

Submit 3 Copies 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
 Energy, Minerals and Natural Resources

Form C-103
 May 27, 2004

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-045-34405
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. RCVD FEB 12 '08
7. Lease Name or Unit Agreement Name HEIGHTS COM OIL CONS. DIV.
8. Well Number 1Z DIST. 3
9. OGRID Number 014634
10. Pool name or Wildcat BASIN DAKOTA

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.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
MERRION OIL & GAS CORPORATION

3. Address of Operator
610 REILLY AVENUE, FARMINGTON, NM 87401

4. Well Location **BHL: 2589 FSL, 699 FWL 36-30N-13W**
 Surface Unit Letter **A** : **637** feet from the **North** line and **753** feet from the **East** line
 Section **35** Township **30N** Range **13W** NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
5696

Pit or Below-grade Tank Application or Closure

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: Completion <input checked="" 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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

1/31/08 Found well on vacuum. Call for rig. MIRU Hurricane Rig #17 on 1/31/08. Spot pump, pit and tubing trailer. PU 3-7/8" bit (used), bit sub and 2-3/8" tubing (tally and drift on way in), tag up at 6945' with 210 joints (Graneros perfs: 6932'-6949' - BP: 6970'). Pull up to 6545'. Out of daylight. SWI, secure location & turn over to night watch.

2/1/08 Found well with 0 psi. TIH to 6945', PU power swivel and break circulation with 2% KCl water, had trouble keeping circulation, clean out down to composite BP at 6970' KB. Unable to keep circulating - lost ~ 400 bbls of water while cleaning out. Lay down power swivel and pull 5 stands. Call for air package. RU Hurricane trailer mounted air package and flow back lines. Install string float and TIH to BP. Bring air online but unable to break circulation. Pressure increased to 1800 psi but unable to unload well. SD air and TOH with 40 stands. Will unload hole in morning and continue cleaning out/drilling out composite plug. SWI, secure location & turn over to night watch.

2/2/08 Unloaded hole from 4312'KB, TIH to 5635'KB and unloaded hole. TIH to 6960'KB and picked up power swivel. Unloaded hole and bring on mist at 12bph. Drilled out composite BP, circulated hole clean. Shut down air, TIH and tagged at 7085'KB. Bring on air/mist and clean out to PBDT at 7115'KB. Circulated hole 1-1/2hrs, shut down air/mist & PUH to 6628'. Casing had 75-80psi and was unloading slugs of water thru 2" line 30 min after shutting down the air/mist. Installed 1/4" choke. Casing pressure at 340psi after 10min shut in. Opened well via 1/4" choke to flowback tank. Secure location & turn over to night watch.

CONTINUED NEXT PAGE

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE *Steven S. Dunn* TITLE Drilling & Production Manager DATE 2/11/2008

Type or print name STEVEN S. DUNN E-mail address: sdunn@merrion.bz Telephone No. 505-324-5300

For State Use Only Deputy Oil & Gas Inspector,
 District #3

APPROVED BY: *H. Villanueva* TITLE _____ DATE FEB 12 2008

Conditions of Approval (if any):

AS

PAGE TWO
ATTACHMENT TO FORM C103
HEIGHTS COM No. 1Z

2/4/08

Casing pressure at 300 psi via 1/4" choke and well had made ~180 bbls of fluid since 1700 hrs 2/2/08. TIH and tagged 8' of fill, bring on air/mist and clean well to 7115' KB (PBDT). Blew well clean and ran soap sweeps, PUH and hesitate 1hr. TIH, tagged 10' of fill and blew well clean with soap sweeps, came off line with air slowly to reduce any inflow effect of shutting down quickly, PUH and hesitate 1hr. TIH and tagged 4' of fill, cleaned out to PBDT. PUH above perms and installed valve on tubing. Opened casing via 1/2" choke to flow back tank. Secure location & turn over to night watch.

2/5/08

Casing pressure at 205psi via 1/2" choke and well had made ~155 bbls of fluid since 1700 hrs 2/4/08. TIH and tagged 3' of fill. TOOH with 216 jts of 2-3/8" tubing, bit sub and bit. Had to kill tubing with 10 bbls of water when we reached string float and killed well via casing with 30 bbls of water with 14 stds remaining in well. Picked up seating nipple (1.78" I.D.) with pump out plug on bottom and TIH on 209 jts of 2-3/8" tubing landed at 6920.35' MDKB. ND BOP & NU wellhead, rigged up well head to production. Rigged up pump and dropped 10 bbls of water on pump out plug, tubing went on a vacuum and then had a slight blow. Shut in casing with 150 psi, shut in tubing. Let casing climb to 300 psi and opened tubing, tubing blew strong and fell to a light blow. Dropped 2 soap sticks in tubing and equalized well. Rigged down Hurricane #17 on 2/5/08. Will blow tubing to rig pit in A.M.