

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. 30-045-34405
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. 1107 RCVD NOV 1 '07
7. Lease Name or Unit Agreement Name OIL CONS. DIV. HEIGHTS COM DIST. 3
8. Well Number 001
9. OGRID Number 014634
10. Pool name or Wildcat BASIN DAKOTA

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.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other ☐

2. Name of Operator
MERRION OIL & GAS CORPORATION

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

4. Well Location
Unit Letter **A** : **637** feet from the **North** line and **753** feet from the **East** line
Section **35** Township **30N** Range **13W** NMPM **SJ** County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
5696'

Pit or Below-grade Tank Application ☐ or Closure ☐

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:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
PLUG AND ABANDON <input type="checkbox"/>	P AND A <input type="checkbox"/>
CHANGE PLANS <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>
MULTIPLE COMPL <input type="checkbox"/>	OTHER: Spud, Csg & TD Rpts <input checked="" type="checkbox"/>
OTHER: <input type="checkbox"/>	

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.

10/18/07 MIRU D&J Drilling Rig No. 2 on 10/18/07 from Farmington C Com #1Z. Move onto location and rig up (derrick in air at 13:00 hrs) Mix mud, drill rat hole and mouse hole Spud 12-1/4" surface hole at 0000 hrs 10/18/07 with bit #1 (12-1/4", RTC, RT). TD surface hole at 346' at 0600 hrs on 10/18/07. Circulating hole and preparing to TOOH at report time. Survey: 165' @ 0.75

10/19/07 Circulate hole clean and run survey. TOOH LD DCs. Rig up San Juan Casing Services and run 8 jts (321.61') of 8-5/8", 24#, ST&C casing, land casing at 337' KB. RU Key Pressure Pumping Services and held safety meeting. Preceded cement with 18 bbls of Dyed fresh water. Mix and pump 140 sxs (165 cu.ft.) of Type "V" cement with 3% CaCl₂ & 1/4 pps of celloflake. Mixed cement at 15.6 ppg. Drop plug and displace cement with 20.5 bbls of water. PD at 10:30 hrs 10/18/07. Did not circulate cement to surface, WOC while KEPPS returns with 1" tubing. TIH with 1" and tagged TOC at 40', pumped an additional 40 sxs (47.2 cu.ft.) of Type "V" cement with 3% CaCl₂ & 1/4 pps celloflake. Total cement pumped was 180 sxs (212.4 cu.ft.), returned 2 bbls of good cement slurry to surface, WOC. NU WH, BOP, choke manifold and related surface equipment. PU test plug and have 3rd party (Well Check) 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. Picked up bit #2 (7-7/8", RTC, TD44) and all directional tools and TIH with 4-1/2" HWDP. Tagged cement at 245'. Drill out cement. Drilled F/ 346' - T/ 531'. Drilling ahead F/ 531' at report time. Survey: 321' @ 1.00.

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 NMOC guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Tyson Foutz TITLE Petroleum Engineer DATE 10/31/07

Type or print name Tyson Foutz E-mail address: tfoutz@merrion.bz Telephone No. 505-324-5300
For State Use Only Deputy Oil & Gas Inspector, District #3

APPROVED BY: H. Villanueva TITLE Deputy Oil & Gas Inspector DATE NOV 26 2007

Conditions of Approval (if any):

Report pt 4 1/2 Next Report.

10/20/07 Drilling vertically F/ 531' - T/ 1650'. Begin to build angle and continue drilling directionally F/ 1650' - T/ 2320'. Report time inclination is at 21.00 and Azimuth is at 148.10 measured F/ 2251' KBMD. Surveys: 483' @ 0.30; 879' @ 0.10; 1423' @ 0.50; 1970' @ 14.00; 2251' @ 21.00

10/21/07 Drilling directionally F/ 2320' - T/ 3420'. Report time inclination is at 36.30 and Azimuth is at 143.40 measured F/ 3366' KBMD. Surveys: 343' @ 22.30; 2808' @ 32.80; 2993' @ 36.00; 3273' @ 35.80; 3366' @ 36.30

10/22/07 Drilling directionally F/ 3420' - T/ 4347'. Bit starting to show torque and pump pressure spiking periodically (motor stall). Circulate hole clean and begin TOOH for bit #2. Report time inclination is at 33.20 and Azimuth is at 144.30 measured F/ 4291' KBMD. Surveys: 3457' @ 36.60; 3738' @ 34.20; 4012' @ 33.70; 4197' @ 34.00; 4291' @ 33.20

10/23/07 Complete TOOH with bit #2, outer buttons on each cone were damaged/missing, $\frac{1}{4}$ " under gauge. Re-orientate 1.83 motor to a 2.12 motor. Pick up bit #3 (7-7/8", Reed, TD44P, AL5521) and TIH, tagged at 4282', pickup Kelly a wash through bridge, hang back Kelly and continue TIH. Drilling directionally F/ 4347' - T/ 4870'. Report time inclination is at 32.00 and Azimuth is at 142.30 measured F/ 4756' KBMD. Surveys: 4384' @ 31.10; 4477' @ 32.50; 4571' @ 32.60; 4663' @ 33.90; 4756' @ 32.00

