

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

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.
NMNM93772

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
Merit Energy Company

3a. Address
13727 Noel Rd. Suite 1200
Dallas, Texas 75240

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

7. If Unit of CA/Agreement, Name and/or No.
23806

8. Well Name and No.
West Shugart 19 Federal #3

9. API Well No.
30-015-30648

10. Field and Pool or Exploratory Area
Shugart Bone Spring North

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

11. County or Parish, State
Eddy Co., New Mexico

12. CHECK THE 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 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 recompleate 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 recompleation 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.)

This work will be done if we are unsuccessful in the proposed Sundry dated 05/27/14.

- 1) Clean location, test anchors, prep well for w/o rig.
- 2) MIRU w/o rig. ND WH, NU BOP and 2-7/8" handling tools. Hang Rods and tbq.
- 3) MIRU W/L truck. R/U lubricator & RIH w/ GRJB to 8,150'. RIH and set CIBP @ 8100'.
- 4) RIH w/ perf gun & perf 4 SPF f/ 7,728-7,752 (96 holes); 4 SPF f/ 7,784-7,794 (40 holes) and 4 SPF f/7891-7926 (70 holes); Note any gas or fluid flow. RD wireline.
- 5) PU PKR & test in hole to 7,600' (+/- 100' above perfs). Set PKR. Test backside to 500#.
- 6) MIRU pump trucks frac and test lines. Proceed pumping job per design (See attached).
- 9) Open well up and flow back load. Record volumes/rates.
- 10) Unset PKR and TOH. RIH w/ SN and production string. Set EOT @ +/-7,750'
- 11) RIH w/ rods and pump. Turn to production. Obtain well tests and input into eVin.
- 12) RDMO all.

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

Title Regulatory Manager

Signature

Date 05/28/2014

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Office

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)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APPROVED

JUL 24 2014

DATE OF APPROVAL
CARLSBAD FIELD OFFICE

Wellbore Diagram

Lease & Well No. **Shugart West 19 Federal #003**
Field Name **Shugart**
Location **1980' FSL & 1980' FWL, Sec. 19, T18S, R31E**

Status **Active**
County & State **Eddy County, NM**
API No. **30-015-30648**

Well Information

Spud: **6/16/99** Ground Elevation: **3,621'** D.F. Elevation:
Completed: **8/10/99** KB Elevation: **3,635'** Total Depth: **9,850'**

Pipe Data

Surface						
Hole size	Depth	Size (OD)	Weight	Grade	Sx. Cmt	Comments
17-1/2"	539'	13-3/8"	48.0#		370 sx	
Intermediate						
Hole size	Depth	Size (OD)	Weight	Grade	Sx. Cmt	Comments
11"	2,848'	8-5/8"	32.0#		1,150 sx	
Production						
Hole size	Depth	Size (OD)	Weight	Grade	Sx. Cmt	Comments
7 7/8"	9,528'	5-1/2"	15.5 / 17#		445 sx	TOC @ 7,440' CBL

Downhole Tubulars (Top to Bttm):	
252 jts 2-7/8" tbg @ 8023'	
2-7/8" x 5-1/2" TAC @ 8026'	
4 jts 2-7/8" tbg @ 8146'	
2-7/8" SN @ 8047'	
2-7/8" MJ @ 8180'	

