

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT--" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

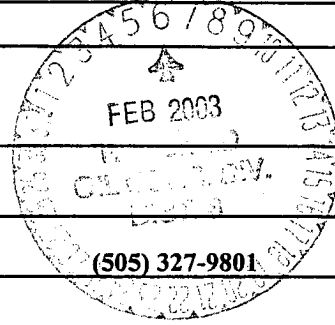
Merrion Oil & Gas Corporation (14634)

3. Address and Telephone No.

610 Reilly Avenue, Farmington, NM 87401-2634

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

**790' fsl & 1850' fel (sw se)
Section 9, T24N, R6W**



5. Lease Designation and Serial No.

SF-078877

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Canyon Largo Unit 126

9. API Well No.

30-039-05537

10. Field and Pool, or Exploratory Area

Devils Fork Gallup

11. County or Parish, State

**Rio Arriba County,
New Mexico**

12. CHECK APPROPRIATE BOX (s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Continue TA Status</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Completion or Recompletion Report and Log form.)

13. 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.)*

Merrion Oil and Gas proposes to continue the Temporary Abandonment status of this well. This well is in an area that will be beneficial for use in the planned waterflood project for the Canyon Largo Unit. The letter from George Sharpe, dated August 23, 2000, summarizing the waterflood plan is attached. A copy of the most recent mechanical integrity test is also attached.

*TA DATE
FEB 2003
AS OF 6-04-2002*

THIS APPROVAL EXPIRES JAN - 1 2004

14. I hereby certify that the foregoing is true and correct

Signed *[Signature]* Title Production Engineer Date 1/27/03
Connie S. Dimping

(This space for Federal or State office use)

Approved By Original Signed: Stephen Mason Title _____ Date 2/5/03
Conditions of approval, if any:

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 fraudulent statements or representations as to any matter within its jurisdiction.

NMOCGD

Distribution: O+4 (BLM); 1-Account, 1-Land; 1-File

Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT--" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
Merrion Oil & Gas Corporation (14634)

3. Address and Telephone No.
610 Reilly Avenue, Farmington, NM 87401-2634 (505) 327-9801

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
**790' fnl & 1850' fel (sw se)
 Section 9, T24N, R6W**

5. Lease Designation and Serial No.
SF-078877

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement Designation
Canyon Largo Unit

8. Well Name and No.
CLU No. 126

9. API Well No.
30-039-05537

10. Field and Pool, or Exploratory Area
Devils Fork Gallup

11. County or Parish, State
**Rio Arriba County,
 New Mexico**

12. CHECK APPROPRIATE BOX (s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment (Temporary)
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Mechanical Integrity Test</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion or Completion or Recompletion Report and Log form.)

13. 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.)

A mechanical integrity test was performed on subject well on 6/4/02. The test was witnessed by a representative from the NMOCD. The BLM was notified of the test but no one from the BLM was present. The test results and a copy of the pressure chart are attached. The test was successful.

RECEIVED
JUN 12 PM 2:40
FARMINGTON FIELD OFFICE

27

14. I hereby certify that the foregoing is true and correct

Signed Connie S. Dinning Title Engineer Date 6/10/02

(This space for Federal or State office use)

Approved By _____ Title _____

Conditions of approval, if any: _____

ACCEPTED FOR RECORD
JUN 26 2002
FARMINGTON FIELD OFFICE
 BY JPS
OPERATOR



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
 AETEC DISTRICT OFFICE
 1000 RUC BRAZOS ROAD
 AETEC NM 87410
 (805) 334-6179 FAX: (800) 334-6170
<http://emnr.dnr.state.nm.us/oil/District/IVS616161.htm>

MECHANICAL INTEGRITY TEST REPORT

(TA) or ~~(SIS)~~

Date of Test 6/4/2002 Operator Merrion O+G Corp. API # 30-039-05537

Property Name Canyon Largo Unit Well # 126 Location: Unit 0 Sec 9 Twn 24 Rge 6

Land Type:

State _____
 Federal
 Private _____
 Indian _____

Well Type:

Water Injection _____
 Salt Water Disposal _____
 Gas Injection _____
 Producing Oil/Gas _____
 Pressure observation _____

