

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires: January 31, 2004

**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.**

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**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. 1-149-IND-9108
2. Name of Operator MERRION OIL & GAS CORPORATION		6. If Indian, Allottee or Tribe Name
3a. Address 610 REILLY AVENUE, FARMINGTON, NM 87401	3b. Phone No. (include area code) (505) 327-9801	7. If Unit or CA/Agreement, Name and/or No. NM
4. Location of Well (Footage, Sec., T, R., M., or Survey Description) 1654' FSL & 815' FWL (NW SW) SECTION 3, T26N, R11W		8. Well Name and No. NAVAJO No. 1R
		9. API Well No. 30-045-31373
		10. Field and Pool, or Exploratory Area WEST KUTZ PICTURED CLIFFS
		11. County or Parish, State SAN JUAN, NEW MEXICO

**12. CHECK 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 <b>COMPLETION</b>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<b>REPORT</b>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

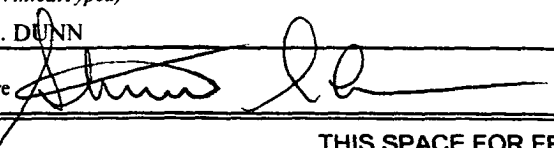
3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths 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 shall 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 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

10/7/03 Rigged up Tefteller Slickline. RIH with temperature survey. Found cement top at 383'. RD Tefteller. Left well SI. WO Completion.

10/27/03 to 10/30/03 Setting surface equipment.

11/5/03 ND and remove wellhead and flow lines. Install 4-1/2" frac valve. RU Blue Jet and RIH with 3-1/8" casing gun and perforate the Pictured Cliffs at the following depths: 1769'-1777' and 1786'-1790' (3 SPF - total of 36 holes - EHD: 0.34"). RD Blue Jet. Shut well in. Frac scheduled for 11/6/03. Note: Set frac tanks and filled with 2% KCl city water.

\*\*\* CONTINUED OTHER SIDE \*\*\*

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) STEVEN S. DUNN		Title DRILLING & PRODUCTION MANAGER
Signature 		Date NOVEMBER 19, 2003
THIS SPACE FOR FEDERAL OR STATE OFFICE USE		
Approved by (Signature) _____ 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.		Name (Printed/Typed) Office DEC 01 2003 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.

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- 11/6/03** RU BJ Services, pressure test pumps and lines to 6,000#. Spearhead 250 gals of 15% HCl prior to frac, pumped acid away at 4 BPM saw break at 2350 psi. Continued straight into pad. Pumped 7500 gals 20# x-link gel pad in 70Q foam. Frac well with 59,180# of 20/40 Brady sand and 3160# of Flex Sand in 20# x-link Borate gel in 70Q foam. Pumped sand in 1, 2, 3, & 4 ppg stages (Flex Sand pumped at tail end of 4-ppg stage by mixing in 12% of volume with 20/40 Brady sand). AIR: 39.1 BPM, MIR: 40 BPM, ATP: 2546#, MTP: 3230#. Job complete @ 12:50 hrs on 11/6/03. ISIP: 1290#, 5 mins: 1137#, 10 mins: 1123#, 15 mins: 1121#. Total fluid pumped 234 bbls. Total nitrogen pumped 295,600 scf. Opened well thru 1/4" choke to pit at 14:00 hrs on 11/6/03. Well flowing back nitrogen/foam. Secure location & left well open to pit. WO rig.
- 11/17/03** MIRU JC Well Service on 11/17/03. Found well flowing gas and water out 1/4" choke. Remove choke and let well bleed down to a vent. Remove frac valve and install well head. Spot tubing trailer and tally tubing. PU bailer TIH on 2-3/8" tubing. Note: tongs broke – very slow going. Tag up on fill at 1897' (5' from PBTD). Clean out 5' of fill down to PBTD at 1902'. Pull up above perfs and SWI. Secure location and SDON.
- 11/18/03** Found well with a shut in pressure of 210 psi. Bleed off pressure and finish TOH. TIH with 59 joints of 2-3/8", 4.7#, EUE tubing with seating nipple on top of bottom joint. Bottom of tubing landed at 1837' KB, seating nipple at 1805' KB. Landed tubing in wellhead with donut. NU tubing head and flow lines. RIH with 2" x 1-1/4" x 12' RHAC pump on 71 each 3/4" plain rods and 2 each 8' & 1 each 6' pony subs. Install polish rod and stuffing box. Seat and space out pump. NU horse head and bridle. Load tubing with water and start pumping unit. Start pumping unit and check pump action, pumping OK. RDMOL. Left well pumping to pit. Turn over to production.