

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

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

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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		5. Lease Serial No NM07752
2. Name of Operator Southwest Royalties, Inc.		6. If Indian, Allottee or Tribe Name
3a. Address 6 Desta Drive, Ste 2100, Midland, TX 79705	3b. Phone No. (include area code) 432/688-3267	7. If Unit or CA/Agreement, Name and/or No
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Unit J, 1980' FSL & 1980' FEL Sec 7, T17S, R30E		8. Well Name and No Price Fed #1
OCT 11 2007 OCD-ARTESIA		9. API Well No. 30-015-20626
		10. Field and Pool, or Exploratory Area Graybrug-Jackson-SR-Q-G-SA
		11. County or Parish, State Eddy County, NM

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

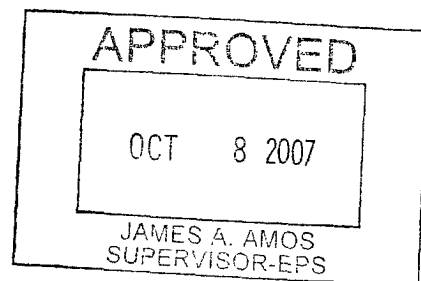
TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input checked="" type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input checked="" type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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.)

Well P&A'd 8/15/2007

- * All pits and rat holes will be remediated, filled or leveled.
- * Steel marker over plugged wellbore with permanent identification.
- * Location leveled and all junk, equipment and anchors removed.
- * All environmental concerns addressed by OCD guidelines.

After all is completed, a FINAL ABANDONMENT REQUEST will be filed.

Accepted for record
NMOC

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Dawn M. Howard		Title Operations Assistant
Signature 		Date 08/29/2007
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)

APPROVAL SUBJECT TO
GENERAL REQUIREMENTS
AND SPECIAL STIPULATIONS
ATTACHED

Southwest Royalties, Incorporated
6 Desta Drive, Suite 2100
Midland, TX 79705

RE: Price Federal #1: NM7752
NWSE, Section 7, T17S, R30E
Eddy County, New Mexico

Conditions of Approval:

1. Remove flow line, tubing and scrap piping from the old tank location, and power lines and poles.
2. Remove debris, both on and off location, any and all contaminants, and all caliche down to clean soils.
3. Contour the entire location to blend with the surrounding landscape, keep slopes gentle to prevent erosion. Rip all disturbed areas and seed with seed mixture #2.
4. Contact Jim Amos at 505-234-5909 prior to start, prior to equipment removal and prior to seeding.

Mack Energy Corporation has staked a proposed access road extending the current access road to the north. By reclamation date we should have a better idea if the location will be authorized. If it will be authorized Mack Energy Corporation will become liable for the removal of the access road and you will be required to build an earthen barricade between the location and the access road to prevent vehicular access. If the location is not authorized you will be required to remove the access road by stripping the caliche, contouring, seeding, and placing an earthen barricade coming off the main road. Contact Jim Amos at 505-234-5909 if you have any questions.

Accepted for record
NMOCD