Temporarily Abandoned Well (Y/N): Yes

TA Expires: _____

Casing Pres. _____
 Bradenhead Pres. _____
 Tubing Pres. _____
 Int. Casing Pres. _____

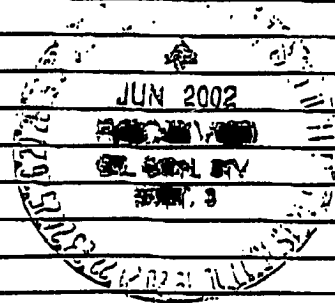
Tbg. SI Pres. _____
 Tbg. Inj. Pres. _____

Max. Inj. Pres. _____

Pressured annulus up to 590 psi. for 30 mins. Test passed failed

REMARKS:

pressure dropped to 570



By [Signature]
 (Operator Representative)

Witness [Signature]
 (NMOCD)

(Position)

REVISED 11-17-98

TEJAS

Instruments, Inc.

METER NUMBER

61422

TUBE & COUP. SIZE

TIME PUT ON

1:10 P.

DATE PUT ON

11

TIME TAKEN OFF

1:40 P.

DATE TAKEN OFF

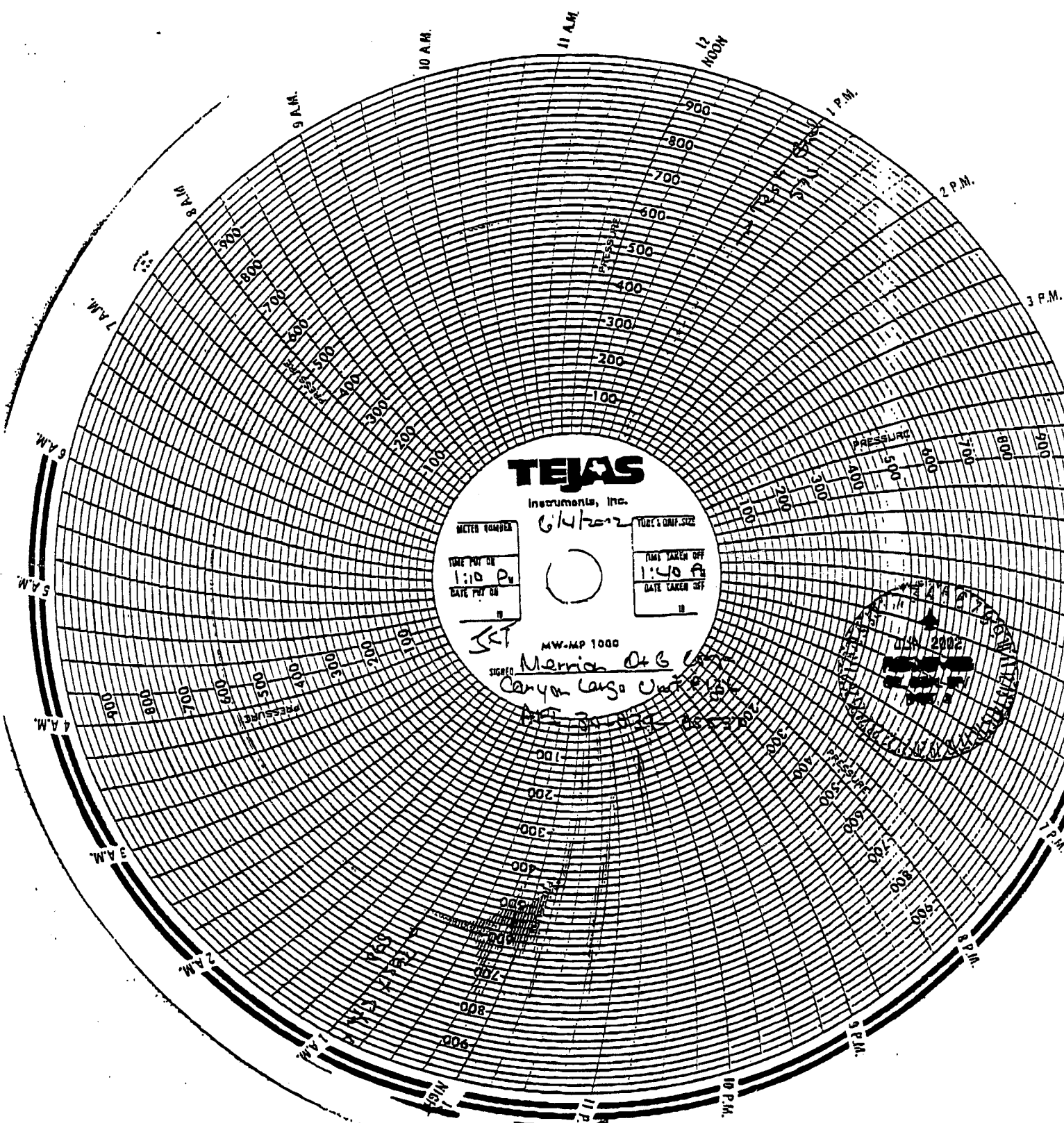
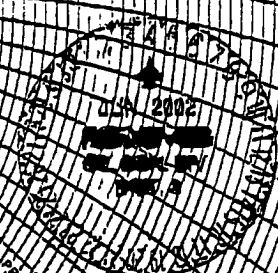
11

