Distribution: O+4 (BLM); 1-Accounting; 1-Crystal; 1-File UNITED STATES Form 3160-5 FORM APPROVED (June 1990) DEPARTMENT OF THE INTERIOR Fudget Bureau No. 1004-0135 **BUREAU OF LAND MANAGEMENT** Expires: March 31, 1993 5. Lease Designation and Serial No. SUNDRY NOTICES AND REPORTS ON WELLS SF-080238-A Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. If Indian, Allottee or Tribe Name Use "APPLICATION FOR PERMIT--" for such proposals 7. If Unit or CA, Agreement Designation SUBMIT IN TRIPLICATE Type of Well Gas Well Well Other Well Nar te and No. Name of Operator Chaco Ltd. #3 Merrion Oil & Gas Corporation API Well No. Address and Telephone No. 30-045-24612 610 Reilly Avenue, Farmington, NM 87401-2634 (505) 327-9801 10. Field and Pool, or Exploratory Area Location of Well (Footage, Sec., T., R., M., or Survey Description) WAW Fr./PC 1800' fnl & 1850' fwl 11. County o. Parish, State Section 12, T26N, R13W San Juan County, New Mexico CHECK APPROPRIATE BOX (s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA 12 TYPE OF SUBMISSION TYPE OF ACTION Notice of Intent Abandonment Change of Plans Recompletion New Construction Subsequent Report Plugging Back Non-Routine Fracturing Casing Repair W: ter Shut-Off Final Abandonment Notice Altering Casing Conversion to Injection Routine Frac, same zone Di: pose Water (Note: Report results of multiple completion or Completion or Recompletion Report and Log form.) 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.)* Merrion Oil & Gas proposes to re-perforate and frac the subject well in the PC (currently producing) according to the attached procedure. OIL CON. DIV. I hereby certify that the foregoing is true and correct Connie S. Dinning Contract Engineer Signed Title (This space for Federal or System use) W. Spencer Title Approved By Date Conditions of approval, if any: Title 18 U.S.C. Section 1001, makes 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

NMOCD

or representations as to any matter within its jurisdiction.

Merrion Oil & Gas Corporation

Workover Procedure

December 4, 1997

Well: Location: Chaco Ltd. No. 3

1800' fnl & 1850' fwl (se nw)

Sec 12, T26N, R13W, NMPM

San Juan County, New Mexico

Field: Elevation: WAW Fr-PC 6,028' RKB

6,023' GL

By:

Connie Dinning

Project:

Frac PC (orginally natural completion)

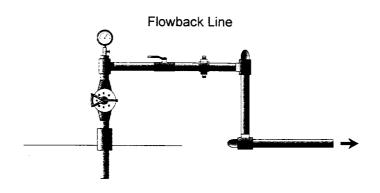
Procedure:

Prior to Move-in

- 1. Check wellhead configuration and complete detail sketch of equipment.
- 2. Dig small workover pit (10' X10' X 6') to blow into while cleaning up.

Fracture PC

- 1. Move in, rig up JC Well Service pulling unit.
- 2. Lay casing vent line down wind. Stake down for use in clean out.
- 3. Open well to atmosphere and blow down.
- 4. Rig up BOPs & stripping head.
- 5. Unset 1-1/2" tubing. Pick up additional 1-1/2" tubing, tag fill.
- 6. Tally out of hole.
- 7. RIH and clean out w/ Nitrogen if necessary.
- 8. POH w/ tubing.
- 9. RU Petro Wireline and run GR/cased hole neutron log.
- 10. Perforate PC interval (if necessary) as determined from logs.
- 11. RD Petro.
- 12. ND BOP & Companion Flange.
- 13. RDMOL w/ JC Well Service.
- 14. MIRU Stimulation Company. Install master valve on 2-7/8" casing.
- 15. RU flow back line with 1/2" positive choke.
- 16. Pump frac as detailed on attached procedure down 2-7/8".
- 17. RD stimulation equipment.
- 18. Open well to pit as soon as possible. Let flow back to clean up.
- 19. MIRU JC Well Service and re-run tubing. Flange up wellhead.
- 20. RDMO
- 21. Return well to production.



Merrion Oil & Gas Corporation Wellbore Schematic

Chaco No. 3

