

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
OCD-ARTESIAFORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004**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 ☐ Other2. Name of Operator
Merit Energy Company ✓3a. Address
13727 Noel Rd. Suite 500 Dallas, Texas 752403b. Phone No. (include area code)
972-628-1569

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

990' FNL & 990' FWL Sec. 19-T18S-R31E

ULD Lot 1

5. Lease Serial No.

NMLC029387"b"

6. If Indian, Allottee or Tribe Name

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

23806

8. Well Name and No.

Shugart West 19 Federal #10

9. API Well No.

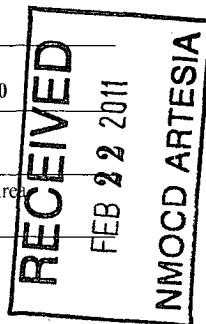
30-015-30946 ✓

10. Field and Pool, or Exploratory Area

Shugart Bone Spring 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 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 checked="" type="checkbox"/> Other Add Perfs
	<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.)

1. MIRU. ND WH. NU BOP's. Test. RU tbg. tools. Kill well if needed w/2% KCL. HO rods & tbg. LD rods. Rack back tbg.
2. RIH w/4-3/4" bit & scraper to PBTD.
3. MIRU WL. Set composite plug @ 7920'. Perforate Bone Springs Sandstone E.
4. NU R&S full bore pkr w/WL re-entry guide, SN. RIH w/2-7/8" tbg. hydro-testing in hole.
5. MIRU Pumping Services. Pump 75 bbls 4% KCL. Spot column of 2 gpt Surfactant across BS E perfs. Set pkr @ 7800'.
6. BD perfs w/4% KCL wtr. Establish injection rate & record pressures. Record ISIP 5, 10 & 15 mins.
7. RDMO pumping services. RU swab equip. Flowback well & swab. Record volumes and check for oil and gas.
8. Check w/Dallas Office prior to frac stimulation.
9. MIRU Pumping Services. Stimulate well down 2-7/8" tbg. as prescribed. If screen-out occurs evacuate tbg. Record rates, pressures, volumes from frac.
10. Flowback well as prescribed. Choke well back if sand is observed. Swab well no more than 2 days.
11. MIRU Air Foaming Unit. Release pkr. TOH. LD pkr. NU bit, choke valve, 6-DC's. TIH to 7800'.
12. Circulate sand to pit. Drill out BP. RIH to 8226'. Circ out fill to PBTD. Clean well 1 hr. w/air.
13. TOH. LD DC's & bit. Run production screen. ND BOP's. Install wellhead.
14. Clean location. RDMO.

**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

Date

02/03/2011

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

APPROVED

FEB 15 2011

/s/ Dustin Winkler

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and unlawfully to make any statement or representation as to any matter within its jurisdiction.

BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

Wellbore Diagram

Lease & Well No. **West Shugart Federal 19-#10**

Field Name **Shugart**

Location **FWL, Sec. 19, T18S, R31E**

Status **Active**

County & State **Lea County, NM**

API No. **30-015-30946-00-00**

Well Information

Spud: 2/05/00 Ground Elevation: 3,627' D.F. Elevation: 3,638'
Completed: _____ KB Elevation: 3,639' Total Depth: 8,360'

Pipe Data

Surface						
Hole size	Depth	Size (OD)	Weight	Grade	Sx. Cmt	Comments
17-1/2"	760'	13 3/8"			385 sx	
Intermediate						
Hole size	Depth	Size (OD)	Weight	Grade	Sx. Cmt	Comments
11"	2,819'	8-5/8"	32.0#	J-55	700 sx	
Production						
Hole size	Depth	Size (OD)	Weight	Grade	Sx. Cmt	Comments
7 7/8"	8,360'	5-1/2"	17 / 15.5	J-55	1,050 sx	DV Tool; 705 sks

Downhole Tubulars (Top to Btm):

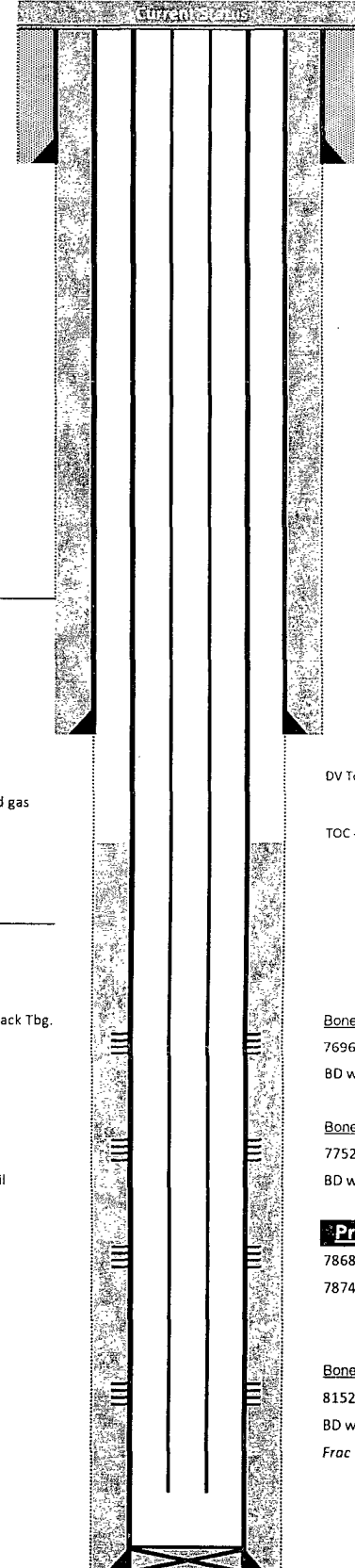
243 jts 2 7/8" N-80, 2 7/8" x 5 1/2" TAC, 20 jts 2 7/8" N-80, S/N (8163 ft), 2 7/8" PS, 2 7/8" MJ
1 1/2" x 26" PR, Ponys, 110-1.25" FG, 84-1" Sucker Rods, 64-7/8" Sucker Rods, 11-1.5" K-Bars; 2 1/2"x1 1/4"x24" RHBC, shear

