Distribution: O+3 (BLM); 1-Accounting; 1- Land; 1-File

Form 3160-5
(September 2001)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
2004 JUN -9 AM 10: 34
070 FARMINGTON NM

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

5. Lease Serial No.
SF-078309

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement, Name and/or No

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

8. Well Name and No.
FEDERAL 29 No. 2E

2. Name of Operator
MERRION OIL & GAS CORPORATION

9. API Well No.
30-045-26550

3a. Address
610 Reilly Ave., Farmington, NM 87401

3b. Phone No. (*include area code*)
505-324-5300

10. Field and Pool, or Exploratory Area
White Wash Mancos/Dakota

4. Location of Well (*Footage, Sec., T., R., M., or Survey Description*)
1490' fwl & 1820' fsl
Section 29, T25N, R9W

11. County or Parish, State
SAN JUAN COUNTY, NM

JUN 2004
OIL CONS. DIV.
DIST. 3

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

TYPE OF SUBMISSION	TYPE OF ACTION			
☐ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
	☐ Casing repair	☐ New Construction	☐ Recomplete	☒ Other
☒ Subsequent Report	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	**COMMINGLE**
☐ Final Abandonment Notice	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final insection.)

5/20/04 MIRU Professional Well Service Rig No. 3 on 5/20/04. Open well to sales line while rigging up. Spot pump/pit, spot flow back tank and choke manifold. Open well to atmosphere and bleed off pressure. Pumped ~35 bbls of water to kill well, ND WH and NU BOP. Trouble getting bolts of well head flange. TOH with 2-3/8" tubing. Pulled 75 stands. Secure location and SDON.

5/21/04 Finish TOH, PU 4-1/2" casing scraper and RIH to ~6400'. TOH, WO wireline. RU Blue Jet, RIH with GR/CCL. Run log from 6492' to 5000'. RIH with composite BP on wireline. Set BP at 6000' KB. RD Blue Jet. TIH to ~4500', high winds making trip very slow. Load hole with ~90 bbls of produced water. Pressure test casing to 1500 psi – held OK. Running out of daylight. Secure location and SD until Monday - Will perforate and ball off on Monday.

DHC 3246

****CONTINUED OTHER SIDE****

ACCEPTED FOR RECORD
JUN 18 2004
FARMINGTON FIELD OFFICE
BY

14. I hereby certify that the foregoing is true and correct
Name (*Printed/Typed*) **Steven S. Dunn**
Title **Drilling and Production Manager**
Signature
Date **June 7, 2004**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Date _____

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the application holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

(Instructions on reverse)

NMOCD

5/24/04 RU air package and unload hole. TOH. RU Blue Jet. RIH with 3-1/8" select fire casing gun. Perforate the Gallup formation 1 spf at the following depths: 5321', 30', 78', 84', 86', 5402', 04', 06', 12', 22', 35', 37', 53', 62', 68', 74', 90', 93', 95', 98', 5516', 38', 40', 42', 45', 52', 58', 71', 73', 82', 92', 5601', 16', 5917' and 5919' (total of 35 holes, EHD: 0.28"). RD Blue Jet. PU 4½" packer and TIH, set packer at 5121' KB. RU Key Pressure Pumping Services. Pump 300 gals of 15% HCl with inhibitor and Fe control and 47 each 1.3 SG RCN ball sealers. Mechanical problems with truck, unable to get rate above 1.8 BPM. Pressures ranged from 2300-1260 psi. Saw break when acid hit formation from 2110 psi down to 260 psi. No ball action (due to slow rate). ISIP: 1150 psi. Open well to pit and bleed off pressure. Release packer and TIH to ~5950' (to knock balls off perfs). TOH and lay down packer. Secure location and SDON. Frac scheduled for 5/25/04.

5/25/04 RU KEY Pressure Pumping Services and hold safety meeting. Pressure test pumps and lines to 6000#. Frac well with 100,400# of 20/40 Brady in 70 Quality nitrogen foam. Pumped sand in 1, 2, 3 and 4 ppg stages. Pad volume 14,960 gals at 70 Q foam. ISIP 3150 psi. Shut well in with 2400 psi and RD Key Energy Services. AIR 30.0 BPM, MIR 36 BPM, ATP 3645 psi, and MTP 3750 psi. Job complete at 08:50 hrs 5/25/04. Total fluid pumped 385 bbls. Total Nitrogen pumped 817,556 scf (including "cool down"). RU flow back manifold. Open well thru ¼" choke at 11:00 hrs 5/25/04. IP was 2350 psi. Well flowing back foam/water and nitrogen. Watch well flow back. Turn over to nightwatch @ 16:00 hrs.

5/26/04 Well flowed back until 04:00 AM and shut in. By 07:00 hrs pressure was back up to 720 psi. Open well back up and pressure was down to 0 psi – but still unloading fluid. Pump 20 bbls of water to kill well. TIH with 3-7/8" bit, bit sub and 2-3/8" tubing. TIH to 3229 and unload hole with air. Continue TIH tag up on sand at 5764'. Break circulation with air and clean out sand down to 5950' – slow going because well was making heavy sand. Blow hole from 5950', well continued to make heavy sand. Pull up hole to 5056'. Secure location and SDON. Security guard stay on location overnight.

5/27/04 Found well with 720 psi. Open to flow back tank and let pressure bleed down. Pressure down to 0 psi in 30 min. TIH and tag sand at 5868' (82' of fill). Break circulation and continue cleaning out. Well making heavy sand. Clean out sand down to composite bridge plug at 6000'. Well continued to make heavy sand. Pump sweeps and blow hole to clean up. Sand returns slowly diminished. PU power swivel and drill out BP. Push plug down to 6045' and pump sweeps. Pull up hole to 5056'. Secure location and SDON. Security guard stay on location overnight.

5/28/04 Found well with 430 psi. Open to flow back tank and let pressure bleed down. TIH and push plug down to 6456'. PU power swivel and break circulation with air/mist. CO down to PBTD at 6531'. Pump soap sweeps and blow well to clean up. Continue blowing hole and pump sweeps. Very little to no sand returns. Lay down power swivel. Pull up hole to 5056'. Secure location and SD for Holiday. will resume work on Tuesday.

6/01/04 Found well with 310 psi. Open to flow back tank and let pressure bleed down. TOH. TIH with production string, land as follows: cut off tail joint, perforated sub, seating nipple and 199 joints of 2-3/8, 4.7#, EUE tubing. Land tubing with donut. Bottom of tubing at 6459' KB, seating nipple at 6439' KB (see pipe tally). ND BOP and NU WH. Ready rig to run rods. PU 2" x 1¼" x 12' RHAC pump and RIH on the following rod string: 40 each ¾" plain, 130 each 5/8" plain, 16 each ¾" plain and 69 each ¾" scrapered, 8', 6', 4' and 2' ponys. Install polish rod with liner and stuffing box. Load tubing with water and pressure test tubing – held OK. Check pump action with rig – pumped OK. Spaced out pump and clamp off rods. Ran out of daylight. Will rig down in the morning.

6/02/04 Long stroke pump with rig – pumped OK. Spaced out pump and clamp off rods. RD rig and equipment. Ready flow back tank and flow lines for move. Move pump and pit back to yard. Move rig to Fed 28-2 to check pump. ***Final Report.***