

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

RECEIVED  
JUN - 2 2010  
NMOCD ARTESIA

**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 <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5 Lease Serial No. NM 93772
2. Name of Operator Merit Energy Company		6 If Indian, Allottee or Tribe Name
3a Address 13727 Noel Rd, Suite 500 Dallas, Texas 75240	3b Phone No (include area code) 972-628-1569	7. If Unit or CA/Agreement, Name and/or No
4 Location of Well (Footage, Sec., T, R, M, or Survey Description) 660' FSL & 660' FWL Sec. 19-T18S-R31E		8. Well Name and No. Shugart West 19 Federal #4
		9 API Well No 30-015-30647
		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 checked="" 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 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 PBTB. POOH. Clean-out fill if needed.
3. RU EL & PU perf gun loaded 3 spf. Assemble to include GR/CCL tools. Log gun on depth & perf Bone Springs 8215-8291' MD. Tie-in using log. Leave well SI while perforating. POOH w/guns. RD EL.
4. MIRU pumping services.
5. RIH w/tbg. plug & pkr. Set plug below new perfs. Set pkr above new perfs. Pump 8000 gals 15% HCL w/diverter. Flush w/2% KCL. Move up hole & isolate old perfs only (8175' - 8204') & give them 2500 gals acid wash. RD pumping services. Swab back acid.
6. Unseat pkr. Retrieve plug & POOH.
7. RIH w/production tbg., rods & pump and hang-off. RDMO WSU. Place well on production and obtain test.

**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
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Signature <i>Lynne Moon</i>	Date 05/03/2010
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**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by 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 Office	Date MAY 28 2010 /s/ Chris Walls BUREAU OF LAND MANAGEMENT CARLSBAD FIELD OFFICE
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Title 18 USC Section 1001 and Title 43 USC 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)

2006-3-10

**West Shugart 19 Federal 4  
30-015-30647  
Merit Energy Company  
May 26, 2010  
Conditions of Approval**

- 1. Surface disturbance beyond the existing pad must have prior approval.**
- 2. Closed loop system required.**
- 3. A minimum of a 3M BOP is required and must be tested prior to performing operations. 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.**
- 4. Operator to have H2S monitoring equipment on location as H2S has been reported from wells in the area.**
- 5. Subsequent sundry with well test and wellbore schematic required.**

**CRW 052610**