

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-045-34372
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
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 FARMINGTON C COM
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		8. Well Number 01Z
2. Name of Operator MERRION OIL & GAS CORPORATION		9. OGRID Number 014634
3. Address of Operator 610 REILLY AVENUE, FARMINGTON, NM 87401		10. Pool name or Wildcat BASIN DAKOTA
4. Well Location Unit Letter K 1610 feet from the South line and 1452 feet from the West line Section 15 Township 29N Range 13W NMPM San Juan County		
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5286'		
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>		
Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____		
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: Spud, Drilling ☒

13. 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 recompletion.

10/2/07 Stage rig & equipment off Farmington C Com #1E wellhead, lay down road base and smooth off pad. MIRU D&J #2 on Farmington C Com #1Z: Pick-up a 9-7/8" Reed, RR bit and drilled Rathole and Mousehole in 12hrs thru boulders, set sleeves. Pick-up a 12-1/4" Reed, Tooth bit, RR and spud surface hole at 05:30hrs on 10/2/07.

10/3/07 Drilled with 12-1/4" bit to 20'KB, boulder fell in and hung up on top of bit. Worked bit out of hole and X/O bit to 9-7/8" pilot and re-torque Kelly. Drilled 9-7/8" pilot hole to 40'KB. X/O bits back to 12-1/4". Drilled 12-1/4" hole F/O - T/ 345'KB. TD surface hole at 00:00hrs on 10/3/07. Circulate hole clean, run survey and TOOH. Hole caved in just below 6' cellar conductor when we reached surface with bit. TIH to clean out cave in, tagged at ~160'. Water flow approx. 6' below ground level washing out cellar. Wash out became too large to continue safely. LD DC's and pickup 4jts of 4-1/2" DP, rigged up Key Energy Pressure Pumping and pumped 230sks(276cuft) from ~120'KB to surface. LD DP. WOC. Surveys: 164' @ 1/2°, 316' @ 3/4°

CONTINUED OTHER SIDE

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Steven S. Dunn TITLE Drilling & Production Manager DATE 10/17/2007

Type or print name Steven S. Dunn E-mail address: sdunn@merrion.bz Telephone No. 505-324-5300

For State Use Only

APPROVED BY: Zelly G. Rada TITLE Deputy Oil & Gas Inspector, District #3 DATE NOV 26 2007
Conditions of Approval (if any):

8

10/3/07 WOC after plugging back surface hole F/ 0' - T/ 120'. Re-drilled rathole & mousehole. Pick-up 12-1/4" bit and drilled out 120' of cement and reamed hole back to 345'KB. Circulate and TOOH. Rig up San Juan Casing and ran 8 jts (321.84') of 8-5/8", 24#, J-55, ST&C casing. Tight spot at ~30' had to work 5 jts down before it smoothed out, circulated twice with no help. Set casing at 338'KB. Circulate and condition mud. Rigged up KEPPS and preceded cement with 18 bbls of dyed water. Cemented with 115 sks (138cuft) of Type V cement with 1/4pps celloflake and 3% CaCl₂. Dropped plug and displaced with 17 bbls of water. Returned 2 bbls of cement, left cement slightly high (approx. 70' to drill) inside casing due to issues on closed loop system. Job completed at 0100hrs on 10/4/07.

10/4/07 Condition mud and slip drilling line while WOC. NU WH, BOP, choke manifold and related surface equipment. PU test plug and have 3rd party (Wellcheck) pressure test BOP, pipe rams, blind rams, choke manifold and related equipment to 250 psi low and 2000 psi high. Pressure test casing to 600 psi for 30 mins. All test held OK. TIH w/ bit #2 (7-7/8", RTC, TD44, EL6914, RR). Install wear bushing in well head and TIW floor valve and pressure test kelly cock to 250 psi low and 2000 psi high - held OK. TIH and tagged cement at 276', drilled 69' of cement. Drilled new formation F/ 345' - T/ 1550'. Proposed kick-off point for directional is at 1600'MD.

10/5/07 Circulate hole clean at 1550'KB. TOOH and LD DC's. Pick-up bit #3 (Reed, TD44P, CP2077) and make up directional tools. TIH to 1545' (5' of fill) circulate to 1550' and begin drilling directionally F/ 1550' - T/ 2238'KBMD. Report time inclination is 16.50 and Azimuth is 9.30 measured at 2162'KBMD. Surveys: 1518' @ 0.50°; 1699' @ 6.20°; 2071' @ 11.80°; 2162' @ 16.50°

10/6/07 Drilling Directionally F/ 2238' - T/ 3339'. Report time inclination is 37.80 and Azimuth is 5.40 measured at 3268'KBMD. Surveys: 2252' @ 19.20°; 2528' @ 26.40°; 2992' @ 37.90°; 3268' @ 37.80°

10/7/07 Drilling Directionally F/ 3339' - T/ 4295'. Report time inclination is 36.10 and Azimuth is 4.40 measured at 4194'KBMD. Surveys: 3362' @ 36.30°; 3640' @ 36.90°; 3918' @ 37.40°; 4194' @ 36.10°

10/8/07 Drilling Directionally F/ 4295' - T/ 4791'. ROP slowing and motor only maintaining angle with large slides in tangent. TOOH to inspect and replace bit. Out of hole with bit and 1.83 bend motor at report time, bit is missing 20% of edge buttons and cones are very loose. We plan to TIH with new bit and a 2.12 bend, 7/8 motor to help counteract natural formation dips. Surveys: 4286' @ 35.60°; 4472' @ 36.50°; 4659' @ 34.90°; 4751' @ 35.40°

