N.M. Oil Cons. DIV-Dist. 2 1301 W. Grand Avenue

united s Artesia. NM 88210

FORM APPROVED OM B No. 1004-0135 Expires: January 31, 2004 Form 3160-5 (September 2001) DEPARTMENT OF THE INT **BUREAU OF LAND MANAGEMENT** Lease Serial No NM-7724 SUNDRY NOTICES AND REPORTS ON WELLS 6. If Indian, Allottee or Tribe Name Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals. 7. If Unit or CA/Agreement, Name and/or No. SUBMIT IN TRIPLICATE- Other instructions on reverse side. 1. Type of Well ✓ Oil Well RECEIVED Gas Well Other 8. Well Name and No. Henshaw 7 Federal #1 SEP 2 7 2004 2. Name of Operator Edge Petroleum Oper. Co., Inc. API Well No. 3b. Phone No. (buchase area cons.) 30-015-32676 3a Address 713-427-8883 1301 Travis, Suite 2000 Houston, TX 10. Field and Pool, or Exploratory Area Wildcat 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 11. County or Parish, State 1320' FWL & 1110' FSL Sec. 7, T16S, R30E Eddy Co., New Mexico 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Acidize Water Shut-Off Production (Start/Resume) Deepen Notice of Intent Alter Casing Reclamation Well Integrity Fracture Treat Casing Repair Other New Construction Recomplete Subsequent Report Change Plans _ Temporarily Abandon Plug and Abandon Final Abandonment Notice Water Disposal Plug Back Convert to Injection 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.) 4/20/04 Perforated Lower Morrow from 10,840'-10,880'. Broke down formation with 41 bbls. 20% NE FE HCL. ATP 7600 psi @ 3.1 BPM. Formation would not flow. Set CIBP @ 10,810' w/ 20' cmt. on top. 4/27/04 Perforated Middle Morrow from 10,506'-10,591'. No fluid or gas entry. Set CIBP @ 10,490' w/ 17' cmt. on top. 5/14/04 Perforated Atoka from 10,206'-10,212'. Broke down with 1000 gallons 15% HCL. ATP 4980 psi @ 1.0 BPM. Small flare. SITP 140 psi.Set CIBP @ 9200' with 20' cement on top. 5/19/04 Perforated Cisco Canyon from 8952'-8954' & 8966'-8970'. Acidized with 1500 gallons 15% HCL. ATP 5100 psi @ 2.4 BPM. Swabbed water. Set CIBP @ 8940' with 20' cement on top. 5/21/04 Perforated Cisco Canyon from 8832'-8852'. Swabbed black water. Set CIBP @ 8820' with 20' cement on top. 6/01/04 Perforated Cisco Canyon from 8696'-8706'. Swabbed water. Set CIBP @ 8690' with 20' cement on top. 6/02/04 Perforated Cisco Canyon from 8628'-8638'. Swabbed water with a show of gas. Set CIBP @ 8615'. 6/04/04 Perforated Cisco Canyon from 8552'-8559' & 8595'-8600'. Swabbed 8 bbls. oil & 105 bbls. water. Set RTBP @ 8584'. Acidized 8552'-8559' with 1000 gallons HCL @ 2500 psi @ 3 BPM. Swabbed 16 BO, 75 BW. POOH w/ RTBP & set CIBP @ 8590' 6/22/04 Perforated Cisco Canyon from 8478'-8482', 8485'-8488', 8494'-8498', 8508'-8510', 8512'-8514', 8518'-8522', 8526'-8528', 8534'-8536' Acidized with 2500 gallons 15% HCL @ 2215 psi @ 3 BPM. Swabbed 15 BO & 110 BW. 8/07/04 Placed well on pump. Pumped 15 BOPD, 0 MCFD, 152 BWPD on 8/27/04. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Title V.P. Production Jim Keisling 09/17/2004 Date THIS SPACE FOR FEDERAL OR STATE OFFICE USE Title

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.

(Instructions on page 2)

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.



INCLINATION REPORT

DATE:

06/10/04

WELL NAME AND NUMBER Henshaw 7 Fed #1

LOCATION:

Sec 7, T16S, R30E

OPERATOR:

Edge Petroleum Oper. Co., Inc.

DRILLING CONTRACTOR: Grey Wolf Drilling

The undersigned hereby certifies that he is an authorized representative of the drilling contractor who drilled the above described well and that he has conducted deviation tests and obtained the following results:

DEGREE	DEPTH	DEGREE	DEPTH	DEGREE	DEPTH	DEGREE	DEPTH
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1.50	1031	0.75	5023	,1.50_	7364		
1.00	1426	0.50	5370	1.25	7651		
0.50	1686	2.00	5684	1.00	8096		
1.00	1934	0.75	5688	0.75	8650		
1.00	2437	0.75	5972	1.00	9111		
1.00	2694	1.25	6320	1.25	10193		
1.00	3022	2.00	6415	0.75	10950		
0.75	3343	1.25	6510				
1.00	3695	2.00	6615				
0.50	4121	2.00	6729				
0.25	4422	2.50	6857				
0.50	4705	1.75	7238				

Drilling Contractor:

Grey Wolf Drilling Company, LP

Subscribed and sworn to before me on this

2004.

My Commission Expires:

Grey Wolf Drilling Company L.P. 6 Desta Drive, Ste 5850 Midland, Texas 79705-5516 tel (432) 684-6828 fax (432) 684-6841

J. KAY LEESON Notary Public, State of Texas My Commission Expires February 28, 2006