Form 3160-5 (June 1990)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Buress No. 1004-0135
Expires: Merch 31, 1993
Lesse Designation and Scrial No.
NOO-C-14-20-5377

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or recentry to a different reservoir.

6. If Indian, Allottee or Tribe Name Navajo Allotted

Change of Plans

Conversion to Injection

Dispose Water

Use "APPLICATION FOR PERMIT-" for such proposals 7. If Unit or CA, Agreement Designation Papers Wash Unit hara e e e di di cadenti parak SUBMIT IN TRIPLICATE 1. Type of Well Oil Well Gas Well 8 Well Name and No. PWU No. 3 2. Name of Operato Merrion Oil & Gas Corporation 9. API Well No 3. Address and Telephone No. 10. Field and Pool, or Explatory Area P. O. Box 840 Farmington NM 87499 Papers Wash Entrada ph: (505) 327-9801 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 11. County or Parish, State 2.310' fsl & 2,000 fwl (ne sw) McKinley, New Mexico Sec. 15, T19N, R5W, NMPM CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA 12. TYPE OF SUBMISSION TYPE OF ACTION

Completion or Recompletion Report and Log Form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zonce pertinent to this work.)*

er Horizontal Redrill

Merrion proposes to plug-back the Entrada by spotting 60 sx cement from PBTD @ 5,295 (or where fill encountered below perfs) to 100 feet above Entrada perfs (5,142'-48') to 5,042'KB. Cement top assumes we will squeeze 10 sx away into Entrada perfs. Will mill up to 60 feet of 7" casing or cut window and set a whipstock at Kick-off Point in Morrison formation (KOP Depth ~4,775'± KB). If mill section, will spot kick-off cement plug and dress off. Will mobilize directional equipment. Will run in hole with mud motor and 6 1/8" bit. Will orient and kick off in a northwesterly direction (± N57*W). Will build angle and intersect:Entrada top at or near horizontal. Will continue to build angle to ~ 90°. May run 4 1/2" 11.6# N80 LT&C liner through build section and cement in place with adequate cement to circulate to liner top inside of 7" casing. Will set liner top a minimum of 59 feet into 7" casing. If a liner is set will drill ahead with a 3-7/8" bit' if not, a 6-1/8" bit will continue to be used. Will drill a horizontal lateral up to 675 feet in length in a northwesterly direction. Following drilling, no open hole logs are planned. The drilling mud will be displaced with water or other suitable completion fluid and the Entrada formation will be tested for sizing of a submersible pump.

Well control equipment for 2M service will be installed during all phases of drilling (Schematic attached).

Administrative approval is pending from NMOCD for this project and will be submitted when received.

Wellbore profile as currently planned is attached but may change slightly as drilling conditions dictate.

Merrion requests immediate approval to plug back the wellbore and prepare for open hole drilling; no open hole drilling operations will be conducted until NMOCD approval and final BLM approval has been received.

| On the NAME OF STREET OF S | COPIES: BLM+4, LAND+1, ACTG+1, WELL FILE+1 | |
|--|--|--------------------------|
| 14. I hereby or right that the foregoing is true and correct. | Steven S. Dunn Title Operations Manager | American Aveust 17, 1095 |
| (This space for Federal or State office use) Approved by Conditions of approval, if any: Hald C - (04 for A) | CONDITIONS OF APPROVAL | AUG 2 4 1995 |

