Form 3160-5
(August 2007)

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.

SUBMIT IN TRIPLICATE – *Other instructions on page 2.*

RECEIVED
MAR 2 7 2008
Bureau of Land Management
Farmington Field Office

5. Lease Serial No.
SF-080384-B

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
☐ Oil Well ☑ Gas Well ☐ Other

8. Well Name and No.
HICKMAN A No. 1E

2. Name of Operator
MERRION OIL & GAS CORPORATION

9. API Well No.
30-045-33936-00S2

3a. Address
610 REILLY AVENUE, FARMINGTON, NM 87401

3b. Phone No. *(include area code)*
505-324-5300

10. Field and Pool or Exploratory Area
GALLEGOS GALLUP

4. Location of Well *(Footage, Sec., T.,R.,M., or Survey Description)*
1070' FSL & 813' FEL
SECTION 10, T26N, 12W

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			
☐ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☑ Subsequent Report	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
☐ Final Abandonment Notice	☐ Convert to Injection	☐ Plug Back	☐ 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 recomplete 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 recompletion 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.)

3-10-2008 MOL & RU Hurricane Well Service Rig #17 on 3/10/08. ND horse head and bridle. Un-seat pump and TOH w/ rods and pump (2"x1-1/4"x12' RHAC pump (Energy Pump), 40 ea. ¾" plain rods, 97 ea. 5/8" plain rods, 73 ea. ¾" scrapered rods, 1 ea. 8', 1 ea. 6' and 1 ea. 4' pony sub.) Note: bottom 18 rods showed signs of wear on each box. ND BOP and NU WH. Pick up 4 additional jts of tubing and TIH to 5534' (did not tag anything). CIBP at 5976'. TOH w/ tubing. Found split in jt # 164. TOH w/ remaining tubing (172 jts, seating nipple, perf sub and cut off tail jt). Note: tubing showed signs of scale (both inside and out). Laid down bad jt. SWI, secure location & SDON. Will TIH w/ RBP & RCP in morning. Also, plan to pressure test tubing string.

3-11-2008 Found well w/ 0 psi. Lay down bottom 18 jts of tubing (suspect tubing is rod worn). PU and TIH w/ Weatherford TS RBP and Arrow Set packer. Set RBP at 4227' (below DV tool at 4177'). Pull up and set packer at 4195'. RU pump and lines and pressure test tubing. Built up to 900 psi before falling back to 0 psi (suspect hole in tubing). Release packer and TIH to RBP. Latch onto and release RBP. TOH and lay down RBP and packer. TIH open ended w/ 169 jts of tubing. RU MO-TE hot oil truck and pump 40 bbls of hot water (220o) down tubing and 10 bbls thru flowline to production tank. SWI, secure location & SDON. Plan to test tubing string in morning w/ 4-Corners Well Scan.

CONTINUED OTHER SIDE

– Prior approval is required for casing repair + cement sqz. operations

RCVD MAR 31 '08
OIL CONS. DIV.
DIST. 3

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

Title PETROLEUM ENGINEER

Signature

Date 03/25/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

ACCEPTED FOR RECO

Approved by

Title

Date MAR 2 8 2008

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

FARMINGTON FIELD OFFIC
BY

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

3-12-08 Found well with 0 psi. RU Precision Systems (formally 4-Corners Well Scan). Inspect 2-3/8" tubing while TOH. Lay down 35 jts that tested more than 31% wall loss. 6 jts tested green (31%-50%) and 29 jts (51%-100%). Sent 35 jts plus 1 jt that was split to Cave for credit for 35 new jts. PU Weatherford BP and packer and TIH (tally on way in). Set BP at 4324' KB. Pull up 1 jt and set packer. Test BP and tubing to 1500 psi – held OK. Found interval from 4132' – 4192' leaking. DV tool at 4177' KB. Pumped into casing at 1 bpm at 1800 psi. Left packer set at 4132'. RUTS. Made 5 runs and recovered ~ 18 bbls of fluid. Fluid level on last 2 runs was at the seating nipple, recovered little to no fluid. SWI, secure location & SDON.

3-13-08 Found well with SICP: 0 psi, SITP: 40 psi. Bleed off tubing pressure and RIH with swab. Hit fluid level at 250'. Made 4 runs and swabbed well down to seating nipple. Fluid level on 4th run was 3800'. Recovered 15 bbls of fluid. SD for 1 hr. RIH with swab and hit fluid level at 3180'. Pressure test backside. Pressured up to 700 psi then fell back to 0 psi. Release packer and load hole with ~20 bbls of fluid. Pull up to 4071' and re-set packer. Attempt to pressure test backside. Started circulating out tubing. Drop standing valve and pressure test tubing, started flowing out casing. Release packer and TOH. Found large split (14") in jt #6 (above packer). Lay down jt # 6 & jt #7 and replace with new tubing. Change out packer and TIH to 4134' KB. Load hole with produced water. Set packer and pressure test casing/tubing annulus above packer to 1,000 psi – held OK. Pressure test down tubing and pump into formation (DV tool) at 1800 psi while pumping 1 bpm. RUTS. Swab well down in 4 runs. Recovered 17.5 bbls of fluid. Final fluid level at 4050'. Did not recover any fluid on last run. SD for 1 hr. Fluid level at 3650'. Recovered ~ 2 bbls. SWI, secure location and SDON.

