Form 3160-5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
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 reverse side.

5. Lease Serial No.
NMSF079086

6. If Indian, Allottee or Tribe Name

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

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

8. Well Name and No.
CANADA MESA 1E

2. Name of Operator
MERRION OIL & GAS CORP
Contact: PHILANA P THOMPSON
E-Mail: pthompson@merrion.bz

9. API Well No.
30-039-22118-00-C1

3a. Address
610 REILLY AVE
FARMINGTON, NM 87401-2634

3b. Phone No. (include area code)
Ph: 505-324-5336
Fx: 505-324-5350

10. Field and Pool, or Exploratory
DEVILS FORK GALLUP

4. Location of Well *(Footage, Sec., T., R., M., or Survey Description)*
Sec 24 T24N R6W NENW 1060FNL 1840FWL
36.30273 N Lat, 107.42218 W Lon

11. County or Parish, and State
RIO ARRIBA COUNTY, NM

12. CHECK 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
☒ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☒ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
	☐ 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 shall 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 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.)

See attached report for work performed.

RCVD JUN 12 '09

OIL CONS. DIV.

DIST. 3

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #70681 verified by the BLM Well Information System
For MERRION OIL & GAS CORP, sent to the Farmington
Committed to AFMSS for processing by STEVE MASON on 06/09/2009 (09HAP0875S)

Name *(Printed/Typed)* PHILANA P THOMPSON — Title REGULATORY COMPLIANCE SPEC

Signature (Electronic Submission) — Date 06/09/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By ACCEPTED — STEPHEN MASON
Title PETROLEUM ENGINEER — Date 06/09/2009

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

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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

NMOCD

April 28, 2009

Work Detail: Road rig to location from Farmington on 4/27/09. MIRU Hurricane Rig #6 on 4/27/09, found well with 20 psi on casing and 0 psi on tubing. Shut down pump jack, ND horse head and bridle. Un-seat pump lay down polish rod and stuffing box. TOH with rod string and pump. ND WH and NU BOP. Un-seat donut and TOH with 201 joints of 2-3/8" tubing, seating nipple and cut off tail joint. PU 4-1/2" RBP, TIH set RBP at 5307'KB. LD 1joint and rigged up swabbing tools. Initial fluid level is at surface. Made 2 swab runs and recovered 8 bbls of fluid, 2 bbls of which was oil. Fluid level on 2nd run was at ~300'. SWI, secure location & SDON. (RMcQuitty)

April 29, 2009

Work Detail: Initial fluid level was at 200', made 20 swab runs and recovered 92 bbls of fluid. Fluid level remained at 1100' for the last 7 runs. TOOH with retrieving head, picked up a 4-1/2" tension packer (Weatherford) and TIH to 1458'KB. Loaded hole and set packer, pressure test below packer to 500 psi then 1000 psi - held 5 mins - good test. Pull up hole to 1011' KB, loaded hole and set packer test below packer to 500 psi then 1000 psi - held 5 mins - good test. Pull up hole to 946', load hole and set packer, pressure up to 500 psi and pressure bled to 450 psi in 1 minute. Increase pressure to 1000 psi, fell to 750 psi in 30 seconds, fell to 700 psi in an additional 30 seconds and began to fall 50 psi per minute. Tested backside to 760 psi - held steady. TOH with packer, pick up seating nipple and TIH on 37 joints of tubing. Started to displace oil from well while TIH. RU pump and reverse circulate out oil. Running out of daylight. SWI, secure location & SDON. (RMcQuitty)

April 30, 2009

Work Detail: Set and lined a metal trough near wellhead to catch overflow. Continue TIH with 45 joints of tail pipe, 4-1/2" tension packer and 44 joints of 2-3/8" tubing. Set packer at 1426' KB with EOT @ 2881'. Made 9 swab runs and recovered 19.5 bbls of fluid, last fluid level was at 2750' and did not recover fluid. Hesitated 1 hour and TIH with swab tools, tagged fluid level at 2750', no fluid entry, did not recover fluid. TOH with packer and tail pipe, picked up a 4-1/2" RBP and TIH on 37 joints of 2-3/8" tubing set RBP at 1200' KB. TOOH, LD retrieving head and picked up a tension set packer, TIH on 29 joints and set packer at 947' KB. RU swab tools and made 8 swab runs, recovered 11 bbls of fluid and fluid level varied between 400'-600' fluid entry approx. 4 bbls per hour. RU pump, loaded tbg with 1.5 bbls of water, established injection rate of 1000 psi @ ~1.25 BPM. SWI, secure location & SDON. Halliburton scheduled to squeeze 4/30/09. (RMcQuitty)

