

• Distribution: O+4 (BLM); 1-Accounting; 1-Land; 1-File

Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT--" for such proposals.

SUBMIT IN TRIPLICATE

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Merrion Oil & Gas Corporation (14634)

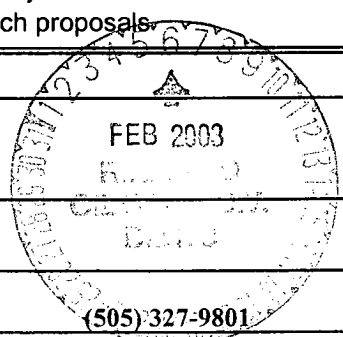
3. Address and Telephone No.

610 Reilly Avenue, Farmington, NM 87401-2634

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1790' fnl & 890' fwl (sw nw)

Section 15, T24N, R6W



5. Lease Designation and Serial No.

SF-078628A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Canyon Largo Unit 119

9. API Well No.

30-039-05491

10. Field and Pool, or Exploratory Area

Devils Fork Gallup

11. County or Parish, State

**Rio Arriba County,
New Mexico**

12. CHECK APPROPRIATE BOX (s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☒ Notice of Intent

☐ Subsequent Report

☐ Final Abandonment Notice

TYPE OF ACTION

☐ Abandonment

☐ Recompletion

☐ Plugging Back

☐ Casing Repair

☐ Altering Casing

☒ Other Continue TA Status

☐ Change of Plans

☐ New Construction

☐ Non-Routine Fracturing

☐ Water Shut-Off

☐ Conversion to Injection

☐ Dispose Water

(Note: Report results of multiple completion on 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 zones pertinent to this work.)*

Merrion Oil and Gas proposes to continue the Temporary Abandonment status of this well. This well is in an area that will be beneficial for use in the planned waterflood project for the Canyon Largo Unit. The letter from George Sharpe, dated August 23, 2000, summarizing the waterflood plan is attached. A copy of the most recent mechanical integrity test is also attached.

TA
DATE
6-04-2002

THIS APPROVAL EXPIRES

JAN - 1 2004

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

Signed

Connie S. Dinning

Title Production Engineer

Date 1/27/03

(This space for Federal or State office use)

Approved By Original Signed: Stephen Mason

Title

Date 2/5/03

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 or representations as to any matter within its jurisdiction.

NMUCD

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610 Reilly Avenue, Farmington, NM 87401-2634

(505) 327-9801

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CLU No. 119

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Rio Arriba County,
New Mexico

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TYPE OF SUBMISSION

- ☐
- Notice of Intent
-
- ☒
- Subsequent Report
-
- ☐
- Final Abandonment Notice

TYPE OF ACTION

- ☐
- Abandonment (Temporary)
-
- ☐
- Recompletion
-
- ☐
- Plugging Back
-
- ☐
- Casing Repair
-
- ☐
- Altering Casing
-
- ☒
- Other
- Mechanical Integrity Test

- ☐
- Change of Plans
-
- ☐
- New Construction
-
- ☐
- Non-Routine Fracturing
-
- ☐
- Water Shut-Off
-
- ☐
- Conversion to Injection
-
- ☐
- Dispose Water

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

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A mechanical integrity test was performed on subject well on 6/4/02. The test was witnessed by a representative from the NMOCD. The BLM was notified of the test but no one from the BLM was present. The test results and a copy of the pressure chart are attached. The test was successful.

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

Signed

Connie S. Dinning

Title Engineer

Date

ACCEPTED FOR RECORD

(This space for Federal or State office use)

Approved By

Title

Date

Conditions of approval, if any:

JUN 26 2002
FARMINGTON FIELD OFFICE
BY



NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE
1000 RDO BRAZOS ROAD
AZTEC NM 87410
(505) 334-6178 FAX: (505) 334-6170
http://www.nm.gov/energy/conservation/District%20II/aztec.htm

MECHANICAL INTEGRITY TEST REPORT

(TA or ~~WIC~~)

