

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

ROW/APD

FORM APPROVED
Budget Bureau No. 1004-0136
Expires: February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. Type of Work

DRILL ☒DEEPEN ☐

b. Type of Well

Oil Well ☐ Gas Well ☒ Other ☐Single Well ☒Multiple Zone ☐

2. Name of Operator

Merrion Oil & Gas Corporation

3. Address and Telephone No.

610 Reilly Ave Farmington NM 87401
ph: (505) 327-9801

4. Location of Well (Footages)

At Surface 1625' fsl & 2611' fel (nw se)

At proposed prod. zone Same

14. Distance in Miles and Directions from Nearest Town or Post Office

18 miles south of Farmington NM, near Chaco Plant

15. Distance from Proposed Location to Nearest Property or Lease Line, Ft

1015'

16. No. of Acres in Lease

320 acres

17. No. of Acres Assigned to This Well

320 acres

18. Distance from Proposed Location to Nearest Well Drilling, Completed, or Applied for, on this Lease, FT

-1143'

19. Proposed Depth

-1275'

20. Rotary or Cable Tools

Rotary

21. Elevations (Show whether DF, RT, GR, etc)

5990' GR, 5995' RKB

22. Approximate Date Work will Start

As soon as permitted

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE & GRADE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
8-3/4"	7" J55	20 ppf or greater	~120' KB	~30 sx (35 cuft)
6-1/4"	4-1/2" J55	10.5 ppf or greater	~1275' KB	~106 sx (159 cuft)

Merrion proposes to drill 8-3/4" hole with native mud to approx 120' and set 7" 20# or greater J55 surface casing, cement to surface with ~30 sx 'B' w/ 2% CaCl₂ (35 cuft). Will drill 6-1/4" hole to TD @ approx 1275' KB with low solids non-dispersed mud system. Run open hole surveys. Will set 4-1/2" 10.5 ppf or greater J55 production casing from TD to surface. Will cement with 39 sx 'B' w/ 2% SMS (80 cuft) and tail in with 67 sx 'B' (79 cuft) cement to fill from total depth to surface. Top of Cement should circulate to surface (will adjust volumes based upon caliper log).

A water spacer will be pumped ahead of the lead slurry to prevent mud contamination of the cement. If cement does not reach surface, a temperature log or cement bond log will be run to determine top of cement.

Will test Fruitland Coal through perforated casing. Will fracture stimulate and put on for production test. Drilling operations below surface casing will be conducted with a Bag type BOP in place, minimum working pressure 1000 psig. Additional drilling technical details attached.

A pipeline route approval is also proposed as part of this APD as marked on the enclosed topo map.

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

RECEIVED
JUL 15 PM 12:03
70 Farmington, NM

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal to deepen, give present productive zone and proposed new productive zone.

COPIES: BLM+4, WELL FILE+1

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

Signed

Connie S. Dinning

Title Production Engineer

Date August 13, 2003

(This space for Federal or State office use)

Permit No.

Approval Date

Application approval does not warrant or certify that applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any:

APPROVED BY:

TITLE

DATE

NMOC

State of New Mexico
 Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C - 102

