

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

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.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		RECEIVED JUN - 1 2006 OCD-ARTESIA	5. Lease Serial No. LC-029435-A
2. Name of Operator Merit Energy Company			6. If Indian, Allottee or Tribe Name
3a. Address 13727 Noel Road, Suite 500, Dallas, Texas 75240	3b. Phone No. (include area code) 972-628-1610	7. If Unit or CA/Agreement, Name and/or No.	8. Well Name and No. Keel, J. L. "A" Well No. 16
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 2080' FNL & 1700' FWL, Sec. 7, T-17-X, R-31-E		9. API Well No. 30-015-25423	10. Field and Pool, or Exploratory Area Grayburg-Jackson
		11. County or Parish, State Eddy County, New Mexico	

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" 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 Clean out and
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	return to injection.
	<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 recompleat 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 recompleat 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.)

03/30/2006 - MIRU coil tubing unit, jetted to bottom, spotted acid across perforations, TOH w/coil tubing unit.
Acidized w/5,000 gallons 15% HCL through the tubing string. RD pump truck and flowed well back. Return to injection.

Accepted for record
NMOC

ACCEPTED FOR RECORD
MAY 31 2006
ALEXIS C. SWOBODA PETROLEUM ENGINEER

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Larry M. Sanders		Title Sr. Regulatory Analyst
Signature <i>Larry M. Sanders</i>		Date 05/23/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by 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.	Title Office	Date
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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)