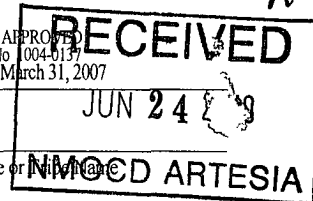


OCD-ARTESIA

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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  Oil Well  Gas Well  Other

2. Name of Operator **Merit Energy Company**

3a. Address **13727 Noel Rd. Suite 500 Dallas, Texas 75240**

3b. Phone No. (include area code) **972-628-1569**

4. Location of Well (Footage, Sec, T, R, M, or Survey Description)  
**660' FSL & 1980' FWL Sec. 19-T18S-R31E**

5. Lease Serial No.  
**NM 93772**

6. If Indian, Allottee or Indian Name

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

8. Well Name and No  
**Shugart West 19 Federal #1**

9. API Well No.  
**30-015-30149**

10. Field and Pool, or Exploratory Area  
**Shugart; Bone Springs, North**

11. County or Parish, State  
**Eddy Co., 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 checked="" 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 checked="" type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <b>Add perfs;</b>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<b>commingle w/Bone</b>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<b>Springs</b>

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 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.)

1. MIRU WSU. ND WH. NU BOP's & test. RU tbg. tools. Kill will if needed w/2% KCL. POOH w/rods, pump & tbg.
2. RIH w/bit & scraper to PBTD. POOH. Clean-out fill if needed.
3. RIH w/plug & pkr. Set above existing pers & test csg. to 500 psi. Swab down FL as needed. POOH.
4. RU EL. PU perf gun loaded 3 spf. Assemble to include GR/CCL tools. Log gun on depth and perf Wolfcamp 9244' - 9254'. Tie in using log. Leave well SI while perforating. POOH w/guns. RD EL unit.
5. RIH w/treating pkr & tbg string. Set pkr below existing zone & above new Wolfcamp perfs.
6. MIRU pumping services. Install tree saver. Pump frac job down 2-7/8" tbg. If screen out occurs: Flow well back to evacuate tbg. of as much proppant as possible. When well dies, allow gel to break. If all sand is placed: flush short of top perforation by 1-2 bbl. Record ISIP 5-10-15 mins. falloff. SI pressures & total load fluid to recover.
7. RIH w/SL & tag fill. Circ out sand as needed. Circ hole clean. POOH. RD reverse unit (or coil). Land tbg. and swab as needed.
8. POOH with swab/treating string. RIH w/production tbg., rods, pump & hang off. RDMO WSU. Place well on production as obtain test.

**SUBJECT TO LIKE  
APPROVAL BY STATE**

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed) **Lynne Moon** Title **Regulatory Manager**

Signature *Lynne Moon* Date **05/03/2010**

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by *[Signature]* 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 \_\_\_\_\_

BUREAU OF LAND MANAGEMENT  
CARLSBAD FIELD OFFICE

Title 18 USC Section 1001 and Title 43 USC Section 1212, make it a crime for any person knowingly and willfully to make any statement or representation of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

*mm*

Merit Energy Company  
NM-067896: Shugart West 19 Federal #1  
API: 30-015-30149  
Eddy County, New Mexico

RE: Recomplete – Conditions of Approval

There is to be no surface disturbance beyond the existing pad. A closed loop system is to be used. H2S monitoring and protection equipment is to be on site.

3M BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.

Down hole commingling order must be approved before packer can be removed separating the Wolfcamp and the Bone Spring.

Submit subsequent report with updated wellbore schematic and completion report with well test once work is completed. A second completion report will be required once DHC commences with a sundry stating when DHC occurred.

DHW 061510