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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

FEB 07 2011
HOBBS, NM

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.
NM-077002

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

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

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
NELLIS FEDERAL #2

2. Name of Operator
PENROCK OIL CORPORATION

9. API Well No.
30-025-25782

3a. Address
PO BOX 2769, HOBBS, NM 88241

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

10. Field and Pool or Exploratory Area
TONTON BONESPRINGS, WEST

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
660 FSL & 1980 FEL, SEC 6, T19S, R33E

11. Country or Parish, State
LEA COUNTY, 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.)

1. RIGGED SEPT 20TH, 2010 THRU SEPT 23RD, 2010. SET UP 640 PU. RAN RODS AND PUMP. WAITED ON ELECTRIC.
2. ELECTRICITY HOOKED UP ON SEPT 29TH, 2010.
3. WELL STARTED PRODUCING ON OCT 1ST, 2010.
4. ON DEC 23RD, 2010 RODS ARE PARTED OR PUMP IS OUT. PRIOR TO THIS, IT WAS PRODUCING 1 BOPD AND 3 MCFPD.
5. INTEND TO RIG ON JAN 19TH, 2011 AND RETURN WELL TO PRODUCTION.

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)

M. Y. (MERCH) MERCHANT

Title PRESIDENT

Signature

Date 01/18/2011

ACCEPTED FOR RECORD

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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

FEB 08 2011

JAN 24 2011

BUREAU OF LAND MANAGEMENT

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowing 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)