTIPLE COMPLET		FRACURE TREATMENT		ALTERING CASING	
SHOOT OR ACIDIZE		ABANDON*		SHOOTING OR ACIDIZING		ABANDONMENT*	
PLUGS WELL		CHANGE PLANS		(Other)			
(Other) GSI		XX		(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)			

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give well surface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Well produces dry natural gas from shallow Grayburg Formation, completed above the San Andres Formation. Production Casing is cemented with cement circulated to surface. No fluids have been produced from Grayburg Gas Wells during 19 years history of Sams Ranch Grayburg Natural Gas Wells. Sams Ranch Natural Gas is free of all corrosives and is sweet to Lead Acetate. Surface Pipe is cemented in place with cement circulated to surface. Surface Pipe is vented to air and has no activity. Well is shut in and is not an ecologic hazard. Present natural gas prices, tax burdens and costs of operation has narrowed the Operators Profit and Loss to a critical. Costs of tests will put Operator in economic stress, further narrowing the Profit and Loss situation. Sams Ranch Grayburg Dry Gas is very marketable with 900 BTU and a test Gpm of over 2,00 Gallons Per Thousand. Demand for Natural Gas is slowly returning. This shut in well is in worthy condition to allow time for market to reach it. Stimulation or horizontal drilling are future programs as market and prices come back into line. Further request that 5 year period for shut in be granted on basis of above.

APPROVED
PETER W. CHESTER
JUN 4 1996
BUREAU OF LAND MANAGEMENT
ROSWELL RESOURCE AREA

18. I hereby certify that the foregoing is true and correct.
SIGNED Herman V. Wallis OPERATOR
DATE May 28, 1996
(This space for Federal or State office use)

APPROVED BY _____
CONDITIONS OF APPROVAL, IF ANY:

APPROVED FOR 5 year MONTH PERIOD
ENDING 6/4/01

*See Instructions on Reverse Side