

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 May 27, 2004

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-045-09393
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name CHARLES HUTTON COM
8. Well Number 01
9. OGRID Number 014634
10. Pool name or Wildcat Basin Dakota

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK OR DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
Merrion Oil & Gas Corporation

3. Address of Operator
610 Reilly Avenue, Farmington, NM 87401

4. Well Location
 Unit Letter A : 1030 feet from the North line and 1185 feet from the East line
 Section 23 Township 30N Range 12W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
5512' GR

Pit or Below-grade Tank Application or Closure
 Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____
 Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		Repair Casing	
		OTHER: <input checked="" type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

6/28/04 MIRU Professional Well Service Rig #2 ON 6/28/04 (rig got lost going to location). Blow well down to tank. Wait on pump and pit. Called for new anchor (existing anchor was at bad angle). Found anchor with metal detector. Finish rigging up. Spot pump/pit. Fill pit with produced water. ND WH and NU BOP. Trouble getting pump to start. SWI, secure location & SDON.

6/29/04 Found well with 650# on casing and 350# on tubing. Spot flow back tank and RU flow back lines. Blow well down to tank. RU pump and lines. Kill with 30 bbls of produced water. Install 6' pup joint in donut and work tubing trying to release packer. After ~20 mins, finally got packer to release. TOH with 204 joints of 2-3/8" tubing and Halliburton PLS packer (160 joints above packer and 44 joints below packer). PU casing scraper and TIH. Tag fill at 6444'. Pull up to 1248'. Shut pipe rams. SWI, secure location & SDON.

6/30/04 Blow well down to tank. Finish TOH with casing scraper. Note: found 2 joints with holes. PU Weatherford RBP and RCP, TIH and set RBP at 6147' KB. RU pump and lines and load hole with produced water. Circulated out "black" water, pull up and set packer at 6117' KB. Attempt to pressure test RBP, discovered spool on BOP leaking. Dropped standing valve and attempt to pressure test tubing, would not test. TOH found 2 more joints with holes, recovered standing valve and continue TOH. ND BOP and replace spool. PU tension packer, TIH and set packer at 3644' and pressure test casing - held 1000 psi OK. Release packer and attempt to test casing at 3703' and 3765' but kept flowing out tubing. Suspect another hole developed in tubing. Overall tubing in very poor condition. Release packer and SWI, secure location and SDON. Plan to lay down tubing string in AM and replace with yellow band tubing in Merrion's stock at Tuboscope.

*** CONTINUED OTHER SIDE ***

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit or an (attached) alternative OCD-approved plan .

SIGNATURE Steven S. Dunn TITLE Drilling & Production Manager DATE July 26, 2004

Type or print name STEVEN S. DUNN E-mail address: sdunn@merrion.bz Telephone No. 505-324-5300

For State Use Only

APPROVED BY: Charles Hutton TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #2 DATE JUL 29 2004

Conditions of Approval (if any):

7/1/04 Blow well down to tank. Spot tubing trailer. TOH, laying down tubing. Sent tubing to Tuboscope for inspection. Hauled in 192 joints of 2-3/8", yellow band tubing from Tuboscope (Merrion stock). Remove protectors and tally. PU tension packer and TIH. Found casing holding OK from 3660' to surface. Worked packer down to 3902', testing casing. Casing communicating around packer. Release packer SWI, secure location and SDON. Will continue testing casing in the morning.

7/2/04 TIH with packer and isolate holes in casing from 3660'-4010'. TOH LD tension packer. PU BP and packer, RIH. Made multiple settings and found holes in the following intervals: 3648'-3678', 3741'-3869' and 3933'-3998. TOH LD BP and packer. Dump 2 sxs of sand (for BP at 6147'). TIH (open ended) to 3998'. Spot 75 sxs (89 cu.ft.) of Class "B" cement in a balanced plug. Pull up to 2996' and reverse out 1/2 bbl of cement. Pull up to 2766' and shut blind rams. Squeeze 9.25 bbls of cement into holes. Max pressure was 1350 psi. Hesitate last 1.5 bbl in 1/2 bbl increments at 15 mins intervals. Shut well in. Secure location and shut down for 3 day holiday.