Date of Test 6/4/2002 Operator Merrion O+G Corp API # 30-0 39-05491

Property Name Canyon Largo Unit Well # 119 Location: Unit E Sec 1 Twn 24 Rge 6

Land Type:

State _____
Federal X
Private _____
Indian _____

Well Type:

Water Injection _____
Salt Water Disposal _____
Gas Injection _____
Producing Oil/Gas _____
Pressure observation _____

Temporarily Abandoned Well (Y/N): Yes

TA Expires: _____

Casing Pres. _____
Bradenhead Pres. _____
Tubing Pres. _____
Int. Casing Pres. _____

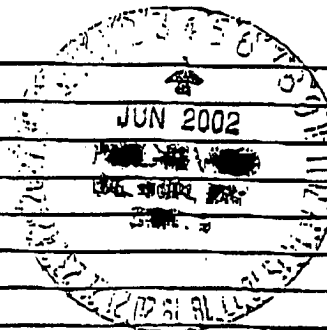
Tbg. SI Pres. _____
Tbg. Inj. Pres. _____

Max. Inj. Pres. _____

Pressured annulus up to 610 psi. for 30 mins. Test passed/failed

REMARKS:

No Pressure drop



By

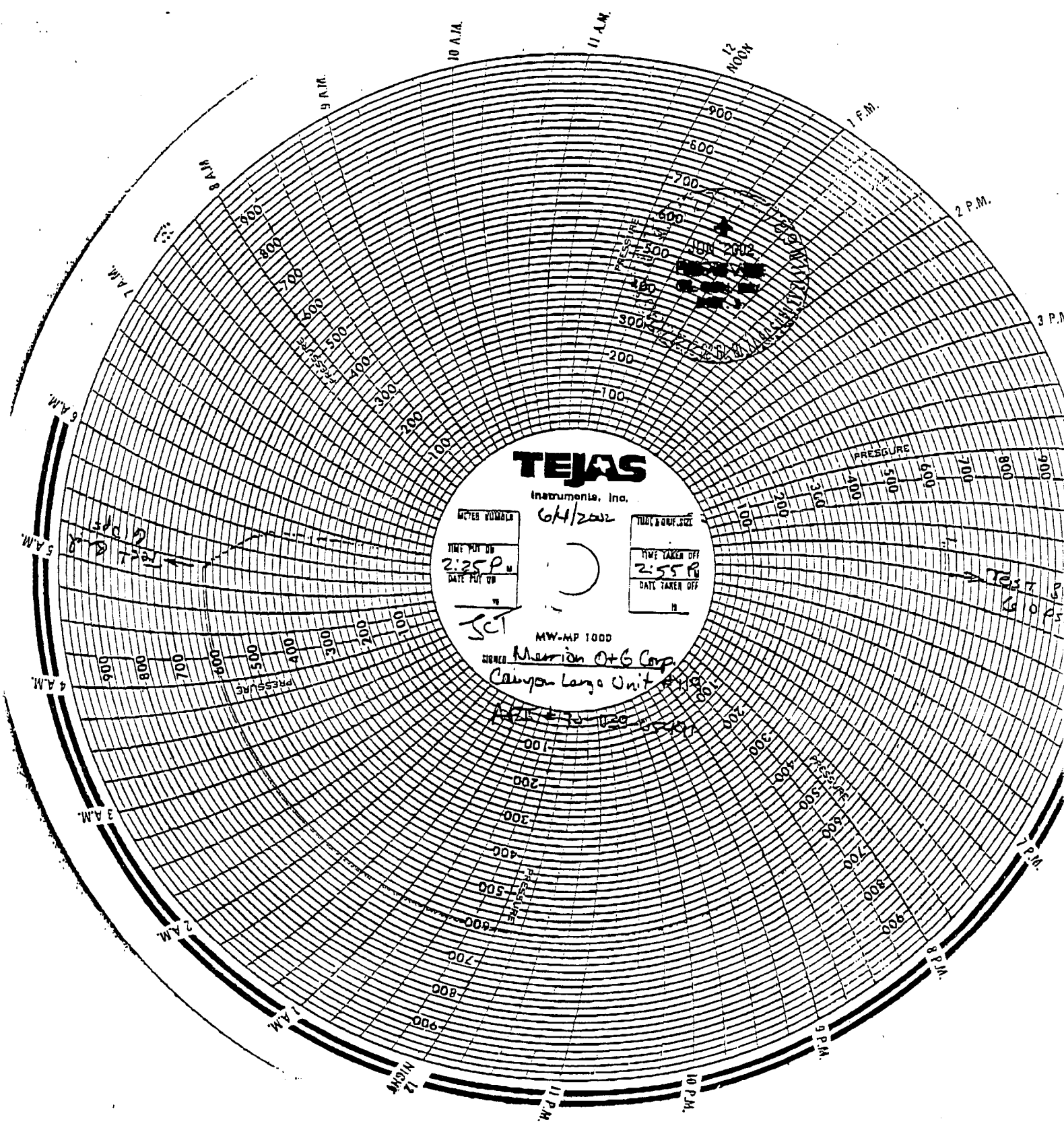
(Operator Representative)

