

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.

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)
**1060' FNL & 1840' FWL
SECTION 24, T24N, R6W**

5. Lease Serial No.
SF-079086
6. If Indian, Allottee or Tribe Name
7. If Unit or CA/Agreement, Name and/or No.
8. Well Name and No.
CANADA MESA No. 1E
9. API Well No.
30-039-22118
10. Field and Pool, or Exploratory Area
DEVILS FORK GALLUP
11. County or Parish, State
RIO ARriba, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other COMMINGLE
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> 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 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 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.)

3/8/06 **MIRU Hurricane Well Service Rig #6 on 3/8/06. Spot rig and equipment. Frac tanks set 2 weeks ago and filled with 2% KCL water. Key Pressure Pumping Services spotted "Sand Master" and started filling with 20/40 sand. Plan to TOH with tubing and run casing scraper in morning. Secure location & SDON.**

3/9/06 **Found well with 400 psi on casing and 350 psi on tubing. Finish rigging up while blowing down well. ND WH & NU BOP. Un-seat donut and TOH with 217 joints of 2-3/8" Hydril tubing, changeovers, 2-3/8" EUE tubing sub and seating nipple. Reports showed bottom of tubing to be at 6545', tally put bottom of pipe at 6448' KB. PU 4-1/2" casing scraper, RIH to 6448'. Extra tubing arrived on location late. Will continue TIH and check for fill in morning before TOH. Secure location & SDON.**

*** CONTINUED OTHER SIDE ***

DHC 3579

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

STEVEN S. DUNN

Signature

Title **DRLG & PRODUCTION MANAGER**

Date

05/08/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

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.

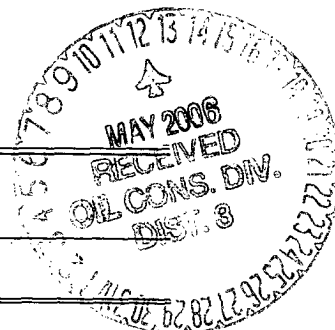
Title

Date

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 page 2)



