

Submit 1 Copy To Appropriate District
 Office
 District I
 1625 N French Dr., Hobbs, NM 88240
 District II
 1301 W Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St Francis Dr., Santa Fe, NM
 87505

State of New Mexico
 Minerals and Natural Resources

Form C-103
 October 13, 2009

RECEIVED

FEB 24 2010 CONSERVATION DIVISION

HOBBS

1220 South St. Francis Dr.
 Santa Fe, NM 87505

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| SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) | | WELL API NO. 30-025-32958 ✓ |
| 1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other ✓ | | 5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> |
| 2. Name of Operator Merit Energy Company | | 6. State Oil & Gas Lease No. A-1320 & V-3836 |
| 3. Address of Operator 13727 Noel Rd. Suite 500 Dallas, Texas 75240 | | 7. Lease Name or Unit Agreement Name Vacuum "31" ✓ |
| 4. Well Location Unit Letter <u>O</u> : <u>660</u> feet from the <u>S</u> line and <u>1980</u> feet from the <u>E</u> line Section <u>31</u> Township <u>16S</u> Range <u>35E</u> NMPM County <u>Lea</u> ✓ | | 8. Well Number 1 ✓ |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4052' GR | | 9. OGRID Number 14591 ✓ |
| | | 10. Pool name or Wildcat North Vacuum Atoka Morrow ✓ |

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

| | | | |
|--|--|--|--|
| NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/> | | SUBSEQUENT REPORT OF: REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> | |
| OTHER: Add perms; fracture stimulate <input checked="" type="checkbox"/> | | OTHER <input type="checkbox"/> | |

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

MIRU. NU BOP's & test. Kill well & POOH w/tbg. Run bit & scraper to PBTD. POOH. RIH w/plug & pkr. to 12275'. Set plug & load/test csg. to 500 psi. Swab fluid to 11650'. POOH LD tbg. RU EL & PU perf gun loaded 6 spf. Perf Morrow 12640' - 12652' & re-shoot existing perms @ 12610-617'. POOH PU & RIH w/pkr. w/crossover & plug. Tie-in & set pkr @ +/- 12510'. POOH. RDMO. PU & RIH w/3-1/2" P-110 rental tbg. string. Latch onto pkr. Install 2-7/8" 10K tree. RU SL & RIH to pull plug in pkr. MIRU Superior Pumping & CO2 equip. Stake & tie-down all lines. Pressure test equip. Hold safety meeting. Pump 67,000 gals 40# DZXL/70QCO2 energized fluid + 55,500# of 20/40 HS sand.down tbg. If screen out occurs: flow well back immediately to evacuate tbg. of proppant. When well dies run SL tag to determine fill height. Will more than likely need CTU cleanout to evacuate tbg. of remaining sand. If all sand is placed: Flush short of top perforation by .5 - 1 bbl. Record ISIP 5, 10 & 15 mins. falloff SI pressures & total load fluid to recover. Testers to flow back well ASAP to remove gel residue & load fluid. Once well has stopped flowing run SL tag. RIH & set blanking plug in pkr. Unscat & POOH w/rental work string LD. PU & RIH w/2-7/8" production tbg. & latch onto pkr. Pull prong & POOH. RDMO. Swab as necessary to help recover load & test. When CO2 content is acceptable to purchaser turn well to production.

Spud Date: 05/18/1995

Rig Release Date: 06/26/1995

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Lynne Moon TITLE Regulatory Manager DATE 02/23/2010

Type or print name Lynne Moon E-mail address: lynne.moon@meritenergy.com PHONE: (972)628-1569

For State Use Only

APPROVED BY: [Signature] TITLE PETROLEUM ENGINEER DATE FEB 25 2010

Conditions of Approval (if any):