

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM 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 ☐ Other

2. Name of Operator Merit Energy Company

3a. Address
13727 Noel Rd. Suite 500 Dallas, Texas 752403b. Phone No. (include area code)
972-628-15694. 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 Tribe 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 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 Add Perfs; stimulate
	<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.)

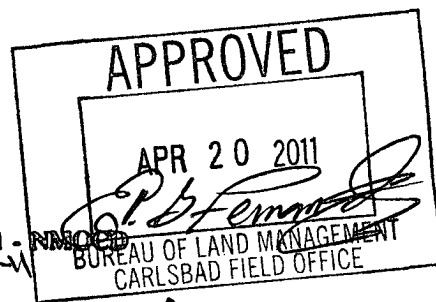
1. MIRU. Hold safety meeting. Hot oil rods & tbg. Utilize H-2S detection equip. LD rods & tbg.
2. ND WH. NU BOP's & test. MU bit & scraper. RIH w/tbg. to 8100'. TOH. NU 10K RBP and pkr. RIH to 8100'. Set RBP.
3. Test csg. & detect leak if necessary; use close loop system to circulate well.
4. Perforate Bone Springs 7784-7799' & 7903-13'.
5. Stimulate well as prescribed down csg.
6. Flowback well to gas buster tank. Record volumes, rates & pressure.
7. NU latch tool & TIH. Clean-out fill. L/O RBP and TOH LD RBP.
8. Install production string and put on pump.

Well producing out of all open Bone Springs perforations. 7784-7913'; 8177-8240'

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

Accepted for record - NMOC

2011-4-26-41

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

Lynne Moon

Title Regulatory Manager

Signature

Date

03/17/2011

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.

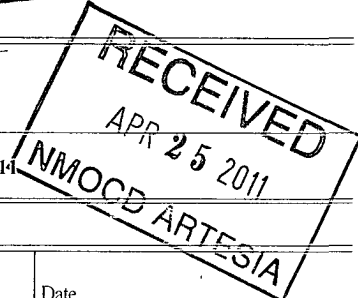
Title

Date

Office

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)



Wellbore Diagram

Lease & Well No. **West Shugart Federal 19-#1**
Field Name **Shugart**
Location **660' FSL & 1980' FWL, Sec. 19, T18S, R31E**

Status **Active**
County & State **Lea County, NM**
API No. **30-015-30149**

Well Information

Spud: **8/28/98** Ground Elevation: **3,620'** D.F. Elevation: **3,633'**
Completed: **11/24/98** KB Elevation: **3,634'** Total Depth: **10,275'**

Pipe Data

Surface						
Hole size	Depth	Size (OD)	Weight	Grade	Sx. Cmt	Comments
17-1/2"	480'	13 3/8"	48.0#	H-40	400 sx	
Intermediate						
Hole size	Depth	Size (OD)	Weight	Grade	Sx. Cmt	Comments
12-1/4"	2,830'	8-5/8"	32.0#	J-55	1,000 sx	
Production						
Hole size	Depth	Size (OD)	Weight	Grade	Sx. Cmt	Comments
7 7/8"	10,275'	5-1/2"	17.0#	L-80	1,050 sx	TOC @ 2980' CBL