☐ AMENDED REPORT

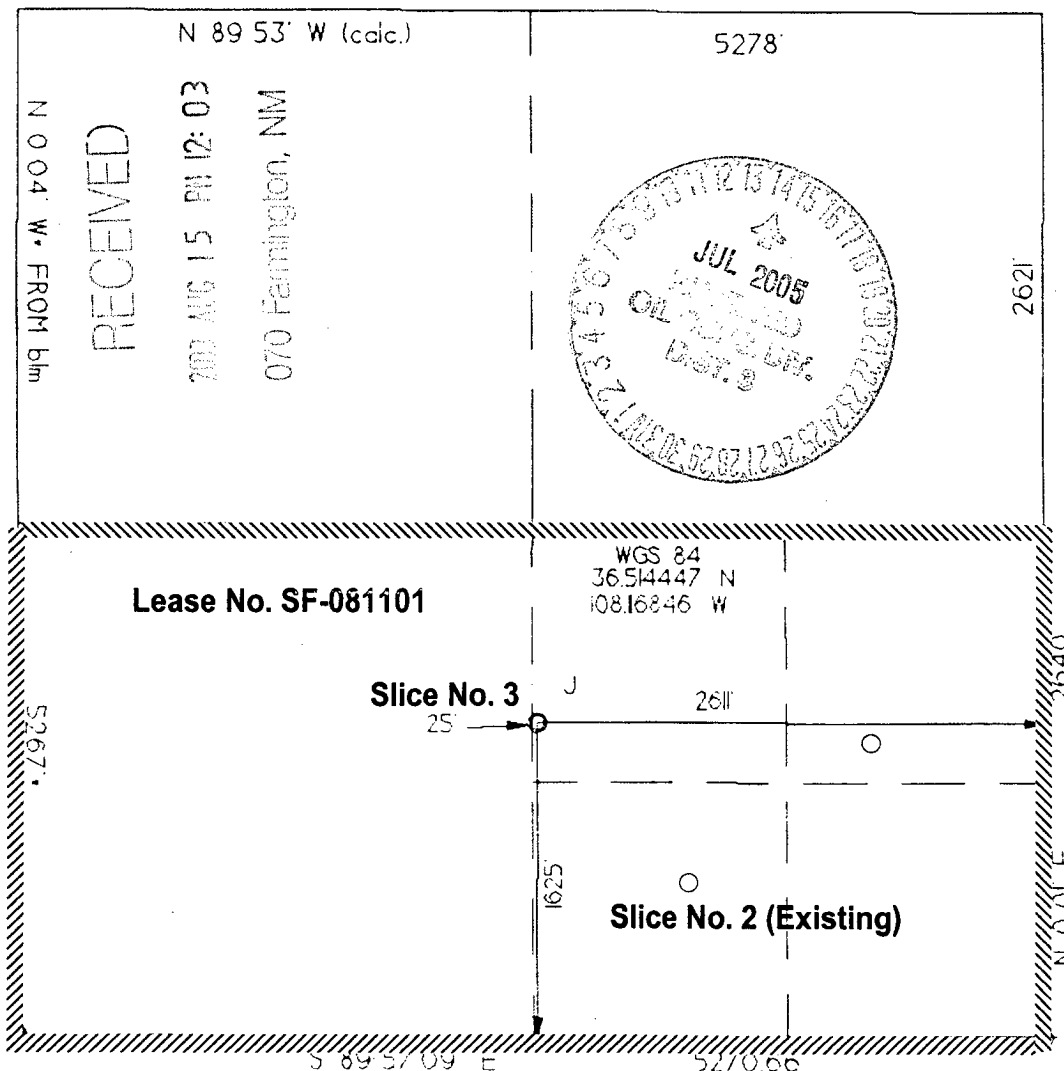
WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number 30-045-3A66		Pool Code 71629	Pool Name Basin Fruitland Coal
Property Code 24564	Property Name SLICE		Well Number 3
OGRID No. 014634	Operator Name MERRION OIL & GAS		Elevation 5990'

Surface Location									
UL or Lot J	Sec. 4	Twp. 26 N.	Rge. 12 W.	Lot lch. nwse	Feet from 1625'	North/South SOUTH	Feet from 2611'	East/West EAST	County SAN JUAN

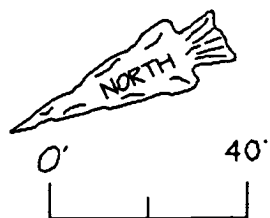
Bottom Hole Location If Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot lch.	Feet from	North/South	Feet from	East/West	County
Dedication 320	Joint ?	Consolidation		Order No.					

NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
 OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

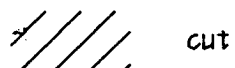


OPERATOR CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
Signature	
Printed Name	Connie S. Dinning
Title	Production Engineer
Date	July 16, 2003
SURVEYOR CERTIFICATION	
I hereby certify that the well location on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.	
Date of Survey	4/07/03
Signature and Seal of Professional Surveyor	

Slice # 3
well pad and section



Scale 1" = 40'

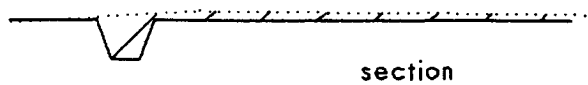
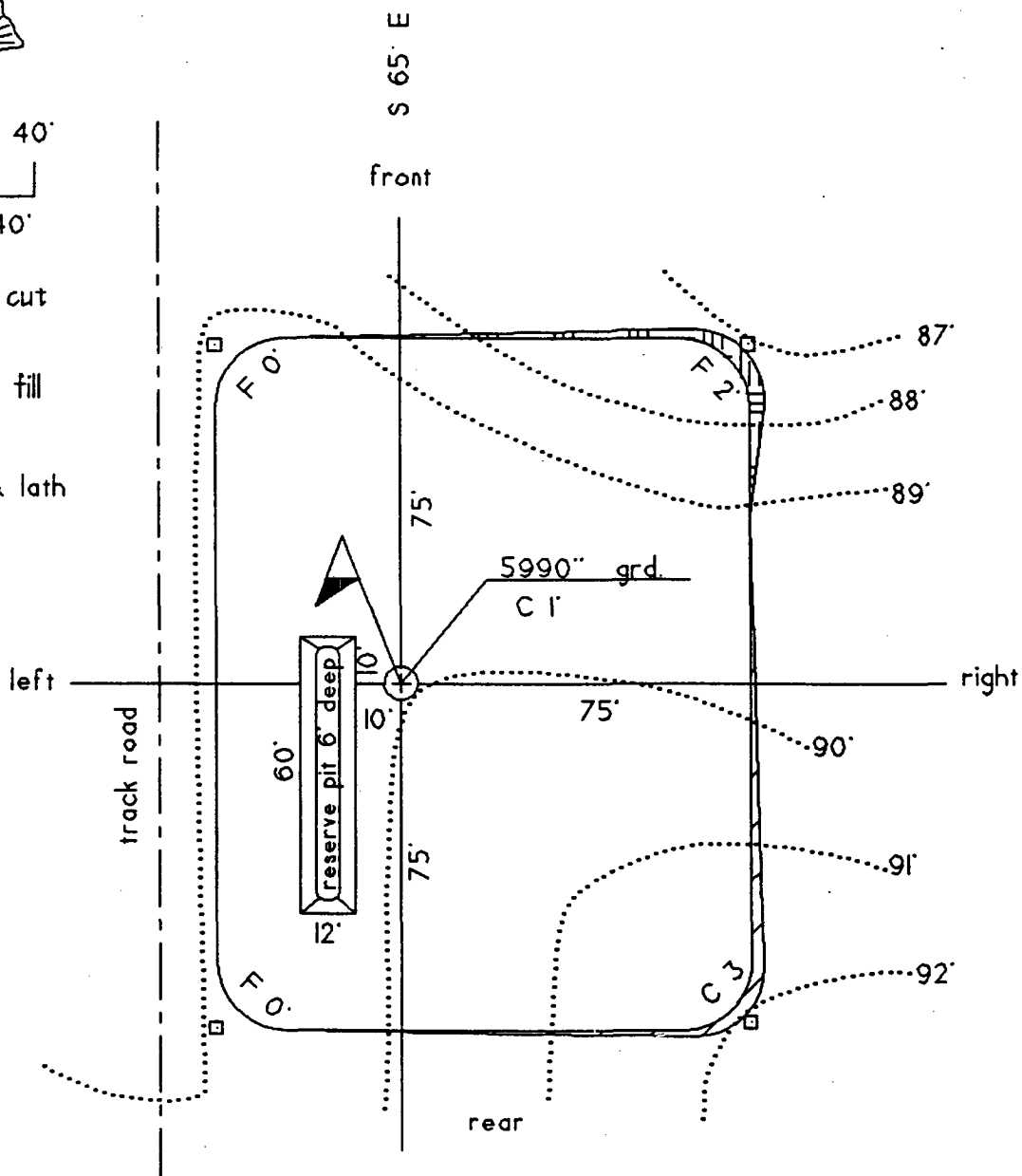


