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

RECEIVED
MAY 29 2008
Bureau of Land Management
Farmington Field Office

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.*

1. Type of Well ☐ Oil Well ☑ Gas Well ☐ Other	5. Lease Serial No. NM03877 6. If Indian, Allottee or Tribe Name 7. If Unit of CA/Agreement, Name and/or No. NMNM073860 8. Well Name and No. FIFIELD COM No. 1Z
2. Name of Operator MERRION OIL & GAS CORPORATION	9. API Well No. 30-045-33975
3a. Address 610 REILLY AVENUE FARMINGTON, NEW MEXICO 87401 3b. Phone No. *(include area code)* 505-324-5300	10. Field and Pool or Exploratory Area BASIN DAKOTA
4. Location of Well *(Footage, Sec., T.,R.,M., or Survey Description)* 1858' FNL & 904' FEL, SECTION 5, T29N, R11W, SENE	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.)

5/15/08 MIRU Hurricane Rig No. 6 on 5/15/08. Found well w/ casing pressure: 150 psi and tubing: 50 psi Bleed off pressure. ND WH & NU BOP Well started unloading, then died. Called Pace and had kill truck stand by while TOH. TOH w/ 204 jts of 2-3/8" tubing w/ X-nipple on bottom. Visually inspected tubing while TOH, some signs of scale but looked OK. PU 3-7/8" bit (used) and TIH on 2-3/8" tubing to 6680'. TOH. SWI, secure location and SDON.

5/16/08 RU Weatherford Wireline & hold safety meeting. RIH w/ CIBP and 3-1/8" perf gun. Attempt to set CIBP at 6,661' KB Could not get plug to set. After 2nd attempt, removed perf gun and RIH w/ CIBP by itself. Set CIBP at 6,661' KB. RU Pace Pumping Service. Load hole w/ 74 bbls of water and pressure test CIBP/casing. Pressure test failed, pressure fell to 0 psi after getting up to 3,800 psi. RIH w/ 2nd CIBP. Tag up at 6,661' KB. Pull up and set 2nd plug at 6,652' KB (above float collar at 6,654'). Pressure test casing casing to 4,000 psi – held OK. RIH w/ 3-1/8" casing gun and perforate the Burro Canyon 2 spf from 6,634' – 6,650', total 32 holes (EHD: 0.42"). RIH w/ 4-1/2" Weatherford "HD" packer. Spot 100 gal of 15% HCl acid from 6,646 – 6,475'. Pull up and set packer at 6,418. Displace acid w/ 30 bbls of 2% KCl water – never caught pressure. Increased rate from 2 bpm to 6.5 bpm but never saw pressure greater than 200 psi. SD and tubing went on vacuum Release packer and TIH to 6,550' KB and re-set packer. Install TIW valve on tubing. SWI, secure location and SD for weekend.

CONTINUED NEXT PAGE

RCVD JUN 3 '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 05/28/2008

ACCEPTED FOR RECORD

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by — Title — Date MAY 30 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 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

FIFIELD COM No. 1Z
ATTACHMENT TO FORM 3160-5 – PAGE TWO

5/19/08 Found well w/ 700 psi. Open well thru ¼" choke at 08:30 hrs. By 9:30 pressure was down to 50 psi and holding steady, slight mist. At 10:30 pressure was 50 psi, slight mist. At 11:00 hrs, remove choke and open well thru 2". Pressure down to a strong vent in several minutes. RUTS. RIH and hit fluid at 3,000'. Well kicked off after 1 run. Recovered 7 bbls from swab. After 2hrs (13:00 hrs), pressure was 150 psi and well made 10.2 bbls of fluid. At 14:00 hrs, pressure was 250 psi, made 2 bbls of fluid. At 15:00 hrs, pressure was 230 psi, made 2 bbls of fluid. At 16:00 hrs, pressure was 230 psi, made 5 bbls of fluid (appeared to be mostly all water, slight smell of condensate). Remove choke and open well out 2" to bleed off pressure. Release packer. Pump 20 bbls down tubing and TOH. SWI, secure location and SDON.

