

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-103
Revised March 25, 1999

WELL API NO. 30-045-30271
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NA
7. Lease Name or Unit Agreement Name: FLUSH (26049)
8. Well No. 1
9. Pool name or Wildcat SWD, Mesaverde

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 <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> SWD	10. Elevation (Show whether DR, RKB, RT, GR, etc.) 6047' GR
2. Name of Operator Merrion Oil & Gas	
3. Address of Operator 610 Reilly Ave, Farmington, NM 87401	
4. Well Location Unit Letter <u>F</u> : <u>1910</u> feet from the <u>north</u> line and <u>1765</u> feet from the <u>west</u> line Section <u>2</u> Township <u>26N</u> Range <u>13W</u> NMPM San Juan County	

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>
OTHER: Perform Step Rate Test <input checked="" type="checkbox"/>	

SUBSEQUENT REPORT OF:

REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>	

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. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

Merrion Oil & Gas proposes to perform a step rate test on the subject well in accordance with the attached procedure.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE [Signature] TITLE Production Engineer DATE 6/10/02
Type or print name Connie S. Dinning Telephone No. 327-9801
(This space for State use)

APPROVED [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. IV DATE JUN 11 2002
Conditions of approval, if any:

Merrion Oil & Gas Corporation

Step Rate Test Procedure

June 10, 2002

Well:	Flush No. 1	Field:	Mesaverde
Location:	1910' fnl & 1765' fwl (se nw)	Elevation:	6047' GR
	Sec. 2, T26N, R13W		6053' RKB
	San Juan County, New Mexico	By:	Connie Dinning

Background Information

1. The rig up diagram and mechanical configuration of the wellbore are attached.
2. A step rate test was performed on May 2, 2002. The results are on file with the NMOCD. The pump rate was not sufficient to provide accurate information about the frac pressure of the well.

Procedure

Run Bottom Hole Pressure Monitor

1. Notify NMOCD minimum of 24 hours prior to testing.
2. Shut in well 24 hrs prior to test.
3. Move-in, rig up Cobra Slickline.
4. RIH w/ Electronic pressure gauge and set at $\pm 2065'$ KB.
5. Fill 7 tanks on location w/ produced water.

Perform Step Rate Test

1. Install pressure gauges on bradenhead and casinghead.
2. MIRU pump truck.
3. Install paper chart recorder on pump discharge to record surface pressure and rate.
4. Load hole w/ produced water.
5. Begin step rate test at 0.25 BPM. If possible, pump three steps below current pressure limit of 422 psi. Hold each step for 15 minutes. Increase rate in increments of 0.5 BPM up to an estimated 12.25 BPM. Three steps above breakover point must be established for a valid test. Continue pumping in .5 bbl increments if the required data is not obtained by the 12.25 BPM step. Haul in more city water as necessary.
6. Record casing and bradenhead pressures at each step.
7. Record ISIP at end of test.
8. Rig down pump.
9. Retrieve bottom hole pressure tool, rig down slickline.
10. Put well on to injection.
11. Provide all pressure/rate charts, field notes and bottom hole pressure data to Connie Dinning at the MOG office.



Procedure For Step Rate Test:

- 1. Pump produced water at 0.25 bpm for exactly 15 minutes and record all of the rates and pressure. Use a choke assembly to pinch back the rate and adjust to the desired rate.***
- 2. Pump produced water at 0.75 bpm for exactly 15 minutes and record all of the rates and pressure. Use a choke assembly to pinch back the rate and adjust to the desired rate.***
- 3. Pump produced water at 1.25 bpm for exactly 15 minutes and record all of the rates and pressure. Use a choke assembly to pinch back the rate and adjust to the desired rate.***
- 4. Pump produced water at 1.75 bpm for exactly 15 minutes and record all of the rates and pressure. Use a choke assembly to pinch back the rate and adjust to the desired rate.***
- 5. Pump produced water at 2.25 bpm for exactly 15 minutes and record all of the rates and pressure. Use a choke assembly to pinch back the rate and adjust to the desired rate.***
- 6. Pump produced water at 2.75 bpm for exactly 15 minutes and record all of the rates and pressure. Use a choke assembly to pinch back the rate and adjust to the desired rate.***
- 7. Pump produced water at 3.25 bpm for exactly 15 minutes and record all of the rates and pressure. Use a choke assembly to pinch back the rate and adjust to the desired rate.***
- 8. Pump produced water at 3.75 bpm for exactly 15 minutes and record all of the rates and pressure. Use a choke assembly to pinch back the rate and adjust to the desired rate.***
- 9. Pump produced water at 4.25 bpm for exactly 15 minutes and record all of the rates and pressure. Use a choke assembly to pinch back the rate and adjust to the desired rate.***
- 10. Pump produced water at 4.75 bpm for exactly 15 minutes and record all of the rates and pressure. Use a choke assembly to pinch back the rate and adjust to the desired rate.***
- 11. Pump produced water at 5.25 bpm for exactly 15 minutes and record all of the rates and pressure.***
- 12. Pump produced water at 5.75 bpm for exactly 15 minutes and record all of the rates and pressure.***

13. *Pump produced water at 6.25 bpm for exactly 15 minutes and record all of the rates and pressure.*
14. *Pump produced water at 6.75 bpm for exactly 15 minutes and record all of the rates and pressure.*
15. *Pump produced water at 7.25 bpm for exactly 15 minutes and record all of the rates and pressure.*
16. *Pump produced water at 7.75 bpm for exactly 15 minutes and record all of the rates and pressure.*
17. *Pump produced water at 8.25 bpm for exactly 15 minutes and record all of the rates and pressure.*
18. *Pump produced water at 8.75 bpm for exactly 15 minutes and record all of the rates and pressure.*
19. *Pump produced water at 9.25 bpm for exactly 15 minutes and record all of the rates and pressure.*
20. *Pump produced water at 9.75 bpm for exactly 15 minutes and record all of the rates and pressure.*
21. *Pump produced water at 10.25 bpm for exactly 15 minutes and record all of the rates and pressure.*
22. *Pump produced water at 10.75 bpm for exactly 15 minutes and record all of the rates and pressure.*
23. *Pump produced water at 11.25 bpm for exactly 15 minutes and record all of the rates and pressure.*
24. *Pump produced water at 11.75 bpm for exactly 15 minutes and record all of the rates and pressure.*
25. *Pump produced water at 12.25 bpm for exactly 15 minutes and record all of the rates and pressure.*

BHP required to fracture the formation = 1,707 psi
 (based on ISIP from pump-in) ISDP = 1,087
 Frac Gradient From ISDP = 0.8265 psi/ft

Wellbore Schematic

Flush No. 1, SWD

Current Wellbore Configuration

Location: 1910' Int & 1765' Int (se nw)
Sec 2, T26N, R13W
San Juan Co, New Mexico

January 28, 2002

Elevation: 6,047' GL
6,052' RKB

By: Connie Dinning



