

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

RCVD JAN15'07

OIL CONS. DIV.

DIST. 3

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
☐ Oil Well ☐ ☒ Gas Well ☐ Other2. Name of Operator
MERRION OIL & GAS CORPORATION3a. Address
610 REILLY AVENUE, FARMINGTON, NM 874013b. Phone No. (include area code)
505-324-53004. Location of Well (Footage, Sec., T., R., M., or Survey Description)
680' FSL & 1680' FWL (SESW)
SECTION 21, T26N, R11W5. Lease Serial No.
SF-078899

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

JAZZ COM No. 2

9. API Well No.

30-045-32115

10. Field and Pool, or Exploratory Area

BASIN FRUITLAND

11. County or Parish, State

SAN JUAN, 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 COMPLETION
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	REPORT
	<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.)

12-11/06 Remove wellhead and install 5K frac valve. Pressure test valve and casing to 3500 psi - held OK. Spot frac tanks and fill w/ 2% KCl water. Water is Bloomfield, NM city water. RU Basin Wireline Services. RIH with GR/CCI log. Correlated w/ Open hole logs ran 8/30/2006. RIH w/ 3-1/8" casing guns and perforate Fruitland Coal formation 3 spf, 1200 phasing from 1371' - 1383' (total of 39 holes, EHD: 0.43", PD ~ 37"). RD Basin Wireline.

12/13/06 RU Key Pressure Pumping Services and hold safety meeting. Pressure test pumps and lines to 4800#, load hole and break down formation with water. Spearhead 500 gals of 15 HCl acid. Pumped 12,335 gals pad of 20# x-link "Aqua-Safe" gel. Frac well with 79,000# of 20/40 Brady sand in 20# x-link "Aqua-Safe" gel. Pumped sand in 0.25, 0.5, 0.75, 1, 2, 3 and 4 ppg stages at 31 BPM. ISIP: 620 psi, 5 min: 593 psi, 10 min: 703 psi, 15 min: 692 psi. AIR: 31 BPM, MIR: 31 BPM, ATP: 1840 psi, MTP: 1945 psi. Job complete at 17:20 hrs 12/13/06. Total fluid pumped: 1310 bbls (job called for 1,196 bbls). Shut well in and rig down KPPS. Note: Extended 0.25 ppg stage due to high treating pressures. Nolte plot was positive during the 0.25 ppg sand stage through the .75 ppg stage, then slowly went negative throughout remaining sand stages.

*** CONTINUED OTHER SIDE ***

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

Tyson Foutz

Title Engineer

Signature

Date

01/03/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

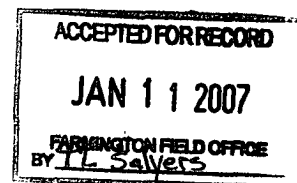
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

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)

NMOC



12/29/06

MIRU Key Pressure Pumping Services. Spot air package, found well with 60 psi, bleed off pressure. Had trouble getting "throat bolt" out of horse head, remove horse head. Remove frac valve and install wellhead and stripping head. PU (tally) 2-3/8" tubing with notched collar on bottom. TIH tag up on fill/sand at 1451' KB. RU lines from air package to well head and return lines from well head to flow back tank. Break circulation with air mist and unload hole. Clean out frac sand down to PBTD (1523' KB). Pump soap sweeps to clean up well, started making some sand. Pump additional soap sweeps but running out of daylight. Cut air and pull up to 1213'. Shut well in secure location and SD for New Year Holiday.

1/2/07

Found well with 15 psi, bleed off pressure. Thaw out and warm up rig. TIH with tubing to 1523' PBTD - no fill. TOH, TIH with production string as follows: cut off tail joint (with hole in upset), seating nipple and 45 joints (1439.13)' of 2-3/8", 4.7#, EUE tubing. Bottom of tubing landed at 1440' KB, seating nipple at 1428' KB (see tubing tally). Land tubing in well head with donut. Remove stripping head and NU well head manifold. RUTS. Found fluid level at ~1000'. Made 6 runs and recovered ~8 bbls of fluid. RD swab equipment. RIH with 2" x 1-1/4" x 12' RHAC pump on 56 ea. 3/4" plain rods, 1 ea. 8' and 1 ea. 6' pony sub. Install polish rod and stuffing box. Load tubing with water and pressure up on tubing to 500 psi - held OK. Check pump action with rig - looked OK. NU horse head and bridle. Space out pump and hang off rods. Roustabouts on location to adjust and start pumping unit. WO on tie-in. RDMOL. WO on tie-in.