Witness

(NMOCD)

(Position)

REVISED 11-17-98



MERRION

Oil & Gas

August 23, 2000

Mr. Richard Dembowski
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

RE: T&A Well Status
CLU 10: 126, 315, 356
Rio Arriba County, New Mexico

Dear Mr. Dembowski:

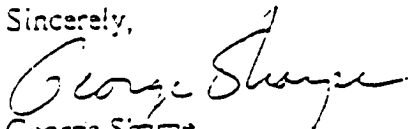
In followup to your letter dated July 12, 2000 and our subsequent meeting on August 23, 2000, this letter discusses Merrion's plans for using the subject (and other) wells in the Canyon Largo Unit Gallup PA for a waterflood. Specifically, Merrion requests that the subject wells (and other wells in the future, if necessary) be allowed to remain temporarily abandoned (or shut in if that is the case) for the near future. The following arguments are presented to support our request.

1. Enclosed is a report of a reservoir simulation study performed to evaluate the potential for a waterflood in the Canyon Largo Unit Gallup Formation. The report indicates that a waterflood is technically feasible, but economically marginal at the \$18 oil price assumed in the economics. While oil prices are currently well above \$18/bbl, the futures strip shows prices returning to near that level within two years. Merrion must have confidence that prices will be sustained above \$25/bbl before we would implement a waterflood pilot.
2. The waterflood will be extremely capital intensive and will require the use of all existing wellbores combined with additional infill drilling. Even at higher prices, we may not be able to justify the waterflood if we don't have the existing wellbores to use.
3. Again, the waterflood will require infilling the field on 80 acre or perhaps 40 acre spacing. Because of the current Resource Management Plan review (RMP), we couldn't do the waterflood right now anyway, even if we wanted to.
4. If the existing wells are allowed to be left in place, that would leave their surface locations available if needed during the RMP review period to be used to drill to other formations.
5. While Merrion is not ready to implement a waterflood now, or even in the next two years, we think the time will come in the next ten years to install that flood. That, however, may never happen if we are forced to plug out the existing wells. Therefore, the long-term interests of the mineral owners (which is mostly Federal in the Unit) are best served by not forcing Merrion to abandon these locations.

Below is a list of wells in the Canyon Largo Unit Gallup P.A. that ultimately may be used in the waterflood. We request that, should any of these existing producing wells require it, they be given similar consideration as the four subject wells.

Please call me with any questions at 505-325-9801 ext. 114. Thank you for your consideration.

Sincerely,



George Sharpe
Manager, Oil & Gas Investments

File:invest\gr12000\correspondence\du to letter

POTENTIAL WELLS FOR GALLUP WATERFLOOD
CANYON LARGO UNIT

CLU #s 89, 128, 119, 126, 130R, 131R, 300, 301, 302, 303, 304, 305, 306, 307, 308, 310, 311, 313, 314, 315, 316, 317, 319, 321, 324, 326, 327, 328, 331, 332, 333, 335, 337, 338, 339, 340, 341, 342, 343, 344, 345, 356, 357, 358, 359, 393.