Energy, Minerals and Natural Resources Department Revised 1-1-89 District Office OIL CONSERVATION DIVISION DISTRICT 1 WELL API NO. P.O. Box 1980, Hobbs, NM 88240 P.O. Box 2088 30-045-22568 Santa Fe, New Mexico 87504-2088 DISTRICT II 5. Indicate Type of Lesse P.O. Drawer DD, Artesia, NM 88210 FEE X STATEL 6. State Oil & Gas Lease No. 1000 Rio Brazos Rd., Aztec, NM 87410 SUNDRY NOTICES AND REPORTS ON WELLS DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEFREN OF PLUS BASK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT INC. 7. Lease Name or Unit Agreement Name (FORM C-101) FOR SUCH PROPOSALS.) Type of Well: Santa Fe 20 OE. WELL OTHER 8. Well No. Name of Operator Merrion Oil & Gas Corporation (014634)9. Pool same or Wildcat Address of Operator Snake Eyes Dakota 87401-2634 610 Reilly Avenue, Farmington, NM Well Location 990 east Line north 2220 Feet From The Feet From The Unit Letter San Juan County **NMPM** 08W Township 21N Rang 20 Section 10. Elevation (Show whether DF, RKB, RT, GR, etc.) 6573' GR Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data 11. SUBSEQUENT REPORT OF: NOTICE OF INTENTION TO: **ALTERING CASING** REMEDIAL WORK PLUG AND ABANDON PERFORM REMEDIAL WORK PLUG AND ABANDONMENT COMMENCE DRILLING OPNS. **CHANGE PLANS** TEMPORARILY ABANDON CASING TEST AND CEMENT JOB **PULL OR ALTER CASING** X Plug back & Drill horizontal OTHER: OTHER: 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. Merrion requests your approval to plug back the vertical Entrada in this well by setting a cement retainer in the 7" casing at 5150' KB± and squeezing the Entrada perforated interval, 5200'-07', with 50 sx (59 cf) Class B cement. Will mill up to 80 feet of 7" casing section at a kick-off point in the Morrison formation (depth not yet chosen). Will spot a kick-off cement plug across the milled section, dress off and mobilize directional drilling equipment. Will run in hole with mud motor and 6-1/8" bit. Will orient and kick off of cement plug in a southerly direction (subject to change during drilling). Will build angle and intersect the Entrada top at or near horizontal. Will continue to build angle to ≈ 90°. Plan to run 4-1/2" liner through build section and cement in place with adequate cement to circulate to liner top inside of 7" casing. Will set liner top minimum of 50 feet into 7" casing. Will drill ahead with 3-7/8" bit. (If liner not used will continue with 6-1/8" bit) Will drill a horizontal lateral up to 1400 feet from surface location in a general southerly 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. ***CONTINUED OTHER SIDE ***

I hereby certify the 3/18/96 Operations Manager SIGNATURE s. Dunn **S**teven TELEPHONE NO. TYPE OR PRINT NAME

(This space for State Use)

ORIGINAL SIGNED BY ERNIE BUSCH APPROVED BY

THE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE MAR 1 9 1996

Blow out preventers for 2M service will be used during all phases of work through completion.

The drilling mud will be a low solids non-dispersed mud using polymer, gel and anti corrosion additives.

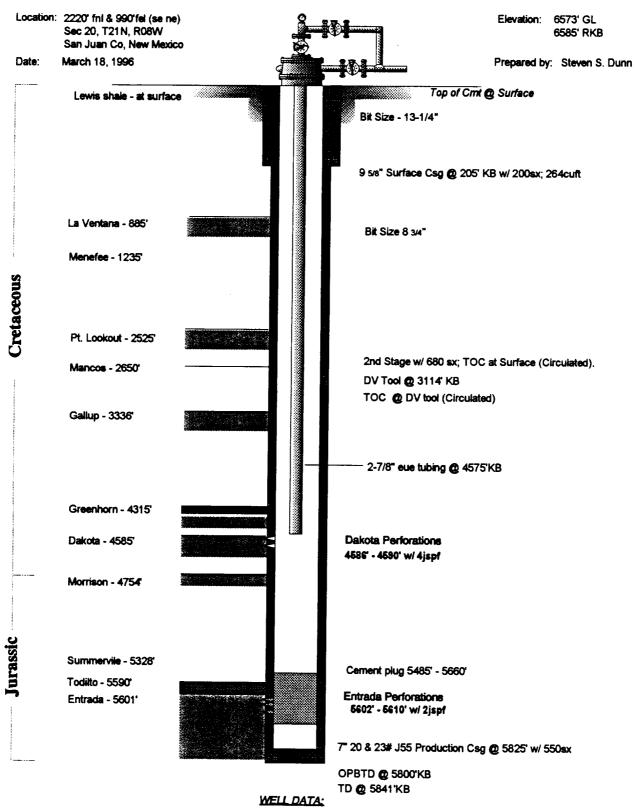
The reserve pit will be 70'X100'X6' in size.

Merrion has applied to the MMOCD for project approval and will not conduct any new drilling pending approval by the OCD. However, we do request that the BLM give contingent approval to conduct the wellbore preparation phase of this project immediately, stipulating that OCD final approval must be received prior to drilling the horizontal well.

Merrion Oil & Gas Corporation Wellbore Schematic

Santa Fe 20 No. 3

Current Wellbore Configuration



CUM GAS: CUM OIL: SPUD: Jun 5, 1977 COMPLETED: Jun 18, 1977

CAPACITIES: 7" 23# - 0.0394 bbl/ft 2 7/8" 6.5# - 0.00496 bbl/ft 7" X 2 3/8" - 0.0363 bbl/ft

CURRENT SICP: CURRENT SITP: LINE PRESSURE: OIL TRANSPORTER: Giant