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OCT 03 2008

Form 3160-5
(August 2007)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No 1004-0137
Expires: July 31, 2010**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

NM-NM013276

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

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

1. Type of Well

☐ Oil Well☒ Gas Well☐ Other8. Well Name and No.
Sinagua 18 Federal #12. Name of Operator
Merit Energy Company9. API Well No.
30-025-324023a. Address
13727 Noel Rd Suite 500
Dallas, Texas 752403b. Phone No. (include area code)
972-628-156910. Field and Pool or Exploratory Area
Quail Ridge; Morrow (Gas)

4. Location of Well (Footage, Sec, T., R., M., or Survey Description)

1650' FNL & 2210' FEL; Unit G; Sec 18-T20S-R34E Lea County, New Mexico

11. Country or Parish, State
Lea County, New Mexico**12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA****TYPE OF SUBMISSION**☐ Notice of Intent☒ Subsequent Report☐ Final Abandonment Notice**TYPE OF ACTION**☐ Acidize☐ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☒ Fracture Treat☐ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☒ Other Add Perforations
in Morrow

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 must 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 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.)

07/21/2008 RU WL. RIH & perforate 13292-13320'; 13258-13266'; 13246-13248'; 13225-13228'; 13217-13220'; 13202-13206'. Acidize w/48 bbls.
thru 7% HCL prior to frac. Frac well w/863 bbls MagnaFrac 30 + 70% Quality CO2 @ 177 tons + 72400# 20/40 bauxite sand. CO2 booster
08/22/2008 went down during frac. Actually put away between 25000-30000# of 20/40 bauxite.

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

Lynne Moon

Title South Division Regulatory Supervisor

Signature

Date 10/01/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

PETROLEUM ENGINEER

Title

Date

OCT 07 2008

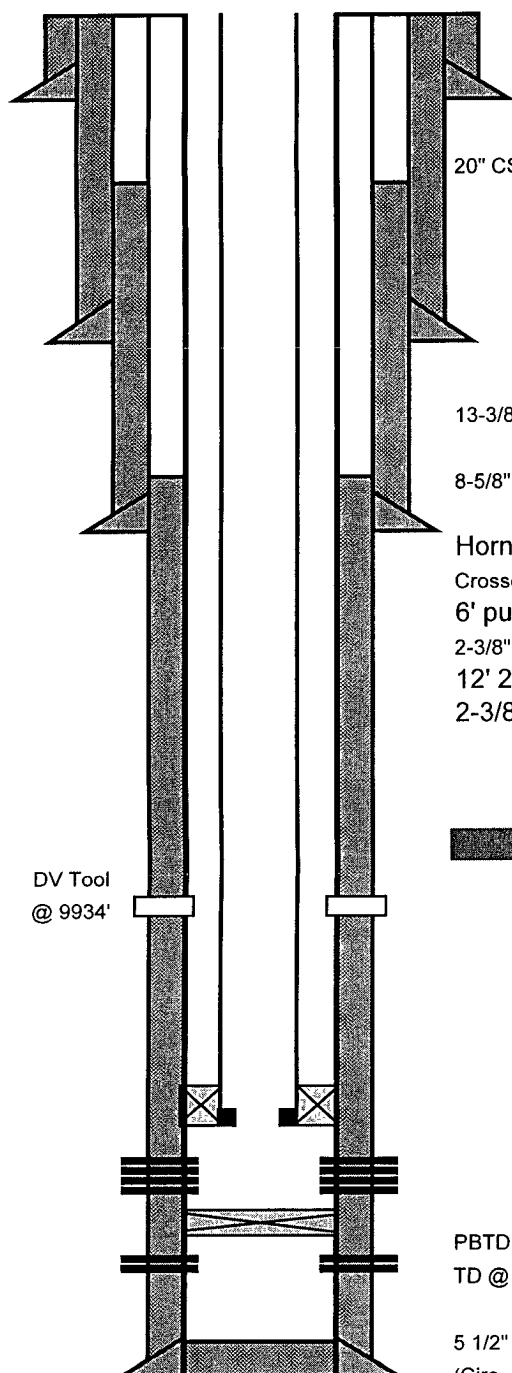
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