7/6/04 Found well with tubing and casing dead. TOH with tubing. ND BOP and change out spool. PU bit, 6 each 3-1/8" drill collars and TIH on 2-3/8" tubing. Tag up on cement at 3574'. PU power swivel, RU pump and lines. Break circulation and start drilling cement. Drilling going very slow, power swivel leaking badly and rotating very slow (call for replacement power swivel). New swivel did not leak but rotated even slower! Mechanic thinks rig hydraulic system will not allow power swivel to work properly. Plan to have Professional Well Service rent a power swivel with hydraulic unit in the morning. Drilled to 3648' for the day. Circulated hole clean and pull up 60'. SWI, secure location and SDON.

7/7/04 Continue drilling cement. RU hydraulic pack (rig hydraulic pump too small). Continue drilling out cement. Drilled thru cement at 4052'. Continue TIH drilling out stringers until casing was clear (TIH to 4245'). Circulate hole clean. Hang back power swivel and install valve on top of tubing. Shut pipe rams and pressure test casing. Tested to 500 psi. Very slow leak, ~50 psi in 15 min. SWI, secure location and SDON.

7/8/04 Found well on slight vacuum. TOH (stand back drill collars) & lay down bit & bit sub. TIH w/ retrieving head. Finish tally and PU new tubing. RU pump and lines and circulate retrieving head down on top of RBP. Circulated out sand/cement debris off of RBP at 6147'. Pull up to 6087'. RUTS. Made 9 swab runs and recovered ~42 bbls of fluid. Fluid level down to ~2200'. SWI, secure location and SDON. Will continue swabbing in morning.

7/9/04 Continue swabbing. Found fluid level at 1800' (came up 400' overnight). Made 9 more runs and recovered ~35 bbls of fluid (total of 77 bbls). SD and checked fluid level every 30 mins. Fluid level rising ~100' every 30 min. RD swab equipment. TOH. PU packer and TIH. Found casing leaking throughout same interval (3648' - 3998'). SWI, secure location and SDON. Will re-squeeze in morning.

7/10/04 TOH and lay down packer. TIH (open ended to 3998'). RU Key Pressure Pumping Services. Spot 50 sxs (59 cu.ft.) of Class "B" w/ Fluid Loss Additives in a balanced plug. Pull up to 3307' and reverse out 1/2 bbl of cement. Pull up to 3120' and shut blind rams. Squeeze 4 bbls of cement into holes. Max pressure was 1500 psi. Hesitated last 1.5 bbl in 1/2 bbl increments at 30 - 45 min intervals. SWI holding 1500 psi. Secure location and SD for weekend.

7/12/04 Casing still holding pressure. Release pressure and TOH. TIH w/ 3-7/8" bit, x/o, 6 ea. 3-1/8" DC's and 2-3/8" tubing. Tag fill at 3645'. PU power swivel. RU pump and lines. Break circulation and start drilling out cement. Drilled out cement down to 3738'. Liner broke in pump. SD to repair. Unable to get parts in time to continue working today. Pull up to 3610'. SWI, secure location & SDON. Note: mechanic stayed on location, replacing liner on pump.

7/13/04 Finish pump repairs. TIH and continue drilling out cement. Drilled thru cement @ 4007'. Circulate hole clean. Shut pipe rams and pressure test casing to 1500 psi, lost ~100 psi in 5 min. Hang back power swivel. TOH. PU tension packer and TIH. Isolate holes in casing from 3741' - 3998'. Release packer. SWI, secure location & SDON. Note: plan to re-squeeze in morning.

