

UNITED STATES **OCD-HOBBS**
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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
☐ Oil Well ☒ Gas Well ☐ Other2. Name of Operator **Penroc Oil Corporation**3a. Address **1515 Calle Sur, Hobbs, NM 88240** 3b. Phone No. (include area code) **(505) 492-1236**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FSL, 1980' FEL, Sec. 6, T19S, R-33E

5. Lease Serial No.

NM 07002 077002

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Nellis Federal No. 2

9. API Well No.

35-025-25782

10. Field and Pool, or Exploratory Area

Buffalo Penn

11. County or Parish, State

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 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 checked="" 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 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.)

Depending on rig availability & other supplies, plan to perform this operation summer of 2006. Test anchors. TOH w/ tag - Install BOP. Pick up 2 7/8" N-80 work string. Squeeze Yates 3532-3638'. USE STEEL PITS FOR FLUIDS. Drill out & test squeeze. Drill out CIAP @ 6958'. Drill/mill/clean out to below 9400'. Test perms: 8805-9400'. If commercial return to production. If not, squeeze same. Drill out CIAP @ 10840' & circulate clean to 11250'. Test perms 11,170'-204'. If not commercial, squeeze w.o.c. & drill out CIAP @ 12300' & circ. hole clean up foam to 13,656'. Test perms: 13392-652'. Acid same after reperforating. Return well to active status.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

M. Y. (Merch) MerchantTitle **President**Signature **[Signature]**Date **2/21/2006****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

Date

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)

GWW

RECEIVED