3-14-08 Found well with SICP: 0 psi, SITP: 20 psi. Bleed off tubing pressure and RIH with swab. Hit fluid level at 600'. Made 3 runs and swabbed well down to seating nipple. Recovered 12 bbls of fluid. Start making swab runs every 30 min. On 4th run fluid level was 4000' and recovered 1.25 bbls. 5th run: fluid level was 4000' and recovered 1.5 bbls. 6th run: fluid level was 4000' and recovered 1.25 bbls. 7th run: fluid level was 4000' and recovered 1.5 bbls. Total fluid recovered was 17.5 bbls. Fluid inflow rate calculates to be between 60 bwpd and 72 bwpd. Release packer and pump 10 gal of sand down tubing to cover top of RBP. Wind blowing extremely hard, unable to trip pipe safely. SWI, secure location & SD for weekend. Scheduled squeeze job for Monday morning.

3-17-08 Found well with SICP & SITP: 0 psi. TOH and lay down packer. Change out BOP (from 3M to 5M). Change out rams from 2-7/8" to 2-3/8". TIH (open ended) to 4185'. RU Key Pressure Pumping Services and hold safety meeting. Pressure test pumps and lines to 4,500 psi. Mix and pump 100 sxs (120 cu.ft.) of Class "B" neat cement. Spot cement in balanced plug. Pull up to 2750' KB and reverse out 4 bbls of cement. SI casing and squeeze 4 bbls of cement into hole(s)/DV tool/formation. Pumped cement away at 1/8 bpm at 2600 psi. SD, squeeze holding 1500 psi. Bleed off pressure and TIH to 3466'. Reverse out ~7 bbls of cement. Pull back up to 2750 psi, squeeze in additional 1-1/4 bbl of cement. Cement "locked up" at 2600 psi – held 2600 psi for 15 mins, no drop off. Shut well in holding 2600 psi. RD cementers, secure location and SDON.

3-18-08 Found well with SICP & SITP: 2,500 psi. Release pressure and TOH. PU 3-7/8" bit (new Varel) and TIH. Tag up on cement at 3470' KB. PU power swivel. RU pump and lines. Break circulation with produced water and start drilling out cement. Started drilling cement at 11:30 hrs. Drill out cement down to 3730' KB. At 18:30 hrs, circulated hole clean. Pull up to 3598' KB. Secure location & SDON.

3-19-08 Found well with SICP & SITP: 0 psi. PU power swivel and RU pump and lines. Continue drilling out cement at 07:30 hrs. Drilled cement from 3730' KB to 4157'. At 18:30 hrs circulated hole clean. Pull up to 4058' KB. Secure location & SDON.

3-20-08 Found well with SICP & SITP: 0 psi. TIH. PU power swivel and RU pump and lines. Continue drilling out cement at 4157' KB, drilled thru cement at 4188' KB. Continue in hole to 4223' KB'. Circulate hole clean. Lay down power swivel and install TIW valve. Pressure test to casing to 2,000 psi. Very slow bleed off to 1,750 psi in 15 min. Release pressure and TOH. Lay down bit and PU retrieving head and packer and TIH. Set packer at 4139' KB. RUTS. Swab well down in 4 runs. Fluid level on 4th run was ~3900'. Recovered ~9.25 bbls. SD for 30 mins. RIH and hit fluid level at 3900', did not get any fluid to surface. RD swab equipment. Release packer and TIH to RBP at 4324'. Circulate sand off RBP and circulate hole clean. Latch onto RBP and open unloader and let well equalize. Release RBP and TOH. Lay down packer and RBP. Secure location & SDON.

3-21-08 Found well with SICP & SITP: 0 psi. TIH with production string as follows: cut off tail jt, perf sub, seating nipple and 168 jts of 2-3/8", 4.7#, EUE tubing. Bottom of tubing landed at 5299' KB, seating nipple at 5275' KB. ***(see tubing tally)***. Land tubing in well head with donut. ND BOP and NU WH. RUTS. RIH and hit fluid level at 3,000'. Made 10 runs and swab well down to 3,500'. Recovered ~ 20 bbls of fluid. Starting to get oil shows on last 4 runs. 15-20% cut on last run. Casing pressure up to 30 psi and climbing. RD swab equipment. Ready rig to run rods. RIH with 2" x 1¼" x 12" RHAC pump (CDI) on 20 ea. ¾" rods with molded rod guides, 20 ea. ¾" plain, 97 ea. 5/8" plain, 73 ea. ¾" scrapered rods and 1 ea. 4' ¾" pony sub. Install polish rod and stuffing box. Load tubing with water and pressure test tubing and pump to 500 psi – held OK. Release pressure and check pump action with rig – looked OK. NU horse head and bridle. Space out pump and hang off rods. Start pumping unit (100 psi casing pressure) but unable to keep pumping unit going, need to adjust counter weights. T. Merilatt will schedule roustabouts for Monday morning. (note: had to change out couplings on bottom ¾" plain rods due to excessive wear).