New Mexico Oil Conservation Division, District I 1625 N. French Drive

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Hobbs, NM 88240 Form 3160-5 (April 2004) UNITED STATES FORM APPROVED OM B No. 1004-0137 Expires: March 31, 2007 DEPARTMENT OF THE INTERIOR **BUREAU OF LAND MANAGEMENT** 5. Lease Serial No. SUNDRY NOTICES AND REPORTS ON WELLS NM 04452 Do not use this form for proposals to drill or to re-enter an 6. If Indian, Allottee or Tribe Name abandoned well. Use Form 3160-3 (APD) for such proposals. SUBMIT IN TRIPLICATE- Other instructions on reverse side. 7. If Unit or CA/Agreement, Name and/or No. 1. Type of Well Oil Well Gas Well Other 8. Well Name and No. 2. Name of Operator Merit Energy Company Mescalero Ridge "26" #5 9. API Well No. 3a Address 3b. Phone No. (include area code) 30 025 22081 13272 Noel Rd, Ste 500, Dallas, Texas 75240 10. Field and Pool, or Exploratory Area 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Pearl (Queen) 1650' FSL 1980' FWL 11. County or Parish, State Sec. 26, T19S, R34E Unit K Lea County, New Mexico 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Acidize Production (Start/Resume) Water Shut-Off Notice of Intent Alter Casing Fracture Treat Reclamation Well Integrity Subsequent Report Casing Repair New Construction Recomplete Change Plans Plug and Abandon Temporarily Abandon 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 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.) 1. Spotted 25 sx cement @ 4663', tagged TOC @ 4382'. 2. Spotted 25 sx cement @ 3440', tagged TOC @ 3230'. 3. Squeeze 40 sx cement @ 1805', tagged TOC # 1690'. 4. Squeeze 113 sx cement from 285' - surface. Tagged TOC @ 170'. 5. Cut off wellhead, put in 10 sx surface plug. approved as to plugging of the was a ciability under bond is retained until surface restoration is completed. 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Carles Gibson Title Agent Signature THIS SPACE FOR FEDERAL OR STATE OFFICE USE Approved by (ORIG. SGD.) DAVID R. GLASS Title OCT 25 2004 Date 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. 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)

