Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 87240
District II
811 South First, Artesia, NM 87210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-103
Revised March 25, 1999

WELL API NO. **30-045-31280**

5. Indicate Type of Lease STATE [X] FEE [ ]

6. State Oil & Gas Lease No.

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.)

7. Lease Name or Unit Agreement Name: **U-DA-WELL**

1. Type of Well: Oil Well [ ] Gas Well [X] Other

2. Name of Operator **MERRION OIL & GAS CORPORATION (014634)**

8. Well No. **002**

3. Address of Operator **610 Reilly Avenue, Farmington, New Mexico 87401-2634**

9. Pool name or Wildcat **BASIN FRUITLAND (71629)**

4. Well Location

Unit Letter **B** : **1055** feet from the **North** line and **2221** feet from the **East** line

Section **2** Township **31N** Range **8W** NMPM **San Juan**, County

10. Elevation *(Show whether DR, RKB, RT, GR, etc.)* **6710' GR**

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

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	[ ]	PLUG AND ABANDON	[ ]	REMEDIAL WORK	[ ]	ALTERING CASING	[ ]
TEMPORARILY ABANDON	[ ]	CHANGE PLANS	[ ]	COMMENCE DRILLING OPNS.	[ ]	PLUG AND ABANDONMENT	[ ]
PULL OR ALTER CASING	[ ]	MULTIPLE COMPLETION	[ ]	CASING TEST AND CEMENT JOB	[ ]		
OTHER:	[ ]			OTHER: **Completion progress report**			[X]

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

4/28/03 Found well flowing down flowline at 130 psi. Shut well in for surge. Well built to 470 psi in 1-1/2 hrs. Surge #41 @ 470 psi, blew out 15-20 bbls water and medium fines, small amount of solid coal. TIH with drill pipe, tagged 25' fill. CO with 240 scfm air with 10 BWPH and 1/2 gel soap. Well continued to make coal and would not clean up. Drill pipe torquing and sweeps would not circulate to surface. Gas flow appeared down. TOH bit inside casing and shut well in for surge. Well built to 570 psi in 1-1/2 hrs. Surge #42 @ 560 psi. Blew out heavy fines and coal chunks with little/no water. Turn well down pipeline. Secured well and SDON.

4/29/03 Found well flowing very little gas at 120 psi. Shut well in for surge. Well built up to 540 psi after 1.25 hrs. Surge #42 @ 540 psi, very little returns suspect bridge. TIH and immediately tag bridge (inside casing) at 3193'. CO bridge and continue in hole to 3482'. Stopped and ran 4 soap sweeps. Continued cleaning out, hole collapsed while cleaning out at ~ 3550'. Equalized backside with drill pipe string at ~ 580 psi. Released pressure on backside (surge) and string became free. LD DP (until BHA inside 7-5/8" casing). TOH with DP and DCs. Left bit, bit sub and 1 each drill collar in well. PU power swivel and pull bit into top set of pipe rams. Shut well in for 1.5 hrs. Surge #43 @ 540 psi. Blew out some fines but mostly gas. Let well flow ~ 1 hour. Turn well down pipeline, secure location and SDON. Instantaneous flow rate 2189 MCFd.

*****CONTINUED OTHER SIDE*****

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

SIGNATURE _____ TITLE **Drlg & Prod Manager** DATE **5/06/03**

Type or print name **Steven S. Dunn** Telephone No. **(505) 327-9801**

(This space for State use)

APPPROVED BY _____ TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE MAY - 7 2003

Conditions of approval, if any:

