

OCD-HOBBS

FORM APPROVED OM B No 1004-0135 Expires January 31, 2004 UNITED STATES (Scptember 2001) 7 2008 DEPARTMENT OF THE INTERIOR UREAU OF LAND MANAGEMENT 5 Lease Senal No NM-62223 NOTICES AND REPORTS ON WELLS this form for proposals to drill or to re-enter an If Indian, Allottee or Tribe Name abandoned well. Use Form 3160-3 (APD) for such proposals. 7 If Unit or CA/Agreement, Name and/or No SUBMIT IN TRIPLICATE- Other instructions on reverse side. 1 Type of Well □ □ Other Gas Well D 8 Well Name and No SHARBRO FEDERAL #1 2 Name of Operator TEXAS REEXPLORATION OPERATING, L.C. API Well No 30-025-33054 Phone No (include area code) 713-622-2425 3025 MAXROY STREET, HOUSTON, TX 77008 10 Field and Pool, or Exploratory Area SAND DUNES BONE SPRINGS 4 Location of Well (Footage, Sec., T., R., M., or Survey Description) 11 County or Parish, State 660' FSL & 660' FEL SEC. 7 - T23S - R32E (UNIT P) NMPM LEA, NM 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF ACTION TYPE OF SUBMISSION Water Shut-Off Acidize Deepen Production (Start/Resume) Notice of Intent Well Integrity Alter Casing Reclamation Fracture Treat Casing Repair New Construction Recomplete Other Subsequent Report Change Plans Plug and Abandon __ Temporarily Abandon Final Abandonment Notice Plug Back ✓ Water Disposal Convert to Injection 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) THIS WELL SHARES A COMMON TANK BATTERY WITH SHARBRO FEDERAL #6, SHARBRO FEDERAL #7, SHARBRO FEDERAL #8, BLUE QUAIL FEDERAL #1, BLUE QUAIL FEDERAL #2, AND BITSY #1. THIS COMMON TANK BATTERY PRODUCES APPROX. 13,350 BBLS OF WATER PER MONTH. WATER IS STORED IN 500 BBL FIBERGLASS TANK. WATER IS MOVED THROUGH A 6" POLY LINE TO THE YATES PETROLEUM CORPORATIONS' KIWI SWD #8, NMOCD ORDER #SWD-510, LOCATED 1980' FNL & 2310' FWL IN THE DELAWARE FORMATION, UNIT E, SEC. 16 - T22S - R32E LEA CO, NM. IN EMERGENCY, WATER WILL BE TRUCKED. ACCEPTED FOR RECORD Submit for approval of alternative disposal facilities prior to trucking any produced JUN 2 7 2008 water /s/ JD Whitlock Jr I hereby certify that the foregoing is true and correct BUREAU OF LAND MANAGEMENT Name (Print CARLSBAD FIELD OFFICE Robert President Signature 6-02-08 THIS SPACE FOR FEDERAL OR STATE OFFICE USE OC DISTRICT SUPERVISOR/GENERAL MA 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 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