- 3/10/06 Found well with 200 psi. Blow well down. PU additional tubing and check for fill. Tag up at 6531' KB (133' of fill). TOH and lay down scraper. RU Black Warrior Wireline Service. RIH with RBP at 5619' KB. RIH with dump bailer and dump 10 gals of sand on top of RBP. RU Key Pressure Pumping Services. Load hole with 2% KCl, unable to pressure test with pump truck because suction valve was not working properly (kept by passing pump). RU rig pump and pressure test casing to 1500 psi - held OK. Release KPPS (pump truck will not work for ball off). RIH with 3-1/8" casing gun and perforate Gallup formation 1 spf at the following depths: 5344', 56', 62', 68', 74', 5407', 09', 14', 16', 33', 86', 88', 94', 5510', 20', 22', 29', 31', 37' & 5539' - total of 20 holes - EHD: 0.34". Correlated depths to McCullough CBL log, dated: 5/17/80. PU Weatherford HD 4-1/2" packer and RIH on 2-3/8" Hydril tubing, set packer at 5075' KB. SWI, secure location & SD for weekend. Frac scheduled for Monday 3/13/06. Will ball off Gallup before frac.
- 3/13/06 RU KEY Pressure Pumping Services and hold safety meeting. Pressure test pumps and lines to 5000 psi. Ball off Gallup formation with 500 gals of 15% HCl and 30 each 1.3 S.G. Bio-degradable frac balls, good ball action up to 3800 psi. Pressure fell to 2000 psi continued pumping and displaced acid to bottom perf with 2% KCl. Release packer, TIH to ~5550' to knock off balls. TOH lay down packer. RU Stinger wellhead isolation tool. Pressure test pumps and lines to 5000 psi. Pumped 19,350 gals pad of 20# x-link 70 Quality foam gel. Frac well with 150,000# of 20/40 Brady sand in 20# x-link 70 Quality foam. Pumped sand in 1, 2, 3 & 4 ppg stages at 40 BPM "down hole" rate. ISIP: 2306 psi, AIR: 39 BPM, MIR: 40.5 BPM, ATP: 2870 psi, MTP: 3620 psi. Job complete at 15:00 hrs 3/13/06. Total fluid pumped: 568 bbls, total nitrogen pumped: 198,023 scf. SWI & ND isolation tool and RD KPPS. RU flow back lines to flow back tank. Open well thru 1/4" choke at 17:30 hrs 3/13/06. Well flowing back at 1500 psi (mostly nitrogen).
- 3/14/06 Well flowed back mostly nitrogen until ~ 20:00 hrs, started making fluid along with nitrogen. Pressure slowly dropped throughout the night to ~160 psi as the well continued to unload fluid. At ~ 04:00 hrs well started making sand and eventually plugged off choke. Pressure increased to 1200 psi while changing out choke nipple. Open well back up and well started making heavy sand, quickly washed out choke nipple. SWI and changed out choke nipple. Open back up thru 1/4" choke. Well continued making sand for ~ 2 hrs. Pressure slowly fell from 1200 psi to 450 psi. At ~ 10:00 hrs well was making mostly gas w/ very little fluid and sand. Recovered 110 bbls of frac fluid (hauled off 80 bbls). Pressure slowly fell from 450 psi to 350 psi by 16:00 hrs. Still making mostly gas with very little fluid and little to no sand. Secure location and turn over to night watch.
- 3/15/06 Well continued to flow back throughout night. Pressure slowly fell from 350 psi down to 10 psi. Very little to no fluid, no sand. Remove choke at 07:30 hrs & open well back up to flowback tank thru 2". Pressure increased to 50 psi and well started unloading some fluid, including some oil. Pressure fell to 0 psi at 08:30 hrs. Change out casing valve (frozen partly open). TIH with bailer. Tag up at 5312'. Clean out down to 5323' - very hard and slow going. TOH and clean out bailer and tubing. Recovered small amount of frac sand. Still need to clean out ~ 273'. SWI, secure location & SDON.
- 3/16/06 Noticed that hole was standing full of fluid. TIH w/ bit, 10 jts of 2-3/8" EUE tubing, change over & 2-3/8" Hydril tubing. Tag up on sand at 5312'. Break circulation w/ 2% KCl water. Wash down to 5323' before stopping. Made multiple attempts to get past 5323'. PU power swivel and drill down to 5327' (very hard). Continue cleaning out ~ 5372' before losing circulation. Lay down power swivel and TOH. Lay down bit. PU bailer and TIH. Tag up at 5372'. Clean out down to 5423' before bailer quit working. TOH w/ 10 stds (getting late, will finish TOH in morning). SWI, secure location & SDON.
- 3/17/06 Finished TOH, recovered ~3 jts full of frac sand (and gravel/rocks?). TIH w/ bailer. Tag up at 5365', ~ 60' of fill overnight. Work bailer but unable to make any progress. TOH, did not recover anything. Change out bailer (from pump bailer to hydrostatic type) and TIH. Tag up at 5365'. Clean out to 5380' before bailer quit working. TOH: PU retrieving head and TIH to ~ 3500'. SWI, secure location & SD until Monday. Scheduled nitrogen truck for Monday morning to assist in clean out.
- 3/20/06 Found well with 750 psi. Bleed down pressure to flow back tank. RU Key Pressure Pumping Services. Break circulation with nitrogen and unload hole. String float not holding. Kill tubing with 10 bbls of 2% KCl and change out string float. Continue TIH and tag up at 5515' KB. Break circulation with nitrogen and clean out frac sand down to RBP at 5596' KB. Blow hole with nitrogen for 1 hr (well making sand). Latch onto RBP and open unloader. Release RBP and TOH. Lay down RBP. TIH with 3-7/8" bit and bit sub. Tag up on fill at 6525'. RU Key and start pumping nitrogen. Tubing string pressured up to 1800 psi - did not circulate. Suspect bit/tubing plugged. Running out of daylight. Bleed off pressure and pull up to string float. SWI, secure location. SDON. Will continue cleaning out in morning.
- 3/21/06 Found well with 850 psi. Bleed down pressure to flow back tank. Pump 10 bbls of 2% KCl water to clear tubing. RU Key Pressure Pumping Services. Break circulation with nitrogen and unload hole. Continue TIH and tag up at 6521' KB (4' of fill overnight), very hard had to PU power swivel. Drill out fill/sand with nitrogen to 6637' KB, unable to get any deeper (feels like PBTD). Blow hole clean with nitrogen. TOH to string float. Remove string float and RU swab tools. RIH with sinker bars and no-go to check tubing ID, went to bit sub with no problems. RD swab equipment and TOH. TIH with cut off tail joint, perforated sub, seating nipple, 11 joints of 2-3/8" tubing, change over and 3 joints of 2-3/8" hydril when well unloaded hard (mostly water). Shut pipe rams after tubing started moving up hole, had trouble getting floor valve onto tubing. Pumped ~ 40 bbls down casing in an attempt to kill well, flow decreased enough to get valve on tubing. SWI, & SDON.
- 3/22/06 Found well with 1200 psi. Bleed down pressure to flow back tank. Flowing and unloading hard. Pump 30 bbls of 2% KCl water to kill tubing. Continue TIH. Tag sand fill at 6533' (~103' of fill). TOH well still unloading while TOH, had to pump 2% KCl down casing to get tubing out of hole. SD and let well unload. PU bailer and attempt to get in hole but well kept unloading. SD and wait on water truck. Change plans and decide to land tubing and let well flow. Kill well and TIH with the production string. Hit sand/fill at 6409', now have 227' of fill. Pull up to 5189'. SWI, secure location & SDON.

