

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

CONTACT RECEIVED  
OFFICE FOR NUMBER  
OF COPIES REQUIRED  
(Other instructions on reverse  
side)

BLM Roswell District  
Modified Form No.  
NM060-3160-4

5. LEASE DESIGNATION AND SERIAL NO.  
**Fed. 71-029387-A**

**SUNDRY NOTICES AND REPORTS ON WELLS**

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.  
Use "APPLICATION FOR PERMIT-" for such proposals.)

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

1. OIL WELL ☒ GAS WELL ☐ OTHER ☐

7. UNIT AGREEMENT NAME

2. NAME OF OPERATOR  
**Southland Royalty Company**

8. FARM OR LEASE NAME  
**Shugart A**

3. ADDRESS OF OPERATOR  
**21 Desta Dr., Midland, TX 79705**

3a. AREA CODE & PHONE NO.  
**915-686-5714**

9. WELL NO.  
**7**

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.\*  
See also space 17 below.)  
At surface

10. FIELD AND POOL, OR WILDCAT  
**Shugart (Y, SR, Q, G)**

Unit P  
330' FSL & 990' FEL

11. SEC., T., R., M., OR BLK. AND  
SURVEY OR AREA  
**Sec. 29, 18S, 31E**

14. PERMIT NO.

15. ELEVATIONS (Show whether DF, RT, GR, etc.)

12. COUNTY OR PARISH  
**Eddy**

13. STATE  
**NM**

16. **Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data**

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

☐  
☒  
☒  
☐  
☐

PULL OR ALTER CASING

☐  
☐  
☐  
☐  
☐

FRACTURE TREAT

MULTIPLE COMPLETE

SHOOT OR ACIDIZE

ABANDON\*

REPAIR WELL

CHANGE PLANS

(Other)

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

☐  
☐  
☐

FRACTURE TREATMENT

SHOOTING OR ACIDIZING

(Other)

REPAIRING WELL

ALTERING CASING

ABANDONMENT\*

☐  
☐  
☐  
☐

(NOTE: Report results of multiple completion on Well  
Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

Clean out, refrac, and put back on production.

See attached procedure for details.

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

SIGNED

*Kevin L. Medley*

TITLE

**Production Engineer**

DATE

**2/21/91**

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

**\*See Instructions on Reverse Side**

## Instructions

**General:** This form is designed for submitting proposals to perform certain well operations, and reports of such operations when completed, as indicated, on Federal and Indian lands pursuant to applicable Federal law and regulations, and, if approved or accepted by any State, on all lands in such State, pursuant to applicable State law and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office.

**Item 4:** If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State or Federal office for specific instructions.

**Item 17:** Proposals to abandon a well and subsequent reports of abandonment should include such special information as is required by local Federal and/or State offices. In addition, such proposals and reports should include reasons for the abandonment; data on any former or present productive zones, or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to top of any left in the hole; method of closing top of well; and date well site conditioned for final inspection looking to approval of the abandonment.

## PRIVACY ACT

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

**AUTHORITY:** 30 U.S.C. 181 et. seq., 351 et. seq., 25 U.S.C. et. seq.; 43 CFR 3160. **PRINCIPAL PURPOSE:** The information is to be used to evaluate, when appropriate, approve applications, and report completion of secondary well operations, on a Federal or Indian lease.

**ROUTINE USES:** (1) Evaluate the equipment and procedures used during the proposed or completed subsequent well operations. (2) Request and grant approval to perform those actions covered by 43 CFR 3162.3-2(2). (3) Analyze future applications to drill or modify operations in light of data obtained and methods used. (4)(5) Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions.

**EFFECT OF NOT PROVIDING INFORMATION:** Filing of this notice and report and disclosure of the information is mandatory once an oil or gas well is drilled.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501, et. seq.) requires us to inform you that:

This information is being collected in order to evaluate proposed and/or completed subsequent well operations on Federal or Indian oil and gas leases.

This information will be used to report subsequent operations once work is completed and when requested, to obtain approval for subsequent operations not previously authorized.

Response to this request is mandatory for the specific types of activities specified in 43 CFR Part 3160.

Shugart A No. 7  
Shugart Field  
Eddy County, New Mexico

WI = 100%

NRI = 81.25%

**Recommendation:**

Refracture stimulate the Shugart A No. 7 and install tubing, rods and a pump jack. The cost of this work is \$42.5M (meridian's share = \$42.5M). Uplift is expected to be 12 BOPD with 10.5 MBO reserve adds. This project will pay out in 1.9 years with a 47.5% rate of return.

**Current Status:**

The Shugart A No. 7 is currently TA'd with no tubing in the hole. It is a former Yates producer.

**History:**

The Shugart A No. 7 was completed in the Yates sand in 1961. The zone was fracture stimulated and pumped until 1982. Low production (1 BOPD) forced this well to be TA'd in 1982. It has a cumulative production of 39.3 MBO.

**Discussion:**

This well is located near two other Yates producers which pump 17-21 BOPD. The well to the south (New Mexico Y St. #5) has increased production from 5 BOPD to 20 BOPD since 1983. Support is coming from an unknown source.

The New Mexico Y St. No. 3 has also been increasing production. The Keohane A No. 1 was recently recompleted in the Yates and is producing 20 BOPD (however, it also had a Queen zone). It is felt that oil may have migrated sufficiently in the Yates to make the Shugart A No. 7 a viable producer again.

This well was initially fracture stimulated with 80,400 gallons of oil and 104,000 lbs of sand. The re-frac is meant only to get past any damage or scale since the well has not been treated since 1961. Furthermore, it will provide good conductivity at the wellbore with higher sand concentrations than the original frac job.

**Economics:**

The economics for this project are based on 12 BOPD                      risked uplift and 10.5 MBO risked reserve additions. The project was given a 70% chance of success. Company guidelines for pricing and taxation were used to generate an economic model.

Net Investment (\$M):	42.5
Payout (Years):	1.91
Rate of Return (%):	47.45
Discounted P/I (\$/\$):	0.39
Risked Net Reserves (MBO):	8.5
Net Present Value (\$M):	17.6
Find and Dev. Cost (\$/bb1):	3.49

**MERIDIAN OIL**  
SHUGART A NO. 7  
SHUGART FIELD  
EDDY COUNTY, NEW MEXICO

KLM 8/8/90

