Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 87240
District II
811 South First, Artesia, NM 87210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-103
Revised March 25, 1999

WELL API NO. **30-045-31280**

5. Indicate Type of Lease STATE [X] FEE [ ]

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name: **U-DA-WELL**

1. Type of Well: Oil Well [ ] Gas Well [X] Other

2. Name of Operator **MERRION OIL & GAS CORPORATION (014634)**

8. Well No. **002**

3. Address of Operator **610 Reilly Avenue, Farmington, New Mexico 87401-2634**

9. Pool name or Wildcat **BASIN FRUITLAND (71629)**

4. Well Location

Unit Letter **B** : **1055** feet from the **North** line and **2221** feet from the **East** line

Section **2** Township **31N** Range **8W** NMPM **San Juan**, County

10. Elevation *(Show whether DR, RKB, RT, GR, etc.)* **6710' GR**

JUN 2003 RECEIVED OIL CONS. DIV. DIST. 3

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	[ ]	PLUG AND ABANDON	[ ]	REMEDIAL WORK	[ ]	ALTERING CASING	[ ]
TEMPORARILY ABANDON	[ ]	CHANGE PLANS	[ ]	COMMENCE DRILLING OPNS.	[ ]	PLUG AND ABANDONMENT	[ ]
PULL OR ALTER CASING	[ ]	MULTIPLE COMPLETION	[ ]	CASING TEST AND CEMENT JOB	[ ]		
OTHER:	[ ]			OTHER: **Completion progress report**	[X]		

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

6/02/03 Found well not flowing – Kimray valve shut (regulator for fuel gas was plugged with coal fines, repaired regulator). Repair leak in blooie line and dig out flare pit (so water would flow into reserve pit better). Opened well to burn pit (slowly). Well started unloading coal fines on its own, let well flow from 0930 to 1230. After 3 hours flowing gas (huge flare) and no solids. Start TIH, noticed that weight indicator read 8000# (normally 56,000#). TIH, tag at 3446'. LD 8 joints of drill pipe. Hang back swivel and TOH. Suspect something wrong with weight indicator. TOH to drill collars. Weight indicator read "0" for last ~20 stands of drill pipe. Shut pipe rams around last joint of drill pipe and SWI. Secure location and turn gas flow down sales line. After 30 mins - flow rate was ~3110 MCFd, 137 psi. Flow rate seemed to be falling because Kimray valve was slowly closing due to line pressure (valve was set at ~150#). SDON. Plan to repair weight indicator in morning.

6/03/03 Found well flowing 4409 MCFd at 143 psi. Opened well to burn pit (slowly). TIH to casing shoe. Change out weight indicator. Continue in hole. Break circulation at 3411'. Continue in hole to 3451', unable to get returns. Pull up to 3419' and establish returns (with 2400 scfm, 20 BW/h, 3 gal of soap/hr and ½ gal of shale inhibitor). TIH, tag at 3440' (2nd coal). CO to 3465'. Well making light to medium coal - mostly coal fines. Well cleaned up fairly easily. Cut mist and dry up hole. Pull up into casing and flow well for 1 hour. Fluid and solids diminished after 1 hour. After 20 mins flow rate was ~2683 MCFd, 129 psi (and climbing). Secure location - SDON.

*****CONTINUED OTHER SIDE*****

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE _____ TITLE **Drlg & Prod Manager** DATE **6/17/03**

Type or print name **Steven S. Dunn** Telephone No. **(505) 327-9801**

(This space for State use)

APPPROVED BY _____ TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE JUN 18 2003

Conditions of approval, if any:

6/4/03 Found well not flowing – Kimray shut due to regulator on fuel gas line being plugged. (Clean out regulator). Opened well to burn pit (slowly). Break circulation at 3411'. Stage in hole to 3451'. Lost returns. Pull up to 3419' and pump soap sweeps and establish returns (with 2400 scfm, 20 BW/h, 3 gal of soap/hr and ½ gal of shale inhibitor). Start staging in hole. At approximately 3430 well started flowing/running light to medium coal. Continue in hole to 3451' (bottom of 2nd coal). Well making light to medium coal, mostly coal fines while R&R pipe from 3419'-3451'. Well continued to make coal for the next 5 hours. Well never cleaned up. Cut mist and dry up hole. Pull up into casing and flow well until solids/liquid diminished. Turn well down pipeline. After 20 mins flow rate was ~3439 MCFd, 137 psi (and climbing). Secure location & SDON.

6/5/03 Found well flowing 1216 mcfd at 126 psi. Opened well to burn pit (slowly). Break circulation at 3411'. Stage in hole to 3447', tag fill at 3447' (bottom of 2nd coal). Start cleaning out with 2400 scfm, 20 BW/hr, 3 gal of soap/hr and ½ gal of shale inhibitor. Well making medium coal fines, continue cleaning out down to 3474' (top of 3rd coal). Well making light to medium coal mostly coal fines while R&R pipe from 3443'-3474'. Well continued to make coal for the next 5 hours, never cleaned up. Cut mist and dry up hole. Pull up into casing and flow well until solids/liquid diminished. Turn well down pipeline. After 20 min flow rate was ~2118 MCFd, 127 psi. Secure location & SDON.

6/6/03 Found well not flowing, regulator plugged. Had roustabouts re-manifold fuel gas line and install filters. Also, installed drain (tee off dump valve) and install tank to flow into. Opened well to burn pit (slowly). TIH, Break circulation at 3411'. Stage in hole to 3447' (bottom of 2nd coal). Start cleaning out with 2400 scfm, 20 BW/H, 3 gal of soap/hr and ½ gal of shale inhibitor. Well making medium coal fines. Shut down one compressor due to oil leak, unable to circulate with remaining equipment. Pull up into casing and flow well. Turn well down pipeline. Secure location & SD for weekend.