*** CONTINUED NEXT PAGE ***

- 3/23/06 Found well with 1200 psi. Wait on water trucks to pull flow back tank and bring water for rig pit. Bleed down pressure to flow back tank. Flowing and unloading hard. Pump 30 bbls of 2% KCl water to kill tubing. Plan to land tubing in middle of Gallup perms. Lay down tubing. Pump 30 more bbls of water to kill well. Install donut and land tubing in well head. Production string landed as follows: cut off tail jt, perforated sub, seating nipple, 11 jts of 2-3/8", EUE tubing, x/o, 169 jts of 2-3/8" Hydril tubing, x/o, 1 ea. 6' 2-3/8" tubing sub. Bottom of tubing landed at 5403' KB, seating nipple at 5383' KB. ND BOP and NU WH. RD rig and all equipment, prepare to move rig in morning. Attempted to flow well but tubing was dead. Equalized tubing and casing (casing pressure 600 psi & climbing). Tubing blew down and still did not flow. Will swab tubing in morning. SWI, secure location & SDON. Note: Hauled rods, pump & pumping equipment to Energy Pump & Supply for storage.
- 3/24/06 Found well with 1000 psi on casing and 10 psi on tubing. RU rig and RUTS. RIH but unable to get down with swab cups. RIH with sinker bar to 3000'. Appear to be hitting sand/mud. Equalize tubing and casing. Open tubing to atmosphere and attempt to blow tubing clear. RIH with sinker bars but still unable to get down. SD to wait on water trucks. Pump 30 bbls of water down tubing while RIH with paraffin knife. Finally able to work swab down to SN. Install swab cups and start swabbing. Well kicked off after 13 runs. Tubing flowing at 800 psi. Casing had 1000 psi. SWI. SD over weekend. Will check well on Monday before rigging down (again).
- 3/27/06 Found well with 1000 psi on casing & 1050 psi on tubing. Opened well thru separator. Well flowing 251 MCFPD choked back @ WH. RD and MOL. 61-mcfd, 0-bbl oil, 0-bbl water, 150/1000-psi tb/csg. Well not unloading. Plan to move rig back on, lower tubing below Gallup, run rods and put on pump. Will leave Dakota covered with sand fill until Gallup quits making sand. No further reports until rig moves in. (SSD)
- 4/4/06 Road rig to location from Lybrook. MOL & RU Hurricane Well Service Rig #6. Found well flowing at a rate of 245 mcfd thru sales meter. RU pump and lines and pump 20 bbls of water to kill tubing. ND WH & NU BOP. Pump 30 bbls down casing & unseated donut. Add 6 additional jts of tubing. Install donut and re-land tubing string as follows: cut off tail jt, perforated sub, seating nipple, 11 jts of 2-3/8", EUE tubing, x/o, 175 jts of 2-3/8" Hydril tubing, x/o, 1 ea. 6' 2-3/8" tubing sub. Bottom of tubing landed at 5578' KB, seating nipple at 5558' KB. ND BOP and NU WH. Will run pump & rods in morning. Note: Had a recordable accident on location - please refer to accident report for details (rig hand received a minor concussion).
- 4/5/06 Found well flowing at a rate of 155 mcfd thru sales meter. Blow tubing down to atmosphere. Remove gate valve and install pumping tee. RIH w/ 2"x1-1/4"x12' RHAC pump on 40 ea. 3/4" plain rods, 94 ea. 5/8" plain rods, 17 ea. 3/4" plain rods, 71 ea. 3/4" rods w/ molded rod guides, 1 ea. 8' pony & 1 ea. 6' pony rod. Install polish rod (w/ liner) and stuffing box. Load tubing w/ produced water and pressure test to 1000 psi - held OK. NU horse head & bridle. Space out pump and hang off rods. Tubing needs to be plumbed into flowline. Left casing flowing thru sales line. Too windy to rig down, will rig down in morning. *Final Report.*