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

Form 3160-5
(September 2001)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
2003 JUL 22 AM 10
070 Farmington NM

FORM APPROVED
OMB No. 1004-0135
Expires January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or 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.
NMSF-078899-A

6. If Indian, Allottee or Tribe Name

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

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

8. Well Name and No.
BLACKROCK C No. 1

2. Name of Operator
MERRION OIL & GAS CORPORATION

9. API Well No.
30-045-05780

3a. Address
610 Reilly Ave., Farmington, NM 87401

3b. Phone No. (*include area code*)
(505) 327-9801

10. Field and Pool, or Exploratory Area
GALLEGOS GALLUP

4. Location of Well (*Footage, Sec., T., R., M., or Survey Description*)
990' FNL & 1650' FWL
SECTION 21, T26N, R11W

11. County or Parish, State
SAN JUAN COUNTY, NM

JUL 2003
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OIL CONS. DIV.
DIST. 3

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 COMMINGLE
	☐ 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 shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final insection.)

6/25/03 Install new anchors. MIRU Professional Well Service Rig #3 on 6/25/03. Spot pump/pit. Spot air equipment and flow back tank. Found well with 210 psi on tubing and 0 psi on casing. RU Phoenix Slickline Services, RIH with 1.906 GR, hit tight spots at 4344'. Worked gauge ring down to 4357'. TOH. RIH with tubing plugs and set at 4342'. RD slickline unit. Load backside with 10 bbls of produced water. Casing pressured up to 300 psi but would not hold. Pumped into casing ¼ bpm at 250 psi. ND WH & NU BOP. RU lines to flow back tank and air package. SDON.

6/26/03 RU BWWC, RIH with tubing punch to ~ 4346' and shoot 2 each (0.29") holes in 2-3/8" tubing. RU Red Man air package and attempt to circulate out water from backside, too much pressure for air package. RU rig pump, lines and break circulation with produced water. Brought air back on line and continued pumping until backside (tbg/casing) annulus was dry. PU pup joint and screw into donut. Work seal assembly free from Model 'D' packer, TOH with 187 joints of 2-3/8" tubing, 5 each tubing subs and 4' seal assembly. PU 5-1/2" casing scraper, RIH to ~4300', TOH with scraper. SDON.

DHC 1131 AZ

CONTINUED OTHER SIDE

14. I hereby certify that the foregoing is true and correct
Name (*Printed/Typed*) Steven S. Dunn
Title Drilling and Production Manager
Signature
Date July 21, 2003

ACCEPTED FOR RECORD
JUL 24 2003
FARMINGTON FIELD OFFICE
BY

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by
Title
Office

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the application holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

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.

(Instructions on reverse)

NMOCD

6/27/03 Finish TOH with scrapper. TIH with RBP set at 5768'. Pull up and load hole with produced water. Shut pipe rams and pressure test casing, did not hold – pumped into at 300 psi at ½ bpm. Dump sand on top of RBP and TOH. PU tension packer, TIH to 2026' set packer and pump down tubing - pressure held OK. Pull up hole and made multiple settings and determined that casing was leaking from 1645'-1457'. Pressure held OK above 1457' and below 1645'. TOH, LD packer. SDON.

6/28/03 TIH with 2-3/8" tubing to 1638'. RU AES. Break circulation with water. Mix and pump 50 sxs (59 cu.ft.) with Class "B" with 2% CaCl2. Spot cement across 1