OCD-ARTESIA FORM APPROVED **UNITED STATES** OMB No. 1004-0137 TMENT OF THE INTERIOR Expires: July 31, 2010 BUREAU OF LAND MANAGEMENT 5. Lease Serial No. NM 13410 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 of CA/Agreement, Name and/or No. SUBMIT IN TRIPLICATE - Other instructions on page 2. 1. Type of Well 8. Well Name and No. POTTS FEDERAL #1 Oil Well Gas Well Other 9. API Well No. 30-015-22198 2. Name of Operator VERNON E. FAULCONER, INC 10. Field and Pool or Exploratory Area 3b. Phone No. (include area code) P.O BOX 7995 TYLER, TEXAS 75711 **BURTON FLAT (MORROW)** 903-581-4382 4. Location of Well (Footage, Sec., T.,R.,M., or Survey Description) 660 FLS & 1980 FEL 11. Country or Parish, State EDDY COUNTY, NM SEC 13, T20S R27E UNIT F 12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Acidize Deepen Production (Start/Resume) Water Shut-Off Notice of Intent Well Integrity Alter Casing Fracture Treat Reclamation Other INSTALL PLUNGER New Construction Casing Repair Recomplete ✓ Subsequent Report Plug and Abandon Temporarily Abandon Change Plans Final Abandonment Notice Convert to Injection Plug Back 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 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.) PLUNGER LIFT HAS BEEN INSTALLED

14 I hereby certify that the foregoing is true and correct. Name (Printed/Typed) ROY SLOAN, JR Title ENGINEER ACCEPTED FOR RECORD Date 04/16/2010 Signature THIS SPACE FOR FEDERAL OR STATE OFFICE USE 2010 Approved by MAY Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify WESLEY W. INGRAM that the applicant holds legal or equitable title to those rights in the subject lease which would Office PETROLEUM ENGINEER entitle the applicant to conduct operations thereon.

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.