

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED-HOBBS

APR 28 2009

FORM 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 <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/>		5. Lease Serial No. NM077002
2. Name of Operator Penroc Oil Corporation		6. If Indian, Allottee or Tribe Name
3a. Address 1515 Calle Sur, Hobbs, NM 88240	3b. Phone No. (include area code) 575-492-1236	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' fsl, 1980' fwl, Sec. 6, T 19 S, R 33 E East		8. Well Name and No. Nellis Federal 2
		9. API Well No. 30-025-25782
		10. Field and Pool, or Exploratory Area Buffalo Penn Torto, Wolfcamp, West
		11. County or Parish, State Lea, New Mexico

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 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 recompleat 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.)

Approximatley May 4, 2009, plan to move in a workover rig. Set steel pits. Pick up work string and retainer. Squeeze Yates perfs: 3532-3638'. After WOC, drill out the squeeze and test. If O.K. Drill out squeeze and test same to 500#. If tests O.K. drill out CIBP at 6958' and clean out and circulate hole clean 9400'-. Swab test perfs 8805-9400'. If tests commercial, return well to production by installing artificial lift. If not commercial, squeeze perfs 8805-9400'. Drill out squeeze and test to 500#. Drill out CIBP @ 10,840'. Circulate hole clean to 11,250'. Test perfs 11,170-11,204' for commercial production. If commercial, return well to production. If not, squeeze same. Drill out, test squeeze and drill out CIBP at 12,300'. Circ hole clean with FOAM to 13,656', test perfs: 13,392-13,652'.

Re-perforate 13,392-13,3652'. Swab test. If necessary, acidize with Morrow acid. Return well to production. Bureau of Land Management RECEIVED

* within 90 days either return well to production or submit plans for abandonment.

APR 10 2009

Carlsbad Field Office
Carlsbad, NM

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

M. Y. (Merch) Merchant

Title President

Signature

[Signature]

Date

04/06/2009

APPROVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

PETROLEUM ENGINEER

Title

Date

APR 24 2009

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

KZ

JAMES A. AMOS
SUPERVISOR-EPS

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)