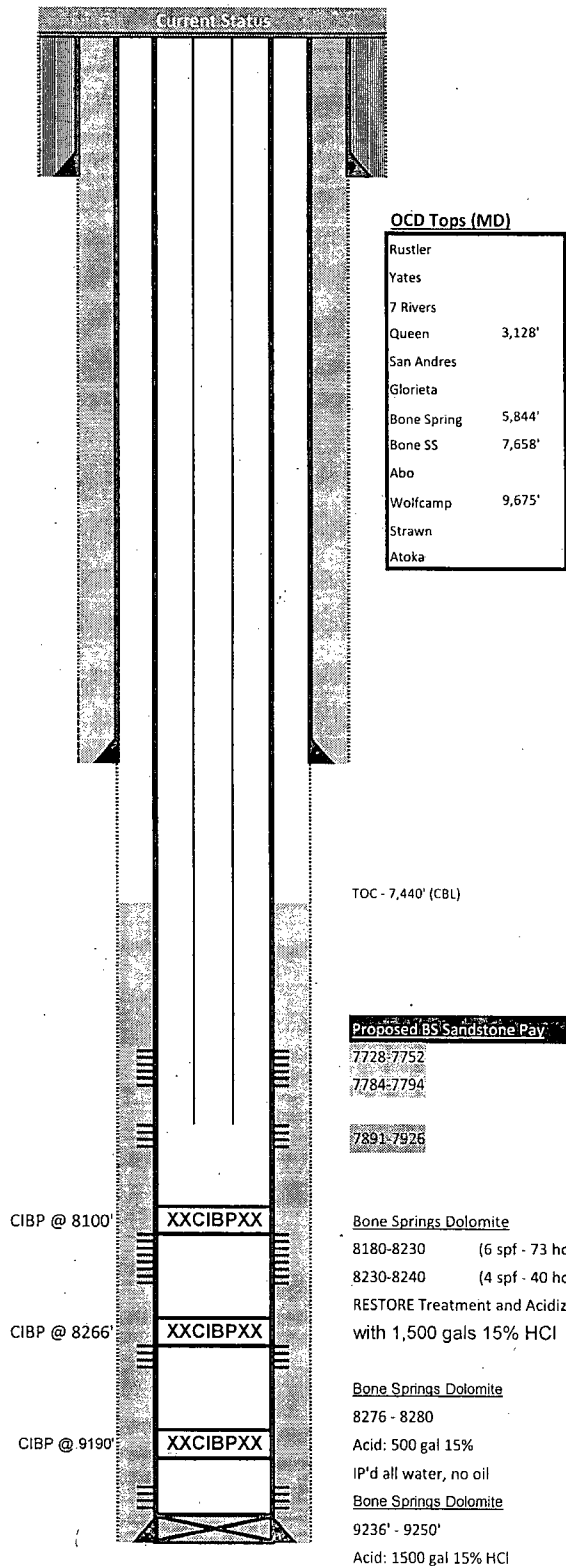
Well History

- 6/16/1999** Spud well and drill/complete in the Bone Springs. TD well @ 9850'
- 7/15/1999** Perf 9236'-50'. 2 spf, 120 deg phasing. Acdz w/ 1500 gals 15% HCl and 45 ball sealers. Tested wet. Set CIBP @ 9190' w/ 35' of cement. Perf 8276'-80', acdz w/ 500 gals 15% HCl w/ 20 ball sealers and xylene. Swab tested all wet. Set CIBP @ 8268'. Perf 8180'-8230'. Acdz w/ 5000 gals 15% HCl and 500 gals Xylene w/ 240 ball sealers. IP'd @ 131 bopd x 91 mcf/d x 212 bwpd
- 12/13/2012** Well first showing signs of gas locking. Pump would pressure up to 500# in three strokes then bleed off. Then the was bled off and then resumed pumping.
- 3/12/2013** Pump parted. Repaired and back online
- 3/18/2013** Well not pumping again. Pump sent in but no signs of problems. Respaced and hung BOL. BHP @ 58#. BHP of offset producers 19-1 & 19-4 are 188# and 238#, respectively.
- 4/12/2013** Test csg above perfs and test CIBP from 8253'. Acdz w/ 5000 gal 15% HCL and salt diversion and 100 gal xylene. Pumped 172 bbls total w/ flush. Max rate 5bpm and max 1685psi. ISIP vac; 10 vac; 15 vac.

Procedures

Prepared by
Joseph Cuadrado
Operations Engineer

Shugart 19-3 Proc.xls
Shugart 19-3 SS Frac
Page 1 of 1



Updated: 5/9/2014
Printed: 5/28/2014

**West Shugart 19 Federal 3
30-015-30648
Merit energy Company
July 24, 2014
Conditions of Approval**

Notify BLM at 575-361-2822 a minimum of 24 hours prior to commencing work.

Work to be completed by October 24, 2014.

NOTE: Both sundries were combined.

- 1. Must conduct a casing integrity test before perforating and fracturing. Submit results to BLM. The CIT is to be performed on the production casing to max treating pressure. Notify BLM if test fails.**
- 2. Operator approved to add pay as proposed in the first sundry. If zone is proven uneconomic (i.e. a swab test) submit results to BLM on a subsequent report.**

If zone is uneconomic operator will continued as followed:

- 3. Operator shall set a CIBP at 8,100'. Operator approved to add pay as proposed in second sundry.**

Note: Operator shall not perf where there is no cement behind pipe. TOC is estimated at 7,440' per operator's diagram.

- 4. Before casing or a liner is added or replaced, prior BLM approval of the design is required. Use notice of intent Form 3160-5.**
- 5. Surface disturbance beyond the originally approved pad must have prior approval.**
- 6. Closed loop system required.**
- 7. All waste (i.e. drilling fluids, trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.**
- 8. Operator to have H2S monitoring equipment on location.**

9. A minimum of a **3000 (3M)** 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 (3M 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.
10. **Subsequent sundry required detailing work done and completion report for the new perforations. Operator to include well bore schematic of current well condition when work is complete.**
11. **See attached for general requirements.**

JAM 072414

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 East Greene Street
Carlsbad, New Mexico 88220
575-234-5972

General Requirements for Plug Backs

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within **ninety (90)** days from this approval.

If you are unable to plug back the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged back. Failure to do so will result in enforcement action.

2. **Notification:** Contact the appropriate BLM office at least 24 hours prior to the commencing of any plug back operations. For wells in Eddy County, call 575-361-2822.

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of brine water. Minimum nine (9) pounds per gallon.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement.

Before pumping cement on top of CIBP, tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either **Neat Class "C"**, for up to 7,500 feet of depth or **Neat Class "H"**, for deeper than 7,500 feet plugs.

6. **Subsequent Plug back Reporting:** Within 30 days after plug back work is completed, file one original and three copies of the Subsequent Report, Form 3160-5 to BLM. The report should give in detail the manner in which the plug back work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date work was completed.**

7. **Trash:** All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.