

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
Revised March 25, 1999

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

WELL API NO. 30-025-35240
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No. --
7. Lease Name or Unit Agreement Name: Merit
8. Well No. 1
9. Pool name or Wildcat House, Abo/House, Drinkard

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 <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	
2. Name of Operator Capataz Operating, Inc.	
3. Address of Operator PO Box 10549, Midland, TX 79702	
4. Well Location Unit Letter <u>O</u> : <u>660</u> feet from the <u>South</u> line and <u>1800</u> feet from the <u>East</u> line Section <u>11</u> Township <u>20S</u> Range <u>38E</u> NMPM Lea County	
10. Elevation (Show whether DR, RKB, RT, GR, etc.) 3565 GR	

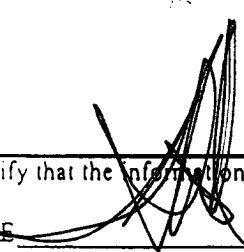
11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

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"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER <input type="checkbox"/>		OTHER: Perf, Stimulate & Test <input checked="" type="checkbox"/>	

12. 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.


MIRU Pulling Unit 9/2/03. Perf Abo 7287-7690' 22 .42" holes. Acidized w/ 6000 gals 20% Nefe. Ran Rods & Pump. Pump test 9/30/03 to 10/15/03 Est. 7 BOPD, 5.8 BWPD & 35 MCFD. RDMO. MIRU. RIH w/ RBP & set @ 7200' perf Drinkard 6966-7048' 28 .42" holes. Acidize w/ 4000 gals 20% Nefe & 10,000 gal 20% XLA. Swabbed fluid level down to 6300' w/ 10% oil cut. Set RBP @ 6900'. Perf'd Tubb pay from 6699-6739 144 .38" holes. Acidize w/ 4000 gals 20% Nefe & frac'd w/ 30,000 gals & 51,000# 20/40 sand. Tested flowing 20.8 BOPD, 4.2 BWPD and 674 MCFD 11/10/03. RDMO & production tested Tubb Zone.

I hereby certify that the information above is true and complete to the best of my knowledge and belief

SIGNATURE  TITLE Agent DATE 11-10-03

Type or print name H Scott Davis

Telephone No. 432-620-8820

APPROVED BY  Conditions of approval, if any:

TITLE

PETROLEUM ENGINEER

DATE

DEC 09 2003