4/30/03 Found well flowing very little gas @ 120 psi. Shut well in for surge. Well built up to 540 psi after 1.25 hrs. Surge #44 @ 540 psi, good surge, medium coal ran for 15 mins then fines with mist for ~ 25 mins before bridge developed at the surface (in BOPs). Shut in for 15 mins @ 450 psi. Opened HCR valves and unleashed very heavy flow. Well flowed heavy black coal for ~ 10 mins, then 1-1/2" pieces for ~ mins. Shut well in. Surge #44 @ 540 psi, good surge, heavy dust and 1-1/2" 'chunks' of coal for ~ 20 mins. Shut well in. Surge #45 @ 520 psi, very little returns, some fines but mostly gas. Shut well in, pumped 10 bbls of water and 1 gal of soap. Surge #46 @ 380 psi, blew water and soap out but little else - mostly gas. Shut well in. Pumped 10 bbls of water and 1 gal of soap and pressured well up to 600 psi with air compressors. Surge #47 @ 600 psi, very good surge, heavy coal ran for 15 mins with large 'chunks' blowing out. Brought lots of water as well as lots of fines to surface. Well flowed for ~ 45 mins. Shut well in. Surge #48 @ 520 psi, very little returns, mostly gas. Turn well down pipeline, secure location and SDON. Instantaneous flow rate 2100 MCFd.

5/1/03 Found well flowing at 130 psi, 961 mcf. SWI for surge. Well built up to 540 psi after 1.25 hrs. Surge #49 @ 540 psi, great surge - very heavy coal ran for 15 mins then plugged off BOP and blooie lines. Able to clear blooie lines but BOP still plugged. Shut blind rams and WO door wrench from town. Open pipe ram doors on BOP and cleaned out coal. Open pipe rams, HCR valves holding OK. Surge #50 @ 540 psi, heavy coal fines - very little water. Shut well in, pump 10 bbls of water, 1 gal of soap and pressured well up to 580 psi with air compressors. Surge #51 @ 580 psi, great surge - flowed very heavy coal for 15 mins, lots of water and lots of coal "chunks" up to 3" diam. Shut well in - pump 10 bbls of water, 1 gal of soap and pressured well up to 580 psi with air compressors. Surge #52 @ 580 psi, good surge - flowed heavy coal for 10 mins lots of water with coal fines. Shut well in - pump 10 bbls of water, 1 gal of soap and pressured well up to 580 psi with air compressors. Surge #53 @ 580 psi, good surge, well flowed good to medium coal for 15 mins, lots of water with coal fines. Flowed well for ~45 mins. Turn well down pipeline, secure location and SDON. Instantaneous flow rate: 2,200 mcfd.

5/2/03 Found well flowing at 130 psi - 2126 mcf/d. SWI for surge. Well built up to 520 psi after 1.5 hrs. Surge #54 @ 540 psi. Very heavy coal ran for 5 min then plugged off BOP and blooie lines. Pressure up with air to 450 then opened HCR valves - cleared blooie lines and BOP. Well flowed very hard (coal running) for 10 min. Let well flow for 1 hr. TIH with bit, bit sub, DC's and DP. Made it down to 3482' w/o tagging anything. Pulled back up inside intermediate casing and turn well down pipeline, in order to clean out burn pit (full of coal). Moss Construction cleaned out burn pit with track hoe. Loaded out track hoe and opened well back up to pit. Pit still hot enough to ignite returns. Extremely large flare, concerned about fire safety (trees behind flare pit starting to burn). SWI, and turn flow back down sales line. Secure location and SD for weekend. Instantaneous flow rate: ~2200 mcfd. Note: Will get fire hoses from town over weekend and will rig up to water pump/tank in order to water area behind flare pit.

5/3-4/03 Flowed well over weekend - no report. (WE)

5/5/03 Found well flowing at 125 psi - 1870 mcf/d. SWI for surge. Pumped 10 bbls of water and 1 gal of soap. Chased with air then let well build up naturally. Surge #55 @ 540 psi. Medium to light coal, mostly fines. Let well flow for 1 hour. TIH tagged bridge at 3490'. CO with air mist. Continue TIH while cleaning out with air/mist (10 BWPH and 1 gal of soap). CO to 3560' but circulating pressure had increased from 450 psi to 800 psi, unable to get full returns (no soap or water). Drill pipe becoming stuck – equalized to break free. Pull up to 3482' and well unloaded soap and water. Increased water and soap and continued to clean out. CO to 3536', blow well for 1 hour while at 3536'. Pull up so bit is inside intermediate casing (3255'). Secure location and turn flow down sales line.