cut



fill

□ set stake & lath



section

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

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)

1625' fsl & 2611' fel (nw se)
Section 4, T26N, R12W

5. Lease Designation and Serial No.

SF-081101

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Slice No. 3

9. API Well No.

3004531866

10. Field and Pool, or Exploratory Area

Basin Fruitland

11. County or Parish, State

San Juan 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 (Temporary)
-
- ☐
- Recompletion
-
- ☐
- Plugging Back
-
- ☐
- Casing Repair
-
- ☐
- Altering Casing
-
- ☒
- Other
- Correct error on APD

- ☐
- 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.)*

The formation tops and TD for the subject well were submitted incorrectly on the original APD. The corrected tops are attached on the revised "Drilling Technical Program". Corrected tops and cement volumes are shown on the attached wellbore diagram. All other plans and procedures will remain as originally submitted.

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

Signed

Connie S. Dinning

Title

Production Engineer

Date

9/18/03

(This space for Federal or State office use)

Approved By

Conditions of approval, if any:

Title

Acting Field
Manager M. M. M. M.

Date

7/12/05

MERRION OIL & GAS CORPORATION

DRILLING TECHNICAL PROGRAM

(Attachment to Form 3160-3)

Slice No. 3

1625' fsl & 2611' fel (nw se)
Section 4, T26N, R12W, NMPM
San Juan County, New Mexico

1. ESTIMATED FORMATION TOPS:

<u>FORMATION</u>	<u>DEPTH KB</u>	<u>EST PSI</u>
Undif Tertiary	Surface	
Ojo Alamo	150'	
Kirtland Shale	250'	
Fruitland	844'	
Main Fruitland Coal	1240'	322 psi
Pictured Cliffs	1260'	328 psi
Total Depth	~1450'	

2. WELL CONTROL SYSTEM

- A. Proposed blowout preventer system (schematic drawings attached) is a Bag type preventer, and will be used in 1000 psi service. Merrion requests a waiver from O&G Order No. 2 requirements for 2M service because the well is shallow and low pressure, with the surface pressure not expected to exceed ~377 psig at the wellhead. Such moderate conditions lower any chance of uncontrolled gas flow.
- B. Minimum required working pressure rating for BOP stack is 1000 psi. Maximum anticipated bottomhole pressure = 377 psi. Well Control Anticipated Surface Pressure (ASP) = $377 \text{ psi} - (0.22 * 1450') = 58 \text{ psi}$, assuming a partially gas cut column per BLM guidelines.
- C. BOP pressure testing will be conducted at time of installation and prior to drillout of surface casing shoe. Bag type preventer will be tested to 250 psi. The BOPs will be activated on each trip for a bit and recorded in the driller's log. A choke manifold will be installed (Refer to schematic drawing). Working pressure for choke manifold is minimum 1000 psi. In addition, a kill line from the mud pump will be installed.
- D. Stabbing valves for drill pipe and drill collars will be available. Merrion requests an exception to the requirement for an upper kelly cock valve to be utilized during drilling; pull-down type rig to be used will not allow use of kelly cock valve.
- E. Anticipated formation pressures average 0.26 psi/ft gradient and formation fracture pressures are anticipated to exceed the maximum mud weight of 9.1 ppg.

