

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

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.

5. Lease Serial No.
NMNM 077002

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☒ Oil Well

☒ Gas Well

☐ Other

2. Name of Operator
Penroc Oil Corporation

3a. Address
1515 Calle Sur
Hobbs, New Mexico 88240

3b. Phone No. (include area code)
575-492-1236

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
660 FSL, 1980 FEL, UNIT O, SEC 8, TOWNSHIP 19S, RANGE 33E

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

8. Well Name and No.
Nellis Federal # 2

9. API Well No.
30-025-25782

10. Field and Pool or Exploratory Area
Tonto Wolfcamp West

11. Country or Parish, State
Lea, New Mexico

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

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|---|---|---|---|---|
| <input type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input checked="" type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input checked="" 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

MIRU well service unit 07/14/09. Performed necessary services to squeeze perforations @ 3532'-38'. WOC, drill out and test squeeze to 500 psi on 7/20/09. Drill out CIBP 6961' to 9623'. Swab tested Bone Springs perforations under packer. Acidized w/ 5000 gallons 15% acid. Swab test. Put well on production 08/22/09 @ 5 bo/30 mcf/0 bw. Non-compliant - see 43 CFR 3162.4-1(c)

Operator to conduct 3 day (72 hour) BLM witnessed well test by June 20, 2010 to verify production in paying quantities. Contact BLM at 575-393-3612 a minimum of 24 hours prior to beginning test.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
M.Y. Merchant
mymerch@penrocoil.com

Title President

Signature

Date

5/6/10

ACCEPTED FOR RECORD

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Office

PETROLEUM ENGINEER

MAY 19 2010

Date

MAY 27 2010

WESLEY W. INGRAM
PETROLEUM ENGINEER

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.

(Instructions on page 2)