7/14/04 TOH and lay down packer. TIH (open ended to 3998'). RU Key Pressure Pumping Services. Spot 50 sxs (59 cu.ft.) of Class "B" with Fluid Loss Additives in a balanced plug. Pull up to 3307' and reverse out 1/2 bbl of cement. Pull up to 3120' and shut blind rams. After "squeezing" 1 bbl of cement into casing/holes, cement "locked up". Release pressure and fix small leaks around well head. Pressure back up on squeeze to 1700 psi - holding solid. Planned to squeeze 5.75 bbls of cement into casing. Cement top calculates to be at ~3400'. SWI (holding 1700 psi), secure location and SDON.

7/15/04 Found well with casing still holding pressure. Release pressure and TOH. TIH with 3-7/8" bit, x/o, 6 each 3-1/8" drill collars and 2-3/8" tubing. Tagged fill at 3405'. PU power swivel. RU pump and lines. Break circulation and start drilling out cement. Drilled out cement down to 3618'. Circulate hole clean, pull up to 3558'. SWI, secure location & SDON.

7/16/04 TIH continue drilling cement, drilled thru cement at ~4010' (took all day). Continue in hole to 4070', circulated hole clean. Shut pipe rams and test casing to 500 psi - held OK. SWI, secure location and SD for weekend.

7/19/04 Lay down power swivel. TOH and lay down drill collars and bit. TIH with retrieving head. Wash sand off RBP at 6147'. Pull up to 6087'. RUTS. Made a total of 8 runs and recovered ~45 bbls of fluid. Fluid level down to 3400' (fluid level falling with each run). SWI, secure location & SDON.

7/20/04 RIH with swab - hit fluid level at 3400' (no change over night). Made 3 more runs and swab well down to ~4400'. SD and checked fluid level in 30 min intervals. 1st check: 4300', 2nd check: 4290', 3rd check: 4280', very little to no fluid entry. RD swab equipment. TIH and latch onto RBP, open unloader and let well equalize. TOH and lay down RBP. TIH with bailer. Tag up on fill at 6444'. Clean out down to 6460 and bailer quit working. Pull up to ~6100'. SWI, secure location & SDON.

7/21/04 TIH with bailer and tag up at 6444'. Unable to clean out any deeper. TOH and clean out bailer and tubing. Recovered drilling mud and some sand. TIH with new bailer. Tag up at 6444'. Unable to work past 6444'. TOH. Noticed some rocks (1" - 2" in diameter) stuck in notched collar that was run on bottom. Lay down bailer and PU 3-7/8" bit. TIH with bit to ~3200'. Will clean out with nitrogen in AM. SWI, secure location & SDON.

7/22/04 RU Key Pressure Pumping Services. Unload hole with nitrogen. Continue TIH, PU power swivel and clean out/drill out fill. Clean out down to 6500' KB unable to get any deeper, (PBTD @ 6508' KB). Pump sweep to clean up well. TOH, Lay down bit. PU packer, TIH, set packer at 6327' (below top two perforated intervals). RU Key and pump treatment as follows: 91,000 scf of nitrogen and 1500 gals of water with biocide and surfactants followed by 25,000 scf of nitrogen. Job complete at 18:15 hrs. Max pressure was 3000 psi. RD Key. RU flow lines to flow back tank. Let well flow back to tank. Well made nitrogen with no fluid, after 30 mins very little flow. Left open to tank. M. Waggner will monitor well overnight and SI if necessary. Secure location and SDON.

7/23/04 Found well with pressure on casing (did not gauge) and 0 psi on tubing. Blow down casing, release packer and TOH. TIH with 201 joints of 2-3/8", 4.7#, EUE tubing with seating nipple on top of bottom joint, land tubing in wellhead with donut. Bottom of tubing landed at 6393.29' KB, seating nipple at 6360.40' KB. ND BOP and NU WH. Replaced broken casing valve, will need to have flow line re-manifolded to fit new valve. SWI, turn over to T. Merillatt. Move pump and hydraulic pack for power swivel. Will get pit cleaned out on Monday (full of cement). Secure location and SDON.

7/24/04 RDMOL on 7/24/04 AM. (JT)