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)

| WELL NAME: Sinagua 18 Federal # 1 | | | FIELD: TEAS | | | |
|---|------------|------------------------|-------------|-------------------|---------------|-----------|
| LOCATION: 1650' FNL & 2210' FEL, Sec. 18, T20S-R34E | | | COUNTY: LEA | | | STATE: NM |
| ELEVATION: GL = 3619.4' KB = 3638.4 | | SPUD DATE: 1/12/94 | | COMP DATE: 3/8/94 | | |
| API#: 30-025-32402 | | UPDATED BY: J. FINDLEY | | | DATE: 9/30/08 | |
| | DEPTH | SIZE | WEIGHT | GRADE | THREAD | HOLE SIZE |
| CASING: | 0 - 475' | 20" | 94# | J-55 | BT&C | 26" |
| CASING: | 0 - 3265' | 13-3/8" | 68# | K-55 | BT&C | 17-1/2" |
| CASING: | 0 - 5200' | 8-5/8" | 32# | L-80 & K-55 | LT&C | 12-1/4" |
| CASING: | 0 - 13750' | 5-1/2" | 17# | N-80 & S-95 | LT&C | 7-7/8" |
| TUBING: | 412 JTS | 2-3/8" | 4.7# | N-80 | 8 RD | |



☒ CURRENT

☐ PROPOSED

OPERATOR: MERIT ENERGY COMPANY

20" CSG @ 475' w/550 SX LITE & 200 SX 'C' (TOC @ SURFACE)

13-3/8" CSG @ 3265' w/ 2450 SX LITE & 250 "C" (TOC @ SURFACE)

8-5/8" CSG @ 5200' W/ 600 SX LITE & 400 'C' (TOC UNKNOWN)

Hornet packer w/1.875 X profile nipple @ 13,120'

Crossover, 2-7/8" x 2-3/8"

6' pup jt

2-3/8" 1.875 X seat nipple

12' 2-3/8" pup jt

2-3/8 WLEG

DETAIL OF PERFORATIONS

UPPER MORROW: 13202'-13206', 13217'-13220', 13225'-13228', 13246'-13248'

13258' - 13266', 13292' - 13320' (4 SPF)

CIBP @ 13400'

LOWER MORROW: 13470' - 13497' (10 holes, 4" csg gun)

DV Tool
@ 9934'

PBTB @ 13400'

TD @ 13750'

5-1/2" csg consists of 95 jts of S-95 & 240 jts of N-80

5 1/2" CSG @ 13750' W/ 1965 SX 'H' (1ST ST. = 925 SX, 2ND ST. = 1040 SX)
(Circ 100 SX off top of DV Tool to pit.)

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Response Required - Deadline Enclosed

25-Sep-08

MERIT ENERGY CO
13727 NOEL ROAD, SUITE 500
DALLAS, TX 75240-

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HOBBS OFFICE

**LETTER OF VIOLATION
Delinquent Regulatory Filings**

Dear Operator:

Oil Conservation Division ("OCD") records indicate that you failed to file the required reports identified below, or that your filings were incomplete or inaccurate.

NON-COMPLIANT WELL DETAIL SECTION

SINAGUA 18 FEDERAL COM No.001

Location: 18-20S-34E

30-025-32402-00-00

Original Well Type: Gas (Producing)

Well Status: Active

Determination or Violation Date: 9/25/2008

Delinquent Report or Filing(s): - Other Monitoring and Reporting Violation

Comments: OCD requires that you resubmit this C103 on a federal form since this is a federal well. Please correct location of well. Please send to the OCD Hobbs office. If you have any questions on this matter, please call Cindy Herrera at 575-393-6161 ext 118.

CORRECTIVE ACTION ON THIS WELL DUE BY: 10/25/2008

Please file or correct the reports identified above by the corrective action due date indicated. If you fail to file or correct the reports by that date, the OCD will take enforcement action that may include but is not limited to applying for an order assessing civil penalties and/or requiring you to plug and abandon the wells associated with those reports.

Thank you for your prompt attention to this matter and your efforts in helping to protect our environment and the infrastructure of the oil and gas industry.

Sincerely,


Hobbs OCD District Office