

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 May 27, 2004

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

| |
|--|
| WELL API NO. 30-025-09808 |
| 5. Indicate Type of Lease Federal STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> |
| 6. State Oil & Gas Lease NM LC 032581B |
| 7. Lease Name or Unit Agreement Name SHOLES B-25 |
| 8. Well Number 2 |
| 9. OGRID Number 021355 |
| 10. Pool name or Wildcat JALMAT SWD Seven Rivers |

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS)

1. Type of Well: Oil Well Gas Well Other SWD

2. Name of Operator
SOUTHWEST ROYALTIES, INC.

3. Address of Operator
6 DESTA DRIVE, STE 2100, MIDLAND, TEXAS 79705

4. Well Location
 Unit Letter _____ B: 660 feet from the _____ N _____ line and _____ 1980 feet from the _____ E _____ line
 Section 25 Township 25S Range 36E NMPM LEA County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3141

Pit or Below-grade Tank Application or Closure

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

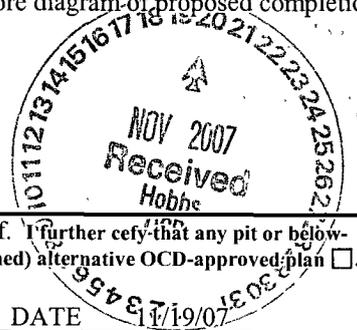
12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

| | | | |
|--|---|--|--|
| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPL <input type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> | |
| OTHER: <input type="checkbox"/> | | OTHER: <input checked="" type="checkbox"/> MIT | |

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

FAILED MIT PRE TEST 6/15/07. WORKOVER ON PARTED TUBING. RE-TESTED 11/3/07.
 SUCCESSFUL MIT TEST CHART ATTACHED.

SWD-513

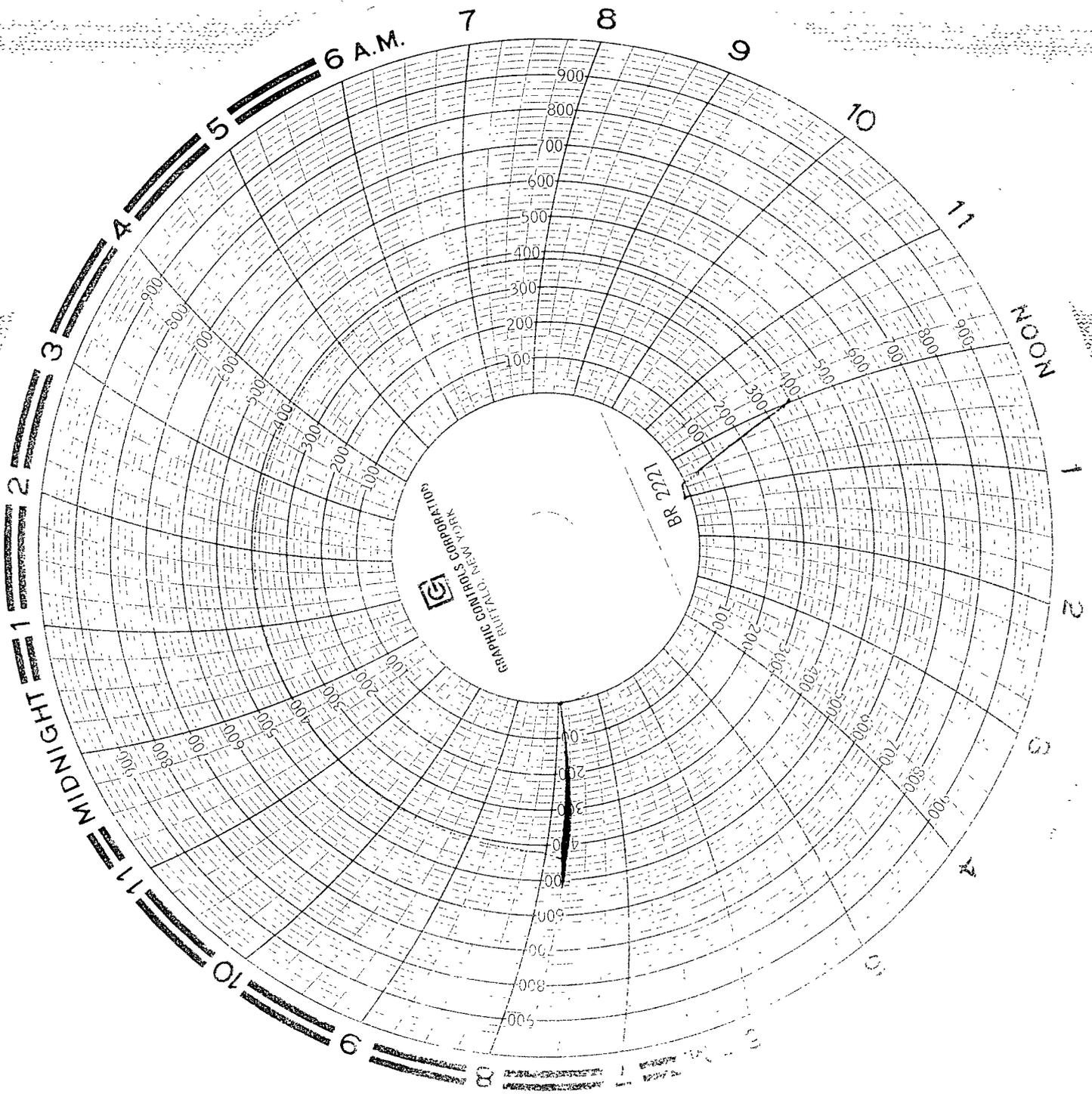


I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE *Dawn M. Howard* TITLE OPERATIONS ASST DATE 11/19/07

Type or print name DAWN M. HOWARD E-mail address: dhoward@claytonwilliams.com Telephone No. 432/688-3267
For State Use Only

APPROVED BY: *Chris Williams* TITLE OCD DISTRICT SUPERVISOR/GENERAL MANAGER DATE DEC 27 2007
 Conditions of Approval (if any):



11/3/07

Key TRK # 8676

Calibrated 10/07

John [Signature]

60 min clock.

Southwest Royalties Inc

Sholes "B" 25 # 2

Paul Bush

Tbg 0#

PKR @ 3014'

Surf 0#

Csy 420 #

380 #