

Form 3160-5
(September 2001)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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 <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM-105830
2. Name of Operator MERRION OIL & GAS CORPORATION		6. If Indian, Allottee or Tribe Name
3a. Address 610 Reilly Avenue Farmington, New Mexico 87401	3b. Phone No. (include area code) (505) 327-9801	7. If Unit or CA/Agreement, Name and/or No. COMMUNITIZED
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 812' FNL & 818' fw1 (nwnw) Section 24, T26N, R2W		8. Well Name and No. GUINEA PIG COM NO. 1
		9. API Well No. 30-039-27247
		10. Field and Pool, or Exploratory Area Gavilan Mancos
		11. County or Parish, State Rio Arriba, New Mexico

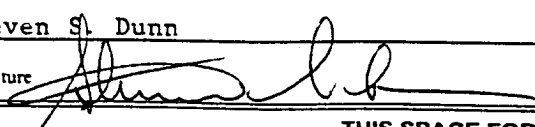
12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" 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 <u>Completion Information</u>
	<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.)

- 1/22/03 Professional Well Service Rig lost hydraulic pump on move to well site. Unable to repair timely. Moved different rig to location. MIRU, haul 2 1/2" tubing string to location (Purchased from Cave Enterprises), delivered drill collars and miscellaneous tools to location. Installed muffler on pumping unit engine and completed installation of pumping unit. Preparing to PU tools and tally in hole at report time.
- 1/23/03 SICP 150 psig. Blew well down. ND WH, NU BOP. TIH with liner pack off tool, bumper sub, x-over, 8 - 3-1/2" drill collars (247.92') on 201 joints of 2-7/8" (6513.08'). Tagged liner top at ± 6760'. Set pack off, TOH with 4 joints of tubing. SDON.
- 1/24/03 SICP 0 psig. TOH with tubing, drill collars, bumper sub, liner setting tool. TIH with 4-3/4" bit, bit sub, 8 - 3-1/2" drill collars, BHA length 242.89', on 222 joints of 2-7/8" tubing (7164.57') + 15' KB adjust. Tagged float collar at 7422.46'. RU swivel, blow line and air. SD for weekend.

*** CONTINUED OTHER SIDE ***

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Steven S. Dunn	Title Drilling & Production Manager
Signature 	Date

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /s/ Brian W. Davis	Division of Multi-Resources	Date MAR 23 2003
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 reverse)

WV 6 3 2003

- 1/27/03 SICP 0 psig. Break circulation. Drilled float collar at 7422'. TIH 32' tagged hard spot. Drilled through to sand, circulated sand plugged bit. TOH with 30 joints of 2-7/8" tubing. SDON.
- 1/28/03 SICP 0 psig. TOH with tubing. LD drill collars. PU bladed junk mill (4-1/2" x 1.64"), bit sub (3-1/2" x .89"), X-over (3-1/2" x 2.79"), 229 joints of 2-7/8" tubing (7423.81') + 10'. Break circulation, drilled 5' fill. PU 10' to circulate, lost circulation, pressured up to 1100 psig. Stuck tubing, blew tubing down, rotated out. TOH with 20 joints of 2-7/8" tubing to liner top. SDON.
- 1/29/03 SICP 0 psig. TOH with tubing. LD bladed junk mill. CO sand in tubing. PU blade bit (4-1/2" x .8"), bit sub (3-1/2" x .89"), X-over (3-1/2" x 2.79") and 229 joints of 2-7/8" tubing (7423.81') + 10' on next joint. Break circulation, cleaned out 15' fill to (7468.29' KB), plugged tubing due to inadequate air flow. TOH with 100 joints of 2-7/8" tubing. SDON. Ordering out more air compressor.
- 1/30/03 TOH with 129 joints of 2-7/8" tubing, X-over and bit. CO 2 joints tubing. TIH with bit #4 (4-3/4" x 8"), bit sub (3-1/2" x 0.89"), X-over (3-1/2" x 2.79") and 229 joints of 2-7/8" tubing. Tagged fill @ 7448' KB. RU larger air package 2700 CFM. CO fill to 7568' KB, plugged bit, switched from reverse to conventional circ. Pumped plug free. SDON.
- 1/31/03 Established circulation conventional with air and cleaned out to ~ 7565' KB (into the fractured interval). Well making an unmeasured quantity of oil and gas while cleaning out with air. Pressure increased slowly on tubing and unable to circulate, bit plugged by slug of solids (possibly frac sand) from fractured interval. Shut down air compressors and pulled back up hole into the 7 7/8" intermediate casing. Attempted to unplug bit down tubing without success. Attempted to unplug bit by reverse circulating, unable to unplug bit. While preparing to blow down casing for trip out of hole, something exploded at the wellhead releasing the air pressure on the casing. The rig operator was injured in the explosion and let go of the brake handle. The blocks dropped out of the derrick and knocked the floor off of the rig. The tubing came unlatched and fell down the well. A water truck driver (Cleve Noble) was in the vicinity of rig floor at the time of the accident and was killed by blunt trauma to the head. The onsite supervisor, Jeff Davis, called for emergency medical personnel and the New Mexico State Police. Steve Dunn contacted the NMOCD (Denny Foust), the Albuquerque BLM (Brian Davis), and left a message at the New Mexico State OSHA office. Merriam and Professional Well Service personnel secured the wellbore by manually closing the BOP blind rams. No fire and no oil spill occurred. The NM State Police conducted an initial investigation that evening. Operations are shut down until OSHA investigators have the opportunity to visit the well site. (JD & SSD)