

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

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

5. Lease Serial No.

SF-078944-A

6. If Indian, Allottee or Tribe Name

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

FARMINGTON NM

8. Well Name and No.

NELSON A No. 2

9. API Well No.

30-045-32215

10. Field and Pool, or Exploratory Area

GALLEGOS GALLUP/BASIN DK

11. County or Parish, State

SAN JUAN, NM

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well

☐ Oil Well

☒ Gas Well

☐ Other

2. Name of Operator

MERRION OIL & GAS CORPORATION

3a. Address

610 REILLY AVENUE, FARMINGTON, NM 87401

3b. Phone No. (include area code)

505-324-5300

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

1525' FNL & 930' FWL
SECTION 9, T26N, R12W (SW NW)

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

TYPE OF SUBMISSION

TYPE OF ACTION

☐ Notice of Intent

☒ Subsequent Report

☐ Final Abandonment Notice

☐ Acidize

☐ Alter Casing

☐ Casing Repair

☐ Change Plans

☐ Convert to Injection

☐ Deepen

☐ Fracture Treat

☐ New Construction

☐ Plug and Abandon

☐ Plug Back

☐ Production (Start/Resume)

☐ Reclamation

☐ Recomplete

☐ Temporarily Abandon

☐ Water Disposal

☐ Water Shut-Off

☐ Well Integrity

☒ Other **SPUD, CSG RPTS
& TD**

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 recompleat 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 recompleat 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.)

7/18/05 MIRU D&J #2. Trouble getting onto location (very sandy), broke u-joint on rig. Repaired rig and continued rigging up. Mix spud mud and drill rat and mouse hole. Spud 12-1/4" surface hole at 04:00 hrs 7/18/05 with bit #1 (12-1/4", HTC, J13).

7/19/05 Finish drilling surface hole at 11:30 hrs 7/18/05. TD surface at 334. Circulate, run survey and TOH. RU casing crew & run 7 jts (306.64') of 8-5/8", 24#, J-55, ST&C casing, land casing at 320' KB. RU BJ Services & hold safety meeting. Precede cement with 20 bbls of fresh water. Cement with 218 sxs (279 cu.ft) of Type III with 1/4#/sx of celloflake and 3% CaCl2. Good circulation throughout cement job. PD at 16:45 hrs 7/18/05. Circulate out 14 bbls of good cement to surface. RD cementers. WOC. Back off landing joint. Install casing head. NU BOP, choke valve and related surface. RU High Tech pressure tester, RIH with test plug on 1 joint of drill pipe. Test BOP, rams, choke valves and related equipment to 1000 psi - held OK. Test casing to 600 psi - held OK. BLM was not on location. RIH with bit #2 (7-7/8", HTC, GT-O9C). Drill out cement. Run survey. Continue drilling new formation.

CONTINUED OTHER SIDE

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

STEVEN S. DUNN

Title **DRILLING & PRODUCTION MANAGER**

Signature

Date

07/26/2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

ACCEPTED FOR RECORD

Approved by

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.

Title

Date

AUG 01 2005

Office

FARMINGTON FIELD OFFICE
BY **db**

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 page 2)

NMOC

7/20/05 Continue drilling ahead w/ bit #2 (7-7/8", HTC, GT-O9C).
Surveys: 811' @ 1°, 1310' @ 3/4°, 1813' @ 1°, 2314' @ 1°, 2843' @ 3/4°

7/21/05 Drill to 3973' with bit #2 (7-7/8", HTC, GT-O9C). Circulate and run survey. Trip for bit #2. TIH with bit #3 (HTC, HC605Z, 5 blade, PDC bit), had ~10' of fill on bottom. Wash to bottom and continue drilling. Drilling at 4440' at report time (ROP ~75 fph). Plan to pre-treat mud with 2%-5% LCM before penetrating Gallup formation. **Surveys:** 3339' @ 1-1/4°, 3933' @ 1-1/2°

7/22/05 Drill to 5328' w/ bit #3 (HTC, HC605Z, 5 blade, PDC bit). ROP slowed down from 60 fph to less than 10 hr. Pumped sweeps trying to clear bit. Varied RPM's and WOB but ROP still very slow. Drilled to 5408'. TOH. Found 3 of the 5 jets plugged w/ shale. Clean out jets and TIH w/ same bit (bit #3 - HTC, HC605Z, 5 blade, PDC bit). **Surveys:** 4432' @ 1°, 4930' @ 1/2°

7/23/05 Finish TIH. Continue drilling w/ bit #3 (HTC, HC605Z, 5 blade, PDC bit). ROP ~70' fph. Drill to 5833' (top of Dakota). Circulate and run survey. TOH and change out bits. TIH with bit #4 (7-7/8", HTC, HR-35). **Surveys:** 5431' @ 3/4°, 5806' @ 3/4°

7/24/05 Continue drilling w/ bit #4 (7-7/8", HTC, HR-35). TD well at 6110' at 05:00 hrs 7/24/05.
Survey: 6088' @ 1°

7/25/05 Finish circulating. Pull 10 stands short trip, no drag, no fill. TOH. RU Schlumberger Wireline Service, RIH with logs, logging tools stopped at 5100'. RD SWS. TIH, tag bridge at 5360'. Had to kelly up and drill thru bridge. Continue washing and reaming to bottom (6110'). Circulate hole clean. Pull 14 stands short trip, no drag, no fill. TOH. RU SWS and run GR/IND/DEN/NEUTON logs. Loggers TD 6105'. RD SWS. Cut drilling line

7/26/05 Finish TIH. Lay down drill pipe, drill collars. Change out rams, RU casing crew. Hold safety meeting. Run 152 jts (6093.50') of 4-1/2", 11.6#, J-55, LT&C casing (Wash last 2 joints to bottom), bottom of casing landed at 6107' KB. Float collar at 6086' KB, Marker joint at 5677' KB, DV Tool at 3991' KB. Circulate. RU BJ Services. Hold safety meeting. Precede cement with 10 bbls of water, 10 bbls of "mud clean", and 10 bbls of water. Mix and pump 1st stage lead cement: 195-sxs (391 cu.ft.) of Premium Lite with 2% KCl, 0.2% CD-32, .5% FL-52, 1/2#/sx CF and 2% Phenomenal. Tail in with 150-sxs (231 cu.ft.) of Type III with 0.3% CD-32, .2% FL-52, 5% A-10, 1/4#/sx CF and 2% Phenoseal. Drop plug and displace cement with 40 bbls of water and 54.5 bbls of mud. Plug down at 21:15 hrs 7/25/05. Bump plug and pressure up to 1500 psi - check float held OK. Drop dart and wait 20 mins. Pressure up casing to 800 psi and open DV tool. Switch over to rig pump and circulate hole with mud. Circulated out 5 bbls, circulate while WOC. Precede cement with 20 bbls of water. Mix and pump 2nd stage lead cement: 525 sxs (1365 cu.ft.) of Type III with 1/4#/sx CF, 8% gel and 2% Phenoseal. Tail in with 100 sxs (139 cu.ft.) of Type III. Drop plug and displace cement with 62 bbls of water. Plug down at 02:00 hrs 7/26/05. Bump plug and pressure up to 2500 psi to close DV tool. Check float - held OK. Circulated 30 bbls of cement to surface. RD BJ Services. ND BOP. Set slips with 80K tension on casing. Cut off casing. Hang back BOP. RD & MOL. Released rig at 06:00 hrs 7/26/05. WOCT.