10/9/07 LD 1.83 mud motor. Picked up a new 7-7/8", Reed, TD44P, WP6163 bit and a new mud motor. Turn up motor to a 2.12 bend and TIH. Staged in hole and washed 60' of fill to bottom. Drilling Directionally F/ 4791' - T/ 5176'. Sliding 10' - 20' of each Kelly to maintain angle in tangent. Had a ~120bbl water gain at ~4900'MD with a 9.5wt. Maintaining mud wt. between 9.7-10.1ppg. Report time inclination is 35.60 and azimuth is at 8.10 measured at 5125' KBMD. Surveys: 4844' @ 34.90°; 4938' @ 36.40°; 5032' @ 39.10°; 5125' @ 35.60°

10/10/07 Drilling directionally F/ 5176' - T/ 5870'. Report time inclination is 38.10 and azimuth is at 8.00 measured at 5776' KBMD. Surveys: 5214' @ 35.80°; 5401' @ 37.10°; 5589' @ 36.10°; 5776' @ 38.10°

10/11/07 Drilling directionally F/ 5870' - T/ 6437'. Report time inclination is 37.80 and azimuth is at 10.80 measured at 6335' KBMD. Surveys: 5870' @ 38.10°; 6056' @ 37.50°; 6243' @ 39.50°; 6335' @ 37.80°

10/12/07 Drilling directionally F/ 6437' - T/ 6497'. Directional tools would not send signal when we drilled into the Greenhorn formation. Re-routed antenna wire closer to location of bottom hole with no results. Short tripped bit 10stds, as soon as we pulled above Greenhorn we were able to receive signal and verify that tools are working properly. Lost signal once we got back on bottom. Drilled without tool signal F/ 6497' - T/ approx. 6550'MD and started to get signal back. Drilled F/ 6550' - T/ 6669' to the top of the Dakota formation. Circulated hole and TOOH. We are checking directional tools and re-orientating at report time. Surveys: 6335' @ 37.80°; 6366' @ 37.80°; 6550' @ 31.20°

**ATTACHMENT TO FORM C-103
FARMINGTON C COM 1Z**

10/13/07 Turn down mud motor from 2.12 bend to a 1.83 bend, re-scribe tool faces. Picked up bit #5. Reed, 7-7/8", R40AP, A73143 and stage in hole. Tagged at 6550', washed & reamed F/ 6550' - T/ 6669'. We could not get signal from MWD tools once we reached bottom. DDC & Kambi personnel working on problem and received a survey. Drilling directionally F/ 6669' - T/ 6900'. We received our last survey at 6642'MD and lost signal again (sensor is 40' behind bit). Drilled ahead without tool signal and received another survey at 6798'MD. We are drilling ahead to TD of 6950'KBMD with MWD signal at report time.
Surveys: 6642' @ 34.30°; 6798' @ 32.70°

10/14/07 Drilling directionally F/ 6900' - T/ 6950'(TD). TD well at 1030hrs on 10/14/07. Circulate hole clean and short trip 10stds, tagged at 6611' and had to Kelly up. Complete short trip and circulate clean. Short trip 10stds once more, no tags. Circulate hole clean and TOOH, LD directional tools. Rigged up Schlumberger Wireline and TIH with tools. Bridged out at 5060'KBMD, tried to work through with no success. Pulled out tools and added 8' weight bar. TIH and bridged out at 5160'KBMD, tools became stuck while pulling up hole(5125'). Worked tools and became free, pulled out of hole with tools, rigged down and released Schlumberger. TIH to condition for casing at report time. Surveys: 6860' @ 32.50°; 6910' @ 32.40°; 6950' @ 32.40°

10/15/07 TIH and condition to run casing. LD DP, bit sub and bit. Rigged up San Juan Casing. Ran 174 jts (6922.06') of 4-1/2", 11.6#, J-55, LT&C casing. Circulate casing to bottom - no fill. Land casing in well head w/ mandrel. Bottom of casing at 6940.06' KB, float collar at 6918' KB, marker joint #1 at 6497', marker joint #2 at 6075' and DV tool at 4308'KBMD. Circulate while RU Halliburton Energy Services and hold safety meeting. Preceded 1st stage cement w/ 10 bbls of water, 20 bbl "chem. wash", 10 bbl water spacer. Mix and pump 345 sx (652 cf) of Halliburton Light Premium w/ 1/8#/sx Poly-flake & 5#/sx Gilsonite. Tail in w/ 215 sx (254 cf) of "Type V" w/ 1/8#/sx Poly-flake, 5#/sx Gilsonite & 0.3% Halad R-9(50% calculated excess). Drop plug and displace w/ 45 bbls of water and 62.5 bbls of mud. Bump plug to 1425 psi. PD at 05:15hrs 10/16/07. Release pressure and check floats - held OK. Opened hydraulic stage tool at 3350psi. Circulated with mud and returned 18bbls of cement slurry to surface. Circulating between stages at report time.

10/16/07 Circulating between stages while waiting on Halliburton to reload bulk trucks. Preceded 2nd stage cement w/ 10 bbls water, 20 bbl "chem. wash" & 10 bbl spacer. Mix and pump 450sx (850 cf) of Halliburton Light Premium w/ 1/8#/sx Poly-flake & 5#/sx Gilsonite. Tail in w/ 375 sx (495 cf) of 50/50 Poz "Type V" w/ 1/8#/sx Poly-flake & 5#/sx Gilsonite. Drop plug and displace w/ 66.75 bbls of water. Bump plug to 1350 psi. PD at 1300 hrs 10/16/07. Increased pressure to 2700psi and closed stage tool. Release pressure and check float - held OK. Good circulation throughout 2nd stage job. Circulated 30 bbls of cement to surface. RD Halliburton. ND BOP. RD rig and equipment. Rig released at 22:00 hrs 10/16/07. WOCT. **Final Report.**