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Form 3160-5
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

RECEIVED

MAY 26 2010

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

NM OGD APPL 10-011
Lease Serial No
NM-067896

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		6 If Indian, Allottee or Tribe Name
2 Name of Operator Merit Energy Company		7 If Unit or CA/Agreement, Name and/or No
3a Address 13727 Noel Rd. Suite 500 Dallas, Texas 75240	3b Phone No (include area code) 972-628-1569	8 Well Name and No. Shugart West 19 Federal #9
4 Location of Well (Footage, Sec, T., R., M, or Survey Description) 2310' FSL & 2310' FEL Sec. 19-T18S-R31E		9 API Well No. 30-015-30924
		10. Field and Pool, or Exploratory Area Shugart; Bonespring, 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	

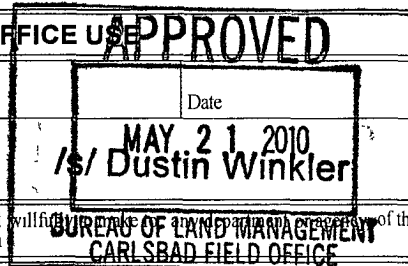
13 Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths 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 shall 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 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 PBTD. POOH. Clean-out fill if needed.
3. RU EL & PU perf gun loaded 3 spf. Assembly to include GR/CCL tools. Log gun on dept & perf Bone Springs 8244-8279' MD. Tie-in using log dated 11/09/2000. 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 lower perfs (8235'). Pump 5000 gals 15% HCL. Flush w/2% KCL.
6. Unseat pkr., retrieve plug & reset plug in window (8230' - 8240') and reset pkr above top perfs. Pump 3000 gals 15% NEFE HCL. Flush w/2% KCL. RD pumping service. Swab back acid.
7. Unseat pkr. Retrieve plug & POOH.
8. 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
Signature <i>Lynne Moon</i>		Date 05/03/2010
THIS SPACE FOR FEDERAL OR STATE OFFICE USE		
Approved by <i>[Signature]</i>		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 MAY 21 2010 /s/ Dustin Winkler
Title 18 USC Section 1001 and Title 43 USC Section 1212, make it a crime for any person knowingly and States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction willfully make of any material property of the United		

(Instructions on page 2)



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Merit Energy Company
NM-067896: Shugart West 19 Federal #9
API: 30-015-30924
Eddy County, New Mexico

RE: Perf and Acidize NOI – Conditions of Approval

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

3M BOP to be used. 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.

Submit subsequent report with updated wellbore schematic and well test once work is completed.

DHW 052110