

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE\*  
(Other instructions on re-  
verse side)

Form approved.  
Budget Bureau No. 1004-0135  
Expires August 31, 1985

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—" for such proposals.)

1. OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. SF-078897-A
2. NAME OF OPERATOR MERRION OIL & GAS CORPORATION		6. IF INDIAN, ALLOTTEE OR TRIBE NAME
3. ADDRESS OF OPERATOR P. O. Box 840, Farmington, New Mexico		7. UNIT AGREEMENT NAME
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 660' FNL and 1980' FEL		8. FARM OR LEASE NAME Western
14. PERMIT NO.		9. WELL NO. 5
15. ELEVATIONS (Show whether DF, RT, GR, etc.) 6,109' KB		10. FIELD AND POOL, OR WILDCAT Gallegos Gallup Asso.
		11. SEC., T., R., M., OR BLK. AND SURVEY OF AREA Sec. 7, T26N, R11W
		12. COUNTY OR PARISH San Juan
		13. STATE New Mexico

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>
Other: Shut-in	X

SUBSEQUENT REPORT OF:

WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
(Other) response to BLM letter of 9/19/89	

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. 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 zones pertinent to this work.)

In response to your letter dated September 19, 1989 wherein you request our plans for conversion of this well to salt water disposal, we submit the following:

Merrion Oil & Gas filed application with the New Mexico Oil Conservation Division on June 5, 1989 for authority to dispose of produced water in the Western No. 5 well. By response dated July 21, 1989 (copy attached) the state declined to approve our application administratively and directed us to seek approval through public hearing.

Concurrently, on July 27, 1989 our major working interest partner indicated they had serious concerns about the economic viability of this project. They requested Merrion to re-evaluate and consider several other disposal options. We are now in the process of reviewing these options and the overall project.

Therefore, Merrion requests the BLM to approve the continued shut-in of this well for six months pending the outcome of our analysis. The wellbore is in sound physical condition and has been properly plugged back (schematic attached). We will submit plans for your approval prior to commencement of any operations.

THIS APPROVAL EXPIRES MAR 01 1990

18. I hereby certify that the foregoing is true and correct

SIGNATURE Steven S. Dunn TITLE Operations Manager  
This space for Federal or State office use)

APPROVED  
CONDITIONS

RECEIVED

JAN 10 1990

OIL CON. DIV

\*See Instructions on Reverse Side

APPROVED  
DATE 10/19/89

DATE JAN 05 1990

Mark Holmes  
For AREA MANAGER  
FARMINGTON RESOURCE AREA

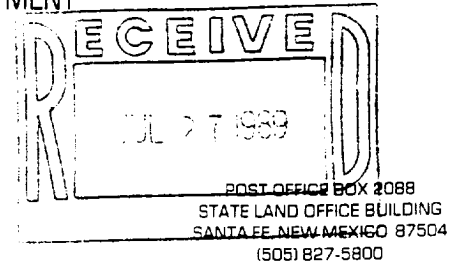


ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

July 21, 1989



Merrion Oil & Gas Corporation  
P.O. Box 840  
Farmington, New Mexico 87499

Attention: Steve S. Dunn

Dear Steve:

I have reviewed your recent application for authorization to inject into the Western Well No. 5 located in Section 7, Township 26 North, Range 11 West, NMPM, San Juan County, New Mexico, and wish to express some of the Division's concerns regarding this proposal. It appears from the data presented that several of the offset wells within the area of review are not plugged and/or completed so as to prevent migration of fluid from the Cliffhouse formation. Division policy generally dictates that all area of review wells must be cemented through and above the injection zone, and that all plugged and abandoned wells be plugged in such a manner so as to prevent migration to other formations.

In light of the situation, I cannot approve your application administratively. Please advise me if you would like the application set to hearing before a Division examiner. If you should have any questions, please contact myself at (505) 827-5800.

Sincerely,

David Catanach

xc: OCD-Aztec

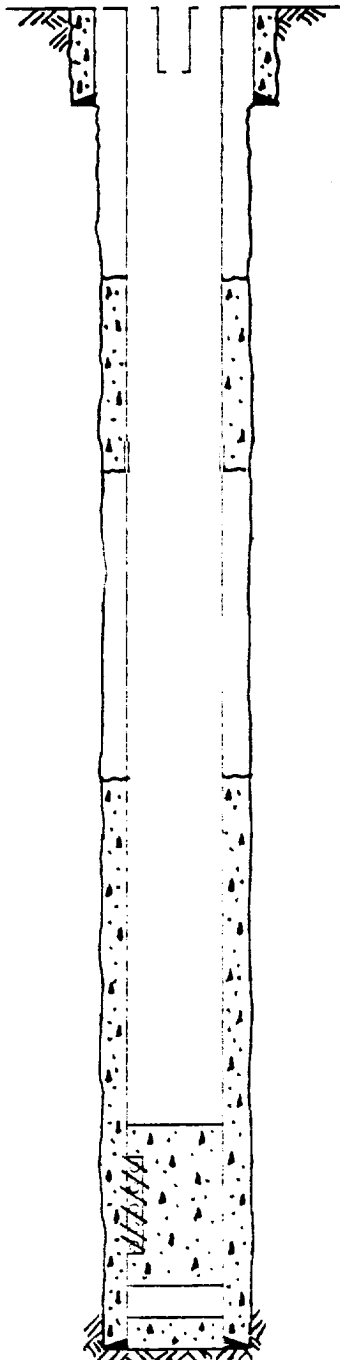
\* MERRION OIL & GAS \*

WELLBORE SCHEMATIC

Well: Western No 5  
Field: Gallegos Gallup

Location: 660'FNL & 1980'FEL  
Sec. 7, T26N. R11W  
San Juan Co. New Mexico

Elevation: 6,109' KB  
6,098' GL



TOC @ Surface  
Bit Size - 13 3/4"

10 3/4" 32.75# Surface @ 173' KB w/ 200sx

Hole size - 7 7/8"

TOC @ 1,000'KB (calculated)

5 1/2" 14lb/ft @ 2,320'KB w/ 150 sx

Tops	Depth
Pic Cliffs	1.454
Lewis	1.730
Mesa Verde	2.337
Mancos	4.196
Gallup	5.042

TOC @ 3,950' (Temp survey)

Well Equip:  
2" EUE Tbg @ 31' - 1 St

Spot 65sx 2" - 5,350' - 4,320'KB (March 1988)

Gallup Perfs - 5,062'-5,310'KB Gross Interval

PBTD @ 5,070'KB  
5 1/2" 15.5# Prod Csg @ 5,073'KB w/300 sx  
TD @ 5,073' KB

16-1988  
File: NSTN5.mcn

Capacities: 2" Tbg - 0.00337 Bbl/Ft  
5 1/2" 15.5#Csg- 0.0233 Bbl/Ft  
Annulus - 0.0133 Bbl/Ft