Form 3160-5
(November 1994)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

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

SUBMIT IN TRIPLICATE – Other instructions on reverse side

2005 APR 21 PM 2 10
RECEIVED
070 FARMINGTON NM

APR 2005

5. Lease Serial No.
Contract 360

6. If Indian, Allottee or Tribe Name
Jicarilla Tribe

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

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

8. Well Name and No.
Bonanza #3

2. Name of Operator Merrion Oil & Gas Corp.
% Elm Ridge Resources, Inc.

9. API Well No.
30-043-20497

3a. Address
PO Box 156 Bloomfield, NM 87413

3b. Phone No. *(include area code)*
505-632-3476

10. Field and Pool, or Exploratory Area
W. Lindrith Gallup Dakota

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
790' FNL & 790" FWL
Sec. 1-T22N-R3W

11. County or Parish, State
Sandoval, New Mexico

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
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ Convert to Injection	☒ Plug Back	☐ Water Disposal	

13. Describe Proposed or Completed Operations (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 Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

This well experienced a casing failure. Elm Ridge Resources, Inc. intends to move a rig on location, isolate and repair the casing failure, and determine if the existing Dakota formation is capable of being returned to production. If the Dakota is non-productive, Elm Ridge Resources, Inc requests approval to plug the Dakota interval according to the attached procedure. A cement bond log and formation evaluation log will then be run. Based on the log results, uphole zones showing potential will be perforated and tested. If no productive zones are found, a sundry for permanent P & A will be submitted.

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

Name *(Printed/Typed)* Amy Mackey — Title Production Assistant

Signature Amy Mackey — Date April 21, 2005

THIS SPACE FOR FEDERAL OR STATE USE

Approved by **Original Signed: Stephen Mason** — Title — Date APR 28 2005

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant 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, 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.

(Instructions on reverse)

NMOCD

Casing repair, Dakota plug, and uphole tests for Bonanza #3:

1: Isolate and squeeze casing leak. Drill out cement and pressure test casing. Resqueeze if required.

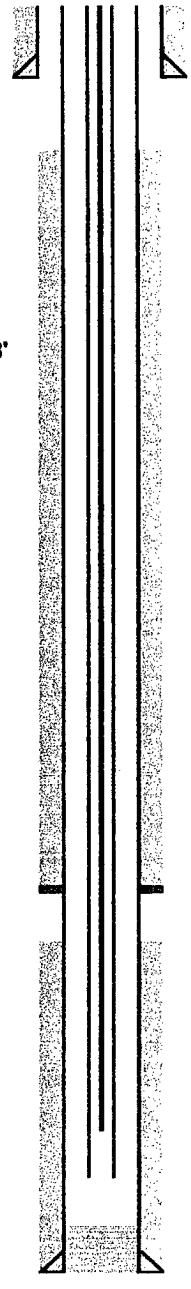
2: Evaluate Dakota for possible return to production. If Dakota is non-productive, RIH with 4-1/2" retainer and set at 6860'. Squeeze below retainer with 7 sacks. Spot 8 sacks on top of retainer.

3: Run CBL and formation evaluation logs.

4: Perforate and test uphole formations, as warranted by log results.

5: If no uphole potential exists, submit sundry for plugging and abandonment.

Wellbore Diagram
Bonanza #3
NW/4 Sec. 1, T22N, R3W
Sandoval Co., NM
API #30-043-20497



12-1/4" OH
8-5/8" 28# J-55 set @ 190'.
Circulated cmt to surface

TOC 1667' (Calc.)

Ojo Alamo 2322'

Kirtland-Fruitland 2438'

Pictured Cliffs 2666'

Chacra 3470'

Cliff House 4182'

Menefee 4242'

Point Lookout 4752'

4-1/2" DV Tool @ 4892'

Mancos 4898'

TOC 5170' (Calc.)

Gallup 5422'

Dakota 6860'

Dakota perfs: 6897-7004'

7-7/8" open hole TD 7149' KB
PBTD: 6938' KB
4-1/2" 10.5/11.6# set @ 7148' KB

Elm Ridge Resources

Pertinent Data Sheet

Well Name: **Bonanza #3**
Footage: 790' FNL and 790' FWL
Location: Section 1, T22N, R3W
County: Sandoval County, NM
API#: 30-043-20497

Field: W. Lindrith Gallup-Dakota **Elevation:** 7169' KB **TD:** 7149' KB
PBTD: 7113' KB

Completed: 1/9/81

Casing Record:

Hole Size	Casing Size	Wt.	Grade	Depth Set	Cement
12-1/4"	8-5/8"	28#	J-55	190'	207 ft^3 (Circ. To Surface)
7-7/8"	4-1/2"	10.5/11.6#	N-80/ K-55	7148'	Stg 1: 488 ft^3 Stg 2: 1058 ft^3 (DV@4892')[1]

[1] 1st Stage: TOC: 5170' (Calc.). 2nd Stage: TOC 1667' (Calc)

Tubing: 2-3/8" EUE 216 joints set @ 7007' KB, with anchor, rods, and pump.

Rods: 2x1-1/4"x12' RHAC pump, (?)176x3/4" plain, 99x7/8" metal paddle

Formation Tops:

Ojo Alamo	2322'
Kirtland-Fruitland	2438'
Pictured Cliffs	2666'
Chacra	3470'
Cliff House	4182'
Menefee	4242'
Point Lookout	4752'
Mancos	4898'
Gallup	5422'
Sanostee	6609'
Greenhorn	6747'
Graneros	6800'
Dakota	6860'

Perforations: Dakota: 6897'-7004'

Notes: Possible tight spots at 6947', 5500', and 5400'