3. DRILLING MUD PROGRAM

- A. A 8-3/4" surface hole will be drilled with fresh water system, lime and gel added to provide viscosity as needed.
- B. A 6-1/4" hole will be drilled to total depth utilizing a low solids non-dispersed mud system. Additives such as starch, cmc, and others will be used to control mud characteristics as necessary. No materials of a hazardous nature will be added to the drilling fluid in hazardous quantities. Lost circulation materials will not be stored on location. Mud weighting materials will not be stored on location.

<u>INTERVAL</u>	<u>MUD SYSTEM</u>	<u>WEIGHT #/GAL</u>	<u>VISCOSITY SEC/QT</u>	<u>WATER LOSS CC</u>
0 - 120'	Native	< 9.0	35-55	NA
120' - 1450' ±	LSND	8.6-9.1	28-45	NA

Maximum anticipated mud weight is 9.1 lb./gal (0.47 psi/ft).

- C. Mud trip monitoring will be done visually.

4. HAZARDS

- A. Abnormal Pressure is not expected to be a problem in this area.
- B. Lost circulation is not expected to be a problem in this area.
- C. No H₂S is expected. However, should H₂S be found during drilling, detection and warning equipment will be installed.
- D. Unintentional hole deviation is not expected to be a problem. Single shot surveys giving hole inclination will be run a minimum of every 500 feet.

5. LOGGING AND TESTING

- A. An Induction, Density Log will be run from TD across zones of interest.
- B. Drill stem tests will not be run.
- C. No coring is anticipated.
- D. A mud logging unit may be used during drilling.

6. CASING PROGRAM

- A. Casing:

	<u>Description</u>	<u>Top</u>	<u>Bottom</u>
1	7" 20# J55 or greater	Surface	120 ft ±
2	4-1/2" 10.5# J55 or greater	Surface	1450 ft ±

Merrion requests that a variance be granted to allow us to set surface casing at the proposed depth of ± 120' because this setting depth has been shown to be adequate as demonstrated by the innumerable wells that have been previously drilled in the area without incident. In addition, the potential for a gas kick is very low.

Estimated formation pore pressure gradient is ~0.26 psi/ft.

- B. A proposed wellbore schematic is attached.

Merrion Oil & Gas Corporation

Wellbore Schematic

Slice No. 3

Proposed Wellbore Configuration

Location: 1625' fsl & 2611' fel (nw se)
Sec 4, T26N, R12W, NMPM
San Juan County, New Mexico

Date: July 16, 2003

Elevation: 5990' GL
5995' RKB

Prepared by: Connie S. Dinning

Cretaceous

Undifferentiated Tertiary - Surface

Ojo Alamo - 150'

Kirtland Shale - 250'

Fruitland - 844'

Main Coal - 1240'

Pictured Cliffs - 1260'

Top of Cmt @ Surface

Surface Bit Size - 8-3/4"

7" 23# Surface @ 120' KB w/ 30 sx (35 cu ft)
Circ to surface.

TOC @ Surface

Bit Size 6-1/4"

2-3/8" EU 4.7# J55Prod Tubing @ +/-1275' KB

Fruitland Coal Perfs: 1240' - 1260' w/ 3spf. Total 60, 0.38" holes.

4-1/2" 11.6# J55 LTC Production Csg @ 1450' KB. Cmt w/ 49 sx
(102 cu ft) Cls B w/ 2% sodium metasilicate. Tail w/ 70sx (82 cu ft)
Class B neat. Circ cmt to surface.

TD @ 1450' KB
PBD @ 1410'

Merrion Oil & Gas Corporation

Well Control Equipment Schematic for 1M Service

Attachment to APD Form 3160-3

Slice No. 3

Location: 1625' fsl & 2611' fel (nw se)
Sec 4, T26N, R12W
San Juan County, New Mexico

Date: September 18, 2003
Drawn By: Connie S. Dinning