May 1, 2009

Work Detail: Packer set at 947' on 2-3/8" tubing. RU Halliburton, pressure test casing 947'-surface to 2500 psi, good test. Bled pressure down to 500 psi and shut in. RU to tbg est. inj. rate of 2.0 bpm @ 1645 psi. Pumped 750 gals of 15% HCl acid had a small break when acid hit holes 1645 psi -1436 psi @ 2.0 bpm. Displaced acid with 5 bbls of water, 2.0 bpm @ 1465 psi, ISIP 350 psi and tbg went on vacuum after approx. 1 min. Bled off casing & unset packer, dumped 100# of sand on top of RBP at 1200' KB. TOH with packer, RU to casing loaded casing with 3 bbls of water and est. inj. rate of 2.6 bpm @ 1790 psi. Mixed and pumped 305 sxs (359.9 cu.ft.) of type V neat cement followed by 60 sxs (70.8 cu.ft.) of Type V neat with 2% $CaCl^2$, AIR 1.7 bpm; ATP 1950 psi. Displaced with 6 bbls of water at 1.0 bpm @1210 psi, shut down and hesitated 3 mins, psi fell to 479 psi. Pumped 4

bbls of water (10 bbls total) at 1.0 bpm @ 1577 psi. Shut down and hesitate 10 mins, psi fell to 685 psi. Began pumping and pressure climbed to 2400 psi, shut down and pressure immediately fell to 880 psi, pumped 3 bbls of water (13 bbls total) and shut down, hesitated 15 mins, psi fell to 870 psi. Increased pressure to 2[illegible] psi with 1 bbl of water shut down pressure bleeding off slowly to 1700 psi. Increased pressure to 2000 psi and holding. Bled off slowly, washed out BOPs, increased psi to 2000 psi, shut in well, secure location and SDON. (RMcQuitty)

May 2, 2009

Work Detail: SICP 600 psi upon arrival. Picked up a 3-7/8" tri-cone bit, bit sub, 6 ea 3-1/8" DCs, X/O on 2-3/8" tubing and TIH. Tagged cement at 783' KB. PU power swivel and drilled out cement, fell thru cement at ~971' KB, circulated well clean. Shut in casing and pressure tested to 500 psi, bled off at 40 psi per min. Increase pressure to 1000 psi, bled off at 65 psi per min. TIH with 4 jts of tubing, RU swab tools made 8 swab runs and recovered 8.5 bbls of fluid, fluid level remained at ~750' on last 2 runs but could not recover fluid, unable to verify fluid entry. TOH with 2-3/8" tbg and BHA, PU 4-1/2" tension packer, TIH and set at 980' KB, test below to 1000 psi, good test. Pull up hole to 945' KB, test to 1000 psi, good test (squeeze held). RU to backside and test to 1000 psi, bled off at 75 psi per min. Test up hole in 65' intervals, final test was at 748' KB, tested to 1000 psi below packer, good test, tested backside to 1000 psi, pressure dropped at 140 psi per minute. Unset packer, running out of daylight. Shut in well, secure location and SD for weekend. (RMcQuitty)

May 5, 2009

Work Detail: Set packer at 618' KB, tested below to 1000 psi, good test. Set packer at 487' KB, test below to 1020 psi, good test, shut in tbg with 1020 psi, pressure test backside to 600 psi, bled to 0 psi in 9 mins, tbg remained at 1020 psi. PUH to 110' KB, set packer, test below to 1000 psi, good test, shut in tbg with 1000 psi, test backside to 500 psi, bled to 80 psi in 9 mins (100 psi to 80 psi last 3 mins.), tbg remained at 1000 psi, possible surface equipment leak that is not visible. Unset packer and TIH to 1011' KB. RU swab tools. Made 8 swab runs and recovered 9 bbls of fluid, last fluid level was approx. 50' above seating nipple. Hesitate 45 mins and TIH with swab tools, no fluid entry. TOOH & LD packer. PU retrieving head and TIH. Circulated sand off of RBP at 1200' KB, retrieve and TOH with RBP. PU retrieving head and TIH with 163 jts of tbg, circulated on top of RBP at 5303' KB, release from RBP, LD 1 joint and RU swab tools. Made 8 swab runs and recovered 25.5 bbls of fluid, last fluid level was at ~1750'. Approx. 40 bbls of fluids remain to evacuate casing above RBP. Running out of daylight. Shut in well, secure location and SDON. (RMcQuitty)

May 6, 2009

Work Detail: Pressures: Casing/Tubing0 psi upon arrival. TIH with swab tools, initial fluid level was at 2600', made 9 swab runs and recovered 35 bbls of fluid, last fluid level was at 4800'. Picked up 1 joint of tbg and retrieved RBP, TOOH with RBP. LDDCs from derrick. PU a 15' mule shoed mud anchor with weep hole, SN and TIH with 201 jts (6534.81') of 2-3/8", 4.7#, J-55, EUE 8rd original tubing, landed tubing on mandrel as before at 6562.91' KB, SN is at 6546.81' KB. ND BOP & NU wellhead. RU swab tools. Initial fluid level was at 2400', made 11 swab runs and recovered 40 bbls of water (brown tint first 4 runs then turned to clear/gray tint). 8th run fluid level had dropped to 3970', 9th run fluid level returned to 3570', 10th run fluid level 3600' and 11th run fluid level 3620'.

Fluid inflow of approx. 7 bbls per hour. Running out of daylight. Shut in well, secure location and SDON. (RMcQuitty)

May 7, 2009

Work Detail: Pressures: SICP 20 psi, SITP 0 psi upon arrival. TIH with swab tools, initial fluid level was at 2850' (well made ~11 bbls overnight). Made 16 swab runs and recovered ~~63 bbls~~ of fluid, last fluid level was at 3420'. Fluid inflow of approx. 7-8bbls ~~per hour~~. ND wellhead, NU BOP, TOOH with 201 jts of tbg, SN & MA. PU 4-1/2" compression set packer (Weatherford) with seating nipple on top and TIH on 163 jts of 2-3/8" tbg. Set packer in compression at 5306' KB. RU swab tools, initial fluid level was at 3150'. Made 2 swab runs, recovered 8 bbls of fluid, final fluid level was at 3570'. Running out of daylight. Shut in well, secure location and SDON. (RMcQuitty)

May 8, 2009

Work Detail: Pressures: SITP 25 psi, SICP 0 psi upon arrival. TIH with swab tools, initial fluid level was at 2850' (well made ~3 bbls overnight). Made 11 swab runs and recovered 48.8 bbls of fluid, fluid level 3770'. Fluid inflow of approx. 8 bbls/hr, noticed casing had slight vac then slight vent. Loaded casing with ~28 bbls of water, pressure test csg/packer to 500 psi, bled to 480 psi in 1 min. Bled pressure to 0 psi and monitor csg during swab runs. Made 4 swab runs (15 total) and csg remained static. Shut in csg. During 16th run, opened csg with 10 psi and built to 25 psi after run, on 17th run csg built from 25 psi to 36 psi, fell back to 34 psi after approx. 5 mins. Unset packer and pulled up hole 2 stands, reset packer at 5177' KB. Made 5 more swab runs and csg had slight vac then slight blow (more blow). Dropped standing valve and tested tbg to 1500 psi, good test, retrieved standing valve. Made 22 swab runs total and recovered ~95 bbls of fluid. Tbg showed signs of gas after each run and had heavy oil skim on pit. Ran out of daylight. Shut in well, secure location and SDON.
(RMcQuitty)

May 9, 2009

Work Detail: Pressures: SITP vacuum, SICP slight vacuum upon arrival. TIH with swab tools, initial fluid level was at 2850'. Made 5 swab runs and recovered 23.2 bbls of fluid, fluid level 4120'. Casing had consistent light vent while swabbing, then would increase slightly as fluid came to surface and would remain static while going in for next swab run. LD swab tools. Adjust drum brakes on rig. Unset packer and TOH, PU a 15' mule shoed mud anchor with weep hole, SN and TIH with 201 jts (6532.74') of 2-3/8", 4.7#, J-55, EUE 8rd tubing, replaced 1 jt of tubing due to bad starting thread. Landed tubing on mandrel at 6564.98' KB, SN is at 6548.88' KB. ND BOP & NU wellhead. RU swab tools. Initial fluid level 2650', made 5 runs and recovered 21.6 bbls of water. Picked up a 2" x 1-1/4" x 8' x 12' RHAC pump and TIH on original rod string. Loaded tbg with ~9 bbls of water and tested tbg/pump to 500 psi, good test. Bled off pressure and installed gauge in tbg, long stroked pump to 600 psi with rig, good pump action. Spaced out pump and hung off rods, started PJ on propane and left well pumping directly to production tank. Tank gauge at 17:30 hrs is at 8'9" and water KolorKut at 1'3". Plan to rig down on 5/11/09 after verifying well still pumping. Secure location and SD for weekend. (RMcQuitty)

May 12, 2009

Work Detail: SICP 130 psi and well pumping upon arrival. Tank gauge at 07:30 hrs 10'7" and M&R reported to pull 140 bbls of water over weekend. Shut in tbg and pressure increased to 165 psi after 8 pump strokes, good pump action. RDMOL Hurricane #6. Lease Operator notified. Fin

(per P.J: Closed loop verbal apvl 2/18/09)
RR 5/12/09