

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

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.
NMSF-078899

6. If Indian, Allottee or Tribe Name

RCVD JAN 29 '08
OIL CONS. DIV.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator
MERRION OIL & GAS CORPORATION

3a. Address
610 REILLY AVENUE
FARMINGTON, NEW MEXICO 87401

3b. Phone No. (include area code)
505-324-5310

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
760' FSL & 1618' FWL, SECTION 21, T26N, R11W, NMPM

7. If Unit of CA/Agreement, Name and/or No.
DIST. 3

8. Well Name and No.
BLACKROCK C No. 1E

9. API Well No.
30-045-34306

10. Field and Pool or Exploratory Area

11. Country or Parish, State
SAN JUAN, NEW MEXICO

12. CHECK THE 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 SPUD NOTICE & DRILLING
	<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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

1/15/08 M&R Trucking moved rig and equipment from McElvain location near Lindrith, NM. Move onto location and rig up D&J Drilling Rig No. 2 (derrick in air at 15:00 hrs). RU rig and equipment (slow going, very cold temperature). Mix mud and drill rat hole and mouse hole. Making up bit to spud surface at report time.

1/16/08 Finish drilling rat and mouse holes. Spud 12-1/4" surface hole at 07:00 hrs 1/16/08 with bit #1 (12-1/4", RTC, RT). TD surface hole at 357'. Circulate and run survey. TOH. Rig up San Juan Casing Services and run 8 joints (353 16') of 8-5/8", 24#, ST&C casing, land casing at 353' KB RU Superior Well Services and hold safety meeting. Preceded cement with 10 bbls of fresh water. Mix and pump 350 sxs (416.5 cu.ft.) of Type "V" cement with 3% CaCl2 and 1/4#/sx of celloflake. Mixed cement at 15.6 ppg. Drop plug and displace cement with 20 bbls of water PD at 18:00 hrs 1/16/08 Circulated 20 bbls of cement to surface. RD Cementers. WOC. Back off landing joint. NU WH, BOP, choke manifold and related surface equipment. Finishing NU at report time. Sureys: 164' @ 1-1/4"; 317' @ 1/4"

ACCEPTED FOR RECORD

JAN 28 2008

FARMINGTON FIELD OFFICE
BY J. Salinas

14. I hereby certify that the foregoing is true and correct.

Name (Printed/Typed)
STEVEN S. DUNN

Title DRILLING & PRODUCTION MANAGER

Signature

Date 01/23/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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.

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)

NMOCD

ATTACHEMENT TO FORM 3160-5 (SUNDRY NOTICE)

BLACKROCK C No. 1E

- Jan. 17, 2008** Complete NU. BLM on location to witness test. Performed BLM required test on BOP stack and related equipment. Found pipe ram failure, replaced 3-1/2" pipe rubbers; re-test pipe rams; discovered seal leaking on cylinder #3 allowing test fluids to contaminate hydraulic system. High Tech on location and x-out cylinder and all upper seals on pipe rams. Re-test pipe rams(250psi low, 1000psi high) and re-work manual locking devices, good test. Test surface csg to 600psi; dropped 60psi in 30min; Re-test at 600psi; dropped 50psi in 30min., good test. Pick-up bit #2(7-7/8", Reed, TD44P, NA2987) and RIH with DC's. Picked up Kelly and test upper Kelly valve; valve failure. Wait on replacement valve from town. Replaced valve and re-tested(250psi low, 1000psi high), good test. Prep to begin drilling and we are drilling out cement at report time.
- Jan. 18, 2008** Drilled out cement, float & shoe. Drilling new formation with water & polymer. Drilled F/357' – T/ 1881'. Wireline survey showed 2 degree inclination, backed off weight on bit from 35K to 20K, hole coming back at next survey. Drilled F/ 1881' – T/ 2515'. Drilling ahead at report time. Mud logging from 400'.
Surveys: 843 @ 1-12°, 1344' @ 1-1/4°, 1841' @ 2°, 2090' @ 3/4°
- Jan. 19, 2008** Drilling ahead with bit #2(7-7/8", TD44P, NA2987) and water/polymer. Drilled F/2515' – T/ 4130'. Drilling ahead at report time F/ 4130' @ ~75 fph. Mud logging while drilling.
Surveys: 2588 @ 3/4°, 3116' @ 1/2°, 3614' @ 3/4°;
- Jan. 20, 2008** Drilling ahead with bit #2(7-7/8", TD44P, NA2987), begin mud up at ~4150'. Drilled F/4130' – T/ 4465'. Bit began showing higher than average torque periodically. Circulate and condition hole, TOO H for bit #2(7-7/8", Reed, TD44P, NA2987), made up bit #3(7-7/8", Reed, TD44P, NA2984) and TIH. Tagged at 4400', washed to 4465' and began drilling new formation. Drilled F/ 4465' - T/ 4835'. Drilling ahead from 4835' at ~50fph at report time. Mud logging while drilling.
Surveys: 4113 @ 1°; 4611' @ 1-1/4°
- Jan. 21, 2008** Drilling ahead with bit #3(7-7/8", TD44P, NA2984) F/ 4835' – T/ 5078', pretreated with LCM while drilling ahead. Bearing on rotary drive began to heat up and failed. Circulated hole clean and pulled up 10 stds. Had to remove bearings and shaft and take them in to be machined. Circulated hole while repairing bearing and shaft. TIH and continue drilling ahead F/ 5078' – T/ 5128'. Drilling ahead at report time.
- Jan. 22, 2008** Drilling ahead with bit #3(7-7/8", TD44P, NA2984) F/ 5128' – T/ 5732'. Drilling ahead F/ 5732' at report time at ~30fph.