Merrion Oil & Gas Corporation Well Control Equipment Schematic for 2M Service

Attachment to Sundry Notice of Intent

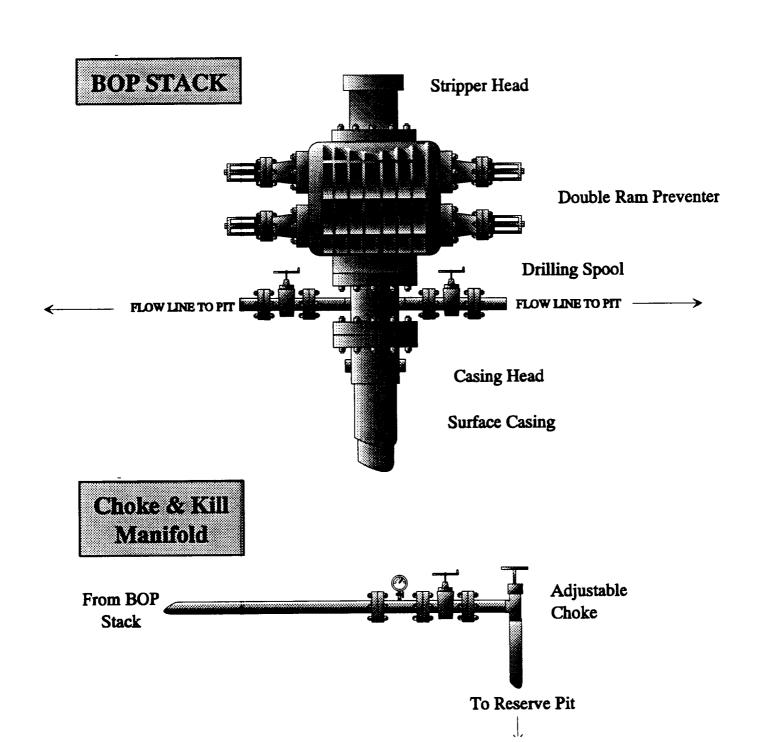
PWU No. 3 Horizontal Entrada Well

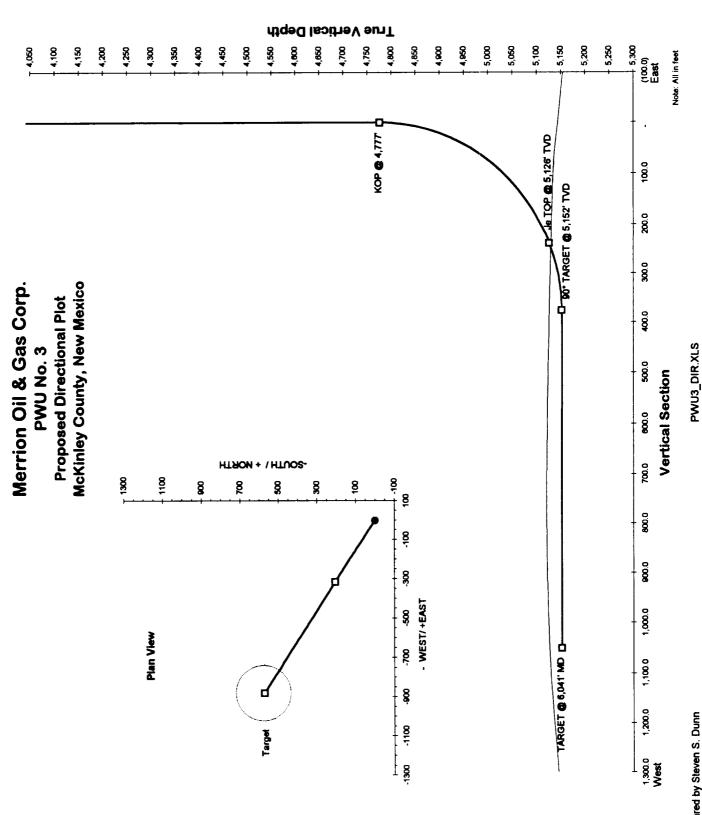
2,310'fal & 2,000'fwl (ne sw) Location:

Sec 15, T19N, R5W, NMPM

McKinley, New Mexcio

Date: August 17, 1995 By: Steven S. Dunn





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office 1235 La Plata Highway Farmington, New Mexico 87401

Attachment to Notice of

Intention to Redrill Horizontally

Re: Horizontal Redrill

Well: 3 PWU

CONDITIONS OF APPROVAL

- 1. Mike Flaniken with the Farmington Office is to be notified at least 24 hours before the workover operations commence (505) 599-8907.
- 2. The following modifications to your horizontal redrill program are to be made (when applicable):
 - 1. Tag top of cement plug at 5042'.
 - 2. If a 4 1/2" liner is ran, the liner top overlap must be a minimum of 100 feet.