Downhole Tubulars (Top to Bttm)						
2 7/8" x 6.4# N-80						

Well History

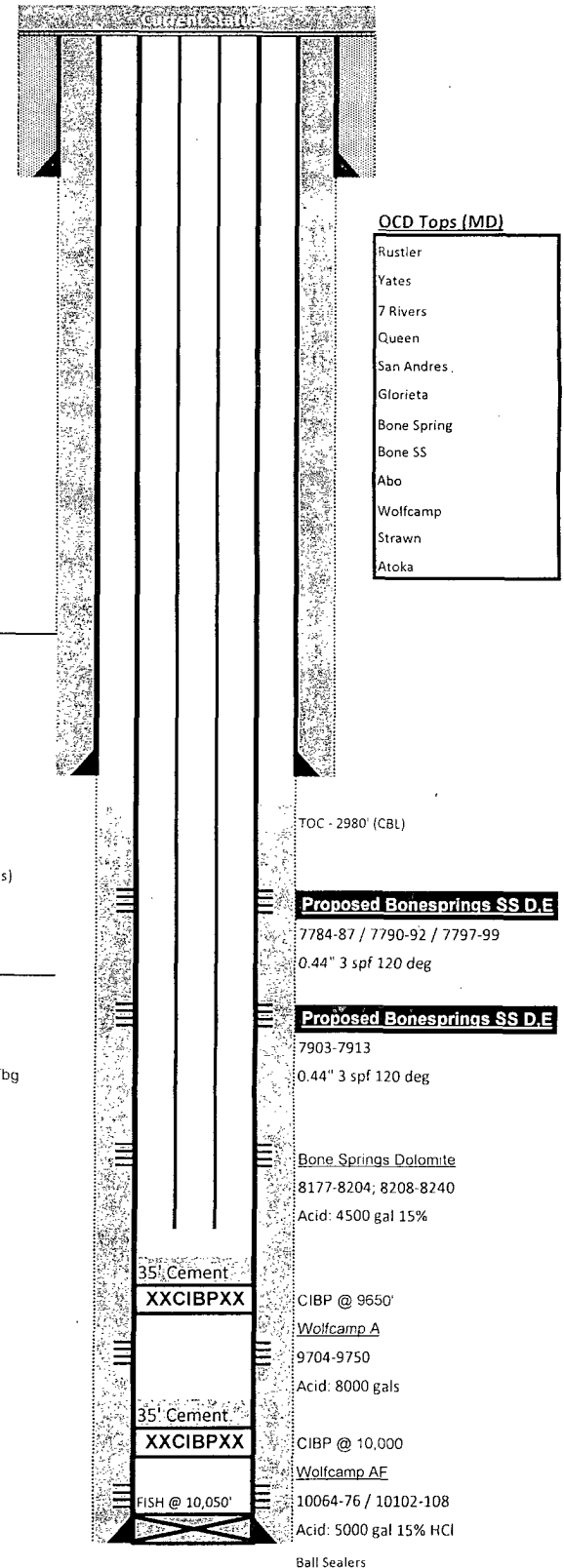
9/13/1998 Drilling Breaks Observed through BS Sandstone: 7778-7808 & 7898-7939
10/3-10/5/98 Perf L. Wolfcamp: 10102-10108 / 10064-10076 w/2 spf 60 deg phase; BD @ 3400# Acidize w/5000 gals w/ BS AIR: 4.25 bpm; ATP: 3900 psi; Ball-out @ 7300 psig / Swab tbg - recover 14 BO
10/6/1998 BWWC; RIH with CIBP; set down @ 3890' / RIH 1500' Stranded line / Rehead / Rih / Set down @ 3922' RIH with 4.75" OD Bit; Tag bridge @ 3922'; RIH to 10,050' / BWWC Rih with Gauge Ring Junk Basket - tag @ 4127' W/O rig RIH w/ 4.5" OD x 2.875" swedge shoe; work down to 10,050 ft; Circ out 76 BS
10/8-10/10/98 RIH w/GR JB (4.224" OD) to 10,050 ft / POH lost GR JB @ 4,000 ft; RIH w/Wt Bar confirm on bottom / Set CIBP @ 10,000 35' Cmmt pef WC 9704-9750' w/1 spf 60 deg phasing; Acidize w/8000 gals w/ BS AIR: 4.5 bpm ATP: 4863 / Ball-out @ 7433 psi
10/9/1998 IP: 46 BO 118 MCF // BHP: 2962; BHT: 145 deg // Install PU- Zone avg 8-15 BOPD 50 BWPD 12 MCFD (Pumped for 2 Weeks)
11/3/1998 Set CIBP / Perf 8177-8204 & 8208-8240 w/2 spf 60 deg / Pump 4500 gals 15% HCL w/183 BS // Swab & Kick Off Well Well Flowing: IP 952 BO w/ 315 BW; 452 BOPD w/68 BW
4/1/1999 Put on Pump (200 BOPD)

SS C, D & E Completion Procedures

Pole Test Anchors; Collect 2 gals each of Oil and Water - Submit To Baker Hughes for furture compatibility analysis
MIRU W/O Rig; Hold Pre-Job Safety Meeting; Disconnect Power Source; HO Rods and Tbg; Utilize H2S Equip Detection LD Rods & Tbg ND WH, NU BOPs and Test; NU 4 3/4" B&S and RIH with Tbg to 8100'; TOH; NU 10K RBP and Packer; RIH to 8100' - Set RBP
Test Casing and Detect Leak if necessary; Use Closed Loop System to Circulate Well
Perforate Bone Springs Sandstones: 7784-7799 & 7903-13
Stimulate well as prescribed down Casing
Flowback well to Gas Buster Tank; Record vols, rates, psi's
NU Latch Tool and TIH / CO Fill / L/O RBP and TOH / L/D RBP
Install Production String and POP

Allocation - Subtraction Method

BS SS Allocation % = (Commigled Average) / (Commigled Average - BS Dolo Avg)



Conditions of Approval

Merit Energy

Shugart West 19 Federal #1

30-015-30149

April 20, 2011

- 1. Surface disturbance beyond the existing pad must have prior approval.**
- 2. Closed loop system required.**
- 3. 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.**
- 4. Operator to have H2S monitoring and protection equipment is to be on site as H2S has been reported from wells in the area.**
- 5. Subsequent sundry with well test and wellbore schematic required.**
- 6. Operator to begin work within 90 days of receiving this approval**

EGF 042011