Well History

2/23/2000 Drig Rig Recorded Shows thru BS Sandstone (Shows: 7700-20, 7760-80, 7800-30, 7870-7910)
3/4/2000 Perf B.S. Dolo 8152-8192 w/2 spf 120 deg phase 0.47" / Acidize w/4000 gals 15% HCL w/128 BS - Poor Swab Results
3/9/2000 Pump 2000 gals 5% HCL, 1 gpt inhibitor, 2 gpt NEFE, 3 gpt foaming agent and silt suspender, 100 gpt methanol
25 gpt mutual solvent w/125 BS; ISIP:1490 // Put well on pump 35 BOPD
4/8/2000 MIRU BJ Services; Frac B.S. Dolo: 119 bbls XL Gel Pad 17.8 bpm @ 4600 psig; Frac 0.5 ppg - 3 ppg conc 20/40 sand
34,200 # 20/40 Sand w/940 bbls XL Gel / ISIP:2023
4/16/2000 Put well on pump 120 BOPD!!
12/11/2001 Perf B.S. SS D: 7752-60' Break Down Formation Pump 9.5 bpm @ 5100 psig 72 bbls; ISIP: 1683; release pkr circ out oil and gas
Perf B.S. SS C: 7696-7704; BD 9.5 bpm @ 5080 / Set CIBP @ 7740 / Frac B.S. SS w/133,000# 20/40 Sand XL Borate
Put on pump 25-30 BOPD
2/16/2002 MIRU W/O Rig; Drill Out CIBP utilizing Foam Unit; Coming Bonesprings SS and Dolo production
9/10/2009 HO Tbg; Found hole in tbg; Fill @ 8226' - L/D 1 Jt

Procedures

- 1) MIRU W/O Rig. Pre-Job Sfty Mtg; ND WH. NU BOP's-test. RU tbg tools. Kill well if needed w/2% KCL. HO Rods and Tbg. LD Rods; Rack back Tbg.
- 2) RIH w/ 4 3/4" B&S to PBTD
- 3) MIRU W/L; Set Composite Plug @ 7920' (CBL Depth); Perforate Bone Springs Sandstone E
- 4) NU R&S Full Bore Packer with W/L Reentry Guide, S/N, and RIH with 2 7/8" x 6.5# Tbg - Hydrotest in Hole (7000 psig)
- 5) MIRU Pumping Services Pump 75 bbls 4% KCL; Spot column of 2 gpt Surfactant across BS SS E Perfs; Set Packer @ 7800' KB Depths
- 6) BD Perfs (5000 psig est BDP) with 4% KCL Water; Establish Injection Rate (2 bpm, 5 bpm) and record pressures; record ISIP, 5,10,15
- 7) RDMO Pumping Services; RU Swab Equipment; Flowback well and Swab (no greater than 1000'/swab) Record vols and CK for Gas and Oil
- 8) Check w/Engineer Prior to Fracture Stimulating
- 9) MIRU Pumping Services; Stimulate Well down 2 7/8" Tubing as prescribed; If S/O occurs evacuate tbg; Record rates, psi, vols from Frac
- 10) Flowback well as prescribed; Choke back well if sand is observed; Swab well no more than 2 days
- 11) MIRU Air Foaming Unit / Release Packer; TOH; L/D Packer; NU 4 3/4" Bit, CK Valve, 6 DCs / TIH to 7800' (Stage In Well if necessary)
- 12) Circulate Sand to Pit; DO Bridge Plug; RIH to to 8226' Circ out fill to PBTD; Clean Well for 1 hr with Air
- 13) TOH; L/D DCs and Bit; Install Production String; Check with Engineer for Pump Size; ND BOPs; Install Wellhead
- 13) Clean Location; RDMO W/O Rig



OCD Tops (MD)

Rustler
Yates
7 Rivers
Queen
San Andres
Glorieta
Bone Spring
Bone SS
Abo
Wolfcamp
Strawn
Atoka

DV Tool @ 4325'

TOC - 7453' (CBL)

Bonesprings SS B

7696-7704
BD w/Water - Frac

Bonesprings SS C

7752-60
BD w/Water - did not frac

Proposed Bonesprings

7868-72
7874-82

Bonesprings Dolomite

8152-92
BD w/ Acid 2x
Frac

Merit Energy Company
NMLC-029387-B: Shugart West 19 Fed #10
API: 30-015-30946
Eddy County, New Mexico

RE: Add Perforations – Conditions of Approval

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

5000 (5M) BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (2M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.

5M systems shall require two independent power sources, one of which may be nitrogen bottles (three minimum) maintaining a charge equal to the manufacturer's recommendations.

Submit subsequent report with well test once work is completed.

DHW 021511