MW-MP 1000

Meridian O & G Co.

Canyon Largo Unit

NO. 3-1522-2500



MERRION

OIL & GAS

August 23, 2000

Mr. Richard Dembowski
Bureau of Land Management
1235 La Plaza Highway
Farmington, NM 87401

RE: ~~T&A Well Status~~
CLU 10. 126, 313, 356
Rio Arriba County, New Mexico

Dear Mr. Dembowski:

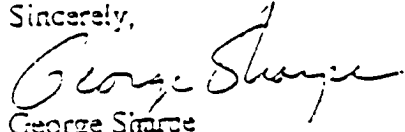
In followup to your letter dated July 12, 2000 and our subsequent meeting on August 23, 2000, this letter discusses Merrion's plans for using the subject (and other) wells in the Canyon Largo Unit Gallup PA for a waterflood. Specifically, Merrion requests that the subject wells (and other wells in the future, if necessary) be allowed to remain temporarily abandoned (or shut in if that is the case) for the near future. The following arguments are presented to support our request.

1. Enclosed is a report of a reservoir simulation study performed to evaluate the potential for a waterflood in the Canyon Largo Unit Gallup Formation. The report indicates that a waterflood is technically feasible, but economically marginal at the \$18 oil price assumed in the economics. While oil prices are currently well above \$18/bbl, the futures strip shows prices returning to near that level within two years. Merrion must have confidence that prices will be sustained above \$25/bbl before we would implement a waterflood pilot.
2. The waterflood will be extremely capital intensive and will require the use of all existing wellbores combined with additional infill drilling. Even at higher prices, we may not be able to justify the waterflood if we don't have the existing wellbores to use.
3. Again, the waterflood will require infilling the field on 80 acre or perhaps 40 acre spacing. Because of the current Resource Management Plan review (RMP), we couldn't do the waterflood right now anyway, even if we wanted to.
4. If the existing wells are allowed to be left in place, that would leave their surface locations available if needed during the RMP review period to be used to drill to other formations.
5. While Merrion is not ready to implement a waterflood now, or even in the next two years, we think the time will come in the next ten years to install that flood. That, however, may never happen if we are forced to plug out the existing wells. Therefore, the long-term interests of the mineral owners (which is mostly Federal in the Unit) are best served by not forcing Merrion to abandon these locations.

Below is a list of wells in the Canyon Largo Unit Gallup P.A. that ultimately may be used in the waterflood. We request that, should any of these existing producing wells require it, they be given similar consideration as the four subject wells.

Please call me with any questions at 505-325-9801 ext. 114. Thank you for your consideration.

Sincerely,



George Sarge
Manager, Oil & Gas Investments

File:invest\g2\2000\correspondence\gls to letter

POTENTIAL WELLS FOR GALLUP WATERFLOOD
CANYON LARGO UNIT

CLU #s 89, 128, 119, 126, 130R, 131R, 300, 301, 302, 303, 304, 305, 306, 307, 308, 310, 311, 313, 314, 315, 316, 317, 319, 321, 324, 326, 327, 328, 331, 332, 333, 335, 337, 338, 339, 340, 341, 342, 343, 344, 345, 356, 357, 358, 359, 393.