

May 27, 2004

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

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

WELL API NO.

30-045-33757

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

REGGAE COM

8. Well Number

001

9. OGRID Number

014634

10. Pool name or Wildcat

BASIN FRUITLAND COAL/KUTZ PC, WEST

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A 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 B : 720 feet from the North line and 1760 feet from the East line
Section 16 Township 26N Range 11W NMPM San Juan County

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

6270'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:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐TEMPORARILY ABANDON ☐ CHANGE PLANS ☐PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐COMMENCE DRILLING OPNS. ☒ P AND A ☐CASING/CEMENT JOB ☒OTHER: ☐

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.

Report grade
8/02/06 MIRU Scorpion Drilling. Spudded 8-3/4" surface hole at 08:00 hrs 8/2/06 with bit #1 (8-3/4", RT). Drill to 128', circulate hole clean and TOH. Ran 3 jts of 7" (122.10'), 20# casing land @ 127' KB. RU Key Pressure Pumping Services. Precede cement with 10 bbls of water. Mix & pump 50 sxs (63 cuft) of Type V with 3% CaCl₂ and 1/4#/sx of celloflake. Displaced cement with 4 bbls of water, circulated out 6 bbls of cement to surface. PD at 12:30 hrs 8/2/06. WOC. NU BOP, choke manifold and related surface equipment. SDON.

Report hole size
8/05/06 TD well at 1775' on 8/5/06. Circulate & condition hole. TOH LDDP & DCs. RU casing crew and run 43 joints (1767.08') of 4-1/2", 11.6#, J-55, LT&C casing land @ 1772' KB. Insert float collar @ 1751' KB. Wash casing down and circulate for 0.5 hrs. RU Key Pressure Pumping Services (KPPS). Precede cement with 10 bbls of water. Mix and pump 180 sxs (370 cu.ft.) of Type "V" with 2% SMS, 3#/sx of gilsonite and 1/4#/sx celloflake. Tail in with 60 sxs (71 cu.ft.) of Type "V" with 3#/sx of gilsonite and 1/4#/sx celloflake. Dropped plug and displaced cement with 27 bbls of water. PD @ 18:00 hrs 8/5/06. Good circulation throughout cement job. Circulated out 20 bbls of cement to surface, bumped plug to 1500# - float held OK. Release pressure, float held OK. RD KPPS. ND BOP and set slips with 10K tension. Rig down rig and related surface equipment. WOCT.

Report PT on next report

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 Drlg & Prod Manager DATE 8/8/06Type or print name Steven S. Dunn E-mail address: sdunn@merrion.bz Telephone No. (505) 324-5300APPROVED BY: H. Villanueva TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #3 DATE AUG 11 2006

Conditions of Approval (if any):