10/24/07 Drilling directionally F/ 4870' - T/ 5588'. Report time inclination is at 28.10 and Azimuth is at 143.90 measured F/ 5492' KBMD. Surveys: 4849' @ 33.40; 5034' @ 29.50; 5214' @ 28.50; 5400' @ 28.80; 5492' @ 28.10

10/25/07 Drilling directionally F/ 5588' - T/ 6307'. Report time inclination is at 31.30 and Azimuth is at 147.40 measured F/ 6229' KBMD. Surveys: 5584' @ 28.00; 5677' @ 29.60; 5859' @ 30.00; 6139' @ 30.50; 6229' @ 31.30

10/26/07 Drilling directionally F/ 6307' - T/ 6947' (estimated top of Dakota). Circulate hole clean and condition mud. Begin TOOH for bit #3. Report time inclination is at 26.20 and Azimuth is at 139.80 measured F/ 6875' KBMD. Surveys: 6322' @ 32.70; 6505' @ 32.50; 6692' @ 31.70; 6786' @ 29.20; 6875' @ 26.20

10/27/07 Complete TOOH with bit #3. Shut down and replaced water pump on rig engine. Pick-up bit #4 (7-7/8", Reed, R40AP, A73146) and a new 1.83 bend mud motor. Stage in hole and tagged bridge at 6854'. Wash and ream to 6947'. Drilling directionally F/ 6947' - T/ 7026'. Losing partial returns at approx. 7015' and lost full returns at 7026' MD (6313' TVD). Mix a ~30bbl pill of 10% LCM, pumped around and had no returns. Pull up hole with 8stds. Rebuild volume and mix mud to a 55visc with 10% LCM. Pumped pit and regained 100% returns, we have lost a total of ~300bbls. TIH and are just beginning to drill ahead with full returns at report time. Report time inclination is at 26.50 and Azimuth is at 142.90 measured F/ 6964' KBMD. Survey: 6964' @ 26.50

10/28/07 Continue drilling to TD w/ bit #4 (7-7/8", Reed, R40AP, A73146). TD well at 14:00 hrs 10/27/07. 7135' MD and 6411' TVD, Azimuth at TD is 142.60. Coordinates at TD are 2147.73' South and 1519.63' East. Circulate and condition mud. Short trip to HW drill pipe. Stage back in hole. Had 15' of fill on bottom. Circulate and condition mud: TOH. Still TOH at report time, slow going due to "wet string". Surveys: 6996' @ 26.80; 7059' @ 26.50; 7089' @ 25.90; 7135' @ 25.90

10/29/07 Finish TOH w/ "wet string". LD BHA (directional tools). TIH w/ HWDP and DP only (run open ended) to TD (7135'). Circulate. Pull up to 5925'. RU Weatherford and hold safety meeting. RIH w/ 2-1/4" DEN/NUET/IND/GR open hole tools thru drill pipe. Run open hole logs from 7133' (MD) to 5925' (MD). POOH w/ logs. RD Weatherford. TIH to TD. Circulate and condition mud. TOH laying down drill pipe. Laying down HWDP at report time.

10/30/07 Finish LD HW DP. Change out rams. RU San Juan Casing Service and held safety meeting. Ran 178 joints (7112.08') of 4-1/2", 11.6#, J-55, LT&C casing. Circulate casing to bottom - no fill. Land casing in well head with mandrel, bottom of casing at 7126' KB (MD), float collar at 7104' KB (MD), marker joint at 6682' KB (MD), DV tool at 4835' (see csg. tally). Circulate for 2.0 hrs while Superior repair pump truck. RU Superior Well Services and held safety meeting. Precede 1st stage cement with 10 bbls of water, 20 bbls "chem. wash", 10 bbls water spacer. Mix and pump 203 sxs (392 cuft) of 35:65 Poz Class "A" with 6% Bentonite, 5#/sx gilsonite and $\frac{1}{4}$ #/sx Super Flake, tail in with 317 sxs (374 cuft) of Class "A" with 5#/sx gilsonite, 0.3% Super FL-200 and $\frac{1}{4}$ #/sx Super Flake. SD washed pumps & lines. Drop plug and displace with 50 bbls of water and 60.2 bbls of mud. Bump plug to 1500 psi, PD @ 20:30 hrs. 7/29/07. Release pressure and check floats - held OK. Pressure up on casing and open DV tool at 3500 psi. Resume circulating with mud. Good circulation throughout 1st stage job circulated 35 bbls of cement to surface. Precede 2nd stage cement with 10 bbls water, 10 bbls "chem. wash" and 10 bbls spacer. Mix and pump 452 sxs (872 cuft) of 35:65 Poz Class "A" with 6% Bentonite, 5#/sx Gilsonite and $\frac{1}{4}$ #/sx Super Flake, tail in with 433 sxs (564 cuft) of Class "A" with 5#/sx Gilsonite and $\frac{1}{4}$ #/sx Super Flake. Drop plug and displace with 75 bbls of water. Bump plug to psi. PD at 13:15 hrs 10/30/07. Release pressure and check float - held OK. Good circulation throughout 2nd stage job circulated 10 bbls of cement to surface. RD Superior. ND BOP. RDMOL. WOCT.