



UNITED STATES Oil Cons. DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT NM DIV-Dist. 2 1301 W. Grand Avenue Artesia, NM 88210

FORM APPROVED OMB No. 1004-0135 Expires January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals for new wells or abandoned wells. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well [X] Oil Well [] Gas Well [] Other
2. Name of Operator Southwest Royalties, Inc.
3a. Address P.O. Box 11390 Midland Tx 79702
3b. Phone No. (915) 636-9927
4. Location of Well Unit K 1930' FSJUL SEC 17, T17S, R30E

5. Lease Serial No. NM 86025
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.
8. Well Name and No. Arco Fed No 1
9. API Well No. 30-015-20631
10. Field and Pool, or Exploratory Area Grayburg - Jackson
11. County or Parish, State Eddy Co, NM

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

Table with 2 columns: TYPE OF SUBMISSION and TYPE OF ACTION. Includes checkboxes for Acidize, Deepen, Production, etc.

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 recomplate 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.)

10/21 - 10/26/02 RU WS. P00Hw/prod equipment. T14 w/ bit & csg scraper. Tot w/ bit & scraper. Repair well head. T14 w/ RBP & set @ 2410'. Circ well clean w/ 2% KCL wtr. RU wtr. Perf 2025 - 2055' w/ 15SPF. RDWL. RU Service Co. Acidize perts w/ 2000 gals 15% HCl acid w/ BS. Run prod equipm at & attempt to pump test well. No prod. SD pending frac.
12/17/02 - RU WS. Tot w/ prod equipment. T14 w/ work string. Frac perts 2025 - 2055' w/ 25,000 gals galbed 2% KCL wtr w/ 53000 lbs 20/40 sd. RD Service Co. Run production equip.
1/15/03 - P. OBO, OBU, O MCF. Prep to test additional 1 pay.

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) C.M. Bloodworth, P.E. Title Area Supervisor Signature [Signature] Date 01/24/03

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by [Signature] Title [Signature] Office [Signature] ACCEPTED FOR RECORD FEB - 5 2003 ALEXIS C. SWOBODA PETROLEUM ENGINEER

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 reverse)