6/9/03 Found well flowing 2912 MCFd at 127 psi. Opened well to burn pit (slowly), TOH to drill collars. Change out rams and stripping rubber, TOH with drill collars, bit sub and bit. Well started unloading water. Let well flow for 1.5 hours. Change out bit, PU watermelon mill, TIH on drill collars and drill pipe. TIH to casing shoe. Turn well down pipeline. Secure location, SDON. Well flowing 2719 MCFd at 136 psi.

6/10/03 Found well flowing 2652 MCFd at 124 psi. Opened well to burn pit (slowly). TIH, break circulation at 3348' very hard time getting returns – took almost 40 mins. before getting full returns. Stage in hole to 3419'. Kept losing circulation. Adjusted water/soap rates. Clean out down to 3455'. Well making only soap and water. Blow well at 3455' for 30 min. Well finally unloaded heavy amount of coal, coal ran for 20 mins. Worked pipe thru tight spots from 3445' to 3455'. Well making medium coal fines. PU next joint and continue cleaning out down to 3486' (1/2 way into 3rd coal). Well continued making heavy to medium coal fines. Blow well at 3486', cut mist and dry up hole. Pull up to casing shoe. Turn well down pipeline. Secure location, SDON. Well flowing 2112 mcfd at 124 psi (and climbing). Note: After finally getting good returns, watermelon mill appears to help in working thru tight spots. Plan to have crews working 24 hr/day starting tomorrow.

6/11/03 Found well flowing 2808 MCFd at 141 psi. Opened well to burn pit (slowly). TIH and break circulation at 3348'. Got full returns in less than 10 minutes. Stage in hole and tag fill at 3447' (bottom of 2nd coal). Clean out down to 3478'. Well making medium to light coal fines. Coal slowly diminished. PU next joint and clean out down to ~3493'. Well making medium coal. String kept getting "sticky". PU to change out stripping rubber and lay down joint. Change out rubber and TIH. Tag at 3461' KB. Clean out to 3478' (again). Blow well and R&R pipe all night from 3447' to 3478'. Well making light to medium coal fines. Well would make heavy coal fines at times after R&R pipe. Currently, with pipe at 3478' well appears to be circulating good with very little coal returns. Will make connection as soon as daylight crew shows at 0700 hrs.

6/12/03 Change out crews and make connection. Clean out down to 3509' (thru 3rd coal). Trouble working thru coal, pipe string kept hanging up. R&R pipe from 3478'-3509'. Well making medium to light coal fines. After ~ 3hrs coal started to diminish. PU next joint and clean out shale interval between 3rd & 4th coal. Cleaned out down to 3540'. Cleaned up fairly easily. PU next joint and continue cleaning out down to 3571'. Well making slight amount of shale and light coal fines. PU next joint clean out into 4th coal (3603'). Well started making heavy coal, 2"-3" pieces all the way down to coal fines. Change out crews. Well continued to make coal - heavy to medium coal (1/4" – 1" chunks) for the next 12 hrs. R&R pipe and flow well from 3571'-3603' overnight with 2 man crew and air jammers. Will continue cleaning out when daylight crew shows at 0700 hrs.

6/13/03 Change out crews. Continue to R&R pipe from 3571'-3603'. Well making medium to light coal. Lost circulation for ~ 30 min. Regained good returns and continue R&R pipe for next 3 hrs. Make connection. Spent ~ 40 mins trying to get circulation, finally got full returns and clean out to TD (3640'). Well making heavy to medium coal (2" pieces of coal to coal fines). Coal returns diminished after R&R pipe for ~ 3hrs. Continue to R&R pipe from 3603'-3640'. Change out crews and continue to R&R pipe and blow well with 2400 scfm of air (increase shale inhibitor to 2 gal/hr, decreased soap to ½ gal/hr and water to 10 BW/hr). Lost circulation one time during the night for ~ 20 mins, regained circulation, well unloaded heavy coal for 15 mins then cleaned up. At daylight well was flowing strong gas with very light coal fines. Start TOH with daylight crew.

6/14/03 Lay down 16 jts. Hang back swivel, TOH with drill pipe and drill collars. Note: pulled off bottom and thru open hole section with no problem (no drag or tight spots). RU casing crew and change out rams. PU run 5-1/2", 15.5#, K-55, ST&C, pre-perforated liner with 6-3/4" bit on bottom. Make up TIW JGS liner hanger. Trouble getting liner hanger thru rubber. Pull rubber, RIH with liner hanger. Shut pipe rams and flow well out casing valves, while changing rubber and top set of pipe rams. Run liner in hole on 2-7/8" drill pipe. Liner went to bottom with very little problems. Hang liner at 3632' KB, bottom of casing at 3630' KB, top of liner hanger at 3128' KB, 146' of overlap into 7-5/8" casing. Had trouble getting setting tool off liner hanger. Made multiple attempts before setting tool finally worked off liner hanger. TOH with drill pipe and setting tool, LD setting tool. Turn flow down sales line, well making 2706 MCFd at 136 psi and climbing. SD until Monday. Note: Liner hanger did not have packoff. Pre-perforated liner was 4 SPF at 90° phasing.

6/16/03 Found well flowing 1952 at 136 psi. Wait on bit and string float. TIH with drill pipe. TOH, laying down 2-7/8" drill pipe. TIH with drill collars. TOH laying down 4-3/4" drill collars. Unload fork lift and help M&R trucking load out drill pipe and drill collars for transportation back to town. Move pipe racks and catwalk. Spot in trailer loaded with 2-7/8" tubing. Note: tubing looks very used (will be slow going because of threads). Tally top row and ready rig to run tubing. Shut well in and turn flow down sales line. After 20 mins rate was 2549 MCFd @ 142 psi.