5/20/08 Found well with 250 psi. Bleed off pressure to flow back tank. RU Weatherford Wireline and held safety meeting. RIH with CIBP set at 6610' KB. RU Weatherford acid truck & held safety meeting. Pressure test pump and lines to 5000 psi. Pressure test plug/casing to 4000 psi – held OK. RIH and perforate the Dakota formation, 1 SPF at the following depths: 6480'- 6510' (30 holes - EHD 0.42"). Perforate the Graneros formation 2 SPF at the following depths: 6417'- 6423' (12 holes EHD 0.42") total of 42 holes. TIH with 4-1/2" packer on 2-3/8" tubing. set packer at 6224'. RU acid truck. Load hole with 4 bbls of 2% KCl water. Break down formation at 3007 psi while pumping 4 BPM. Pump 500 gals of 15% HCl acid and 150 ea. 1.3 S.G. "Bio" ball sealers. Increase rate to 6.5 BPM, saw light to medium ball action – did not get ball off. Displace acid to bottom perf with 30 bbls of 2% KCl water, ISDP 436 psi. Bleed off pressure and RD Weatherford. Release packer and TIH (past perfs) to 6548'. TOH and lay down packer. SWI, secure location & SDON. Frac scheduled for tomorrow (5/21).

5/21/08 RU Weatherford Fracturing and hold safety meeting. Pressure test pumps and lines to 5,200 psi. Pumped 10,626 gal pad of 20# x-link "Dyna-Frac" gel in 65Q foam. Frac well w/ 180,000# of 20/40 PRC 6000 (resin coated) sand in 20# x-link "Dyna-Frac" gel. Pumped sand in 1, 2, 3, 4 & 5 ppg (DH) stages at ~ 33 bpm (DH). AIR: 33 bpm (DH), MIR: 45 bpm (DH), ATP: 3,659 psi, MTP: 4,170 psi. Job complete at 10:36 hrs. 5/21/08. Total fluid pumped: 910 bbls, total nitrogen pumped: 1,601,700 scf. ISDP: 2,155 psi. Note: Due to high treating pressures decreased injection rate from planned 45 bpm (DH) rate to ~ 30 bpm (DH). Nolte plot was positive throughout job. Final frac gradient: 0.75 psi/ft. SWI & RD Weatherford. RU flowback lines and open well thru 1/4" choke at 11:30 hrs 5/21/08. Initial pressure was 1,650 psi. Flowing back broken gel water and nitrogen. At 17:30 hrs, recovered a total of 89 bbls of fluid, pressure was 1,650 psi. Flowing back mostly nitrogen w/ light water (mist). Secure location and turn over to night watch/flowback.

5/22/08 Continue to let well flowback thru ¼" choke. At 19:30 hrs, pressure down to 1,000 psi. Changed choke out to 3/8" choke and continue to let well flow back overnight. By 06:00 hrs, pressure down to 150 psi. Recovered additional 120 bbls of fluid. At 10:15 hrs, pressure down to 125 psi. Remove choke and open thru 2". Well started unloading fluid. Install ½" choke and let well flow back. Pressure increase to 300 psi. By 13:15 hrs, recovered additional 22 bbls of fluid. Pressure down to 125 psi. Remove choke and let pressure bleed down. ND WSI (manual) isolation tool. TIH w/ 3-7/8" bit, bit sub and 2-3/8" tubing. RU Air Tech air package and unload hole at ~ 3,900 psi. Continue TIH to 6,287' and install string float. Continue TIH and tag up on sand/fill at 6,509' (bottom perf at 6,510'). Pull back up to string float at 6,287. Secure location & SDON. Turn over to nightwatch. Recovered 233 bbls since starting flowback. Total load to recover: 910 bbls.

5/23/08 Found well w/ SICP: 850 psi. Bleed off pressure to flowback tank. TIH and tag up on sand at 6,509'. Break circulation w/ air/mist (1,100 scfm, 7 bwph & 1 gal of soap/hr). Clean out sand/fill down to CIBP at 6,610' KB. Pump 5 bbl soap sweeps and blow hole for 2 hrs from 6,610'. Cut mist and dry up hole. SD air & pull up to string float at 6,287'. Let well flow naturally for 1 hr. TIH to CIBP – no fill. TOH and lay down bit and bit sub. Install expendable check and "standard" seating nipple on bottom of 200 jts (6469.66') of 2-3/8", 4.7#, J-55, EUE tubing. Land tubing in well head. Bottom of tubing at 6,483' KB. ND BOP & NU WH. Pump 5 bbls of water down tubing, drop "pump out" ball and chase w/ air. Blow out check at ~ 1,200 psi. Blow hole for 1 hr. RD rig and air package. Rack all equipment. MOL. ***Final Report.***