NM OIL CONS COMMISSION Drawer DD Artesia, NM 88210

Form 3160-5

UNITED STATES DEPARTMENT OF THE INTERIOR

FORM APPROVED Budget Bureau No. 1004-0135 (June 1990) Expires: March 31, 1993 BUREAU OF LAND MANAGEMENT 5. Lease Designation and Serial No. NM025604 SUNDRY NOTICES AND REPORTS ON WELLS 6. If Indian, Allottee or Tribe Name Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals 7. If Unit or CA, Agreement Designation SUBMIT IN TRIPLICATE 1. Type of Well SCR-250 Oil Well Gas Well Other 8. Well Name and No. 2. Name of Operator Federal BB #1 9. API Well No. Merit Energy Company 3. Address and Telephone No 30-015-23384 Dallas, Texas 75251 12222 Merit Drive, Suite 1500 10. Field and Pool, or Exploratory Area 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Chalk Bluff Wolfcamp 890' FNL - 2245' FWL 11. County or Parish, State Sec 10, T18S, R27E Eddy, NM CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Notice of Intent Abandonment Change of Plans Recompletion **New Construction** Subsequent Report Plugging Back Non-Routine Fracturing Casing Repair Water Shut-Off Final Abandonmen: Notice Conversion to Injection Altering Casing Other off lease gas meas. & → Dispose Water (Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.) 13. 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 subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)* Approval is sought for off lease gas measurement on the above well. Measurement takes place .7 miles west of the well head. Meter run is located in the NE/4 of section 9, township 18 south, range 27 east, Eddy County, NM. Water produced from this well is 14. I hereby certify that the foregoing is true and correct Regulatory Manager (This space for Federal or State office use)

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

& Signed by Shannon J. Shaw

Approved by 6 2000 Conditions of approval, if any:

Patroleum engineer