Distribution: O+4 (BLM); 1-Accounting; 1-Land; 1-File UNITED STATES Form 3160-5 FORM APPROVED (June 1990) DEPARTMENT OF THE INTERIOR Budget Bureau No. 1004-0135 Expires: March 31, 1993 BUREAU OF LAND MANAGEMENT Lease Designation and Serial No. SUNDRY NOTICES AND REPORTS ON WELLS SF-080238A Do not use this form for proposals to drill or to deepen or reentry to a different reservoir. If Indian, Allottee or Tribe Name Use "APPLICATION FOR PERMIT--" for such proposal 7. If Unit or CA, Agreement Designation APR 2000 SUBMIT IN TRIPLICATE Type of Well OILOOM DIV Oil Gas X Well Well DIE1.3 Name of Operator Morgan No. 7 (23738) Merrion Oil & Gas Corporation (14634)API Well No. 30-045-29972 Address and Telephone No. 610 Reilly Avenue, Farmington, NM 87401-2634 (505) 327-9801 10. Field and Pool, or Exploratory Area Location of Well (Footage, Sec., T., R., M., or Survey Description) WAW Fruitland Sand P.C. 11. County or Parish, State 1585' fsl & 1670' fel (nwse) Section 31, T27N, R12W San Juan County, New Mexico CHECK APPROPRIATE BOX (s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA 12. TYPE OF SUBMISSION TYPE OF ACTION Notice of Intent Abandonment Change of Plans Recompletion New Construction Subsequent Report Plugging Back Non-Routine Fracturing Casing Repair Water Shut-Off Altering Casing Final Abandonment Notice Conversion to Injection Other Perf, Frac & Tbg Rpt Dispose Water (Note: Report results of multiple completion on Completion or Recompletion Report and Log form.) Describe Proposed or completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)* RU Black Warrior. Tag PBTD @ 1287'. Perforated 1210'-1230' at 4 spf. RD Black Warrior. Feb. 18, 2000 RU American Energy Service 2/25/00. Pressure test pumps and lines to 4500#. Pumped 500 gals of 15% HCl, saw break at Feb. 25, 2000 1250# while pumping 1.0 BPM. Increased fluid rate and brought nitrogen on line and start pad. Pumped 12,000 gal 70Q foam pad. Frac well with 80,780# of 20/40 Brady sand in 20# liner gel and 70Q foam. Pumped sand in 1,2,3 and 4 ppg (BH conc.) stages. AIR 30 bpm, MIR 30 bpm, ATP 1000#, MTP 1250#. Job complete at 1830 hrs 2/25/00. ISIP 920#. Total fluid pumped 300 bbls. Total nitrogen pumped 194,490 scf. RD American Energy Services. Opened well thru 1/4" choke to pit at 1930 hrs 2/25/00. Well making foam and sand. Secure location and let well flow back overnight. Wo Rig. March 3, 2000 MIRU JC Well Service on 3/3/00. PU and TIH (tally) with 2-3/8" tbg. Tag on sand at 780' KB. PU pumps, lines and circulate out sand/fill to PBTD (1292'). Pull up to 1200' and shut down for 30 mins. TIH, no fill. Pull up and land tubing at 1212' KB. RUTS. Made 17 runs and recovered approx. 25 bbls of fluid. Fluid level stabilized at 900#. Made last 10 runs with casing open to atmosphere. Tubing starting to vent lightly after 16th and 17th run. Shut casing in and left tubing open to pit. *** CONTINUED OTHER SIDE *** I hereby certify that the foregoing Title Drlg & Prod Manager even S. Dunn space for Federal or State office use) MAR 2 8 2000 Title Approved By Conditions of approval, if any: FARMINGTON FIELD OFFICE Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudeent statements or representations as to any matter within its jurisdiction.

NHOCD

Shut down for weekend.

March 4-5, 2000

March 6, 2000

Found casing with 15 psi and tubing 0 psi. Initial fluid level was approx. 700'. After 10 runs fluid level stabilized at 800'. Opened casing to atmosphere and made 5 more runs. Swab started sticking on sand. Shut casing in and switched to undersized cups. Continued swabbing. Made 68 more runs, fluid level stayed at 800'. Casing pressure built up to 105#. Fluid starting to clear up and become gas cut. Recovered approx. 140 bbls of fluid. Left tubing open and casing shut in.

March 7, 2000

Found casing with 110 psi and tubing 0 psi. ND WH and PU additional tubing to check for fill. Tagged up at 1227' to 1292' PBTD. TOH and clean out bailer and tubing, recovered frac sand. TIH with tail joint, seating nipple and 36 joints of 2-3/8", EUE tubing. Landed bottom of tubing at 1215' frac sand. TIH with 2" x 1-1/4" x 12' RHAC pump on 46 each 3", plain rods, I each 8' pony and I each 6' look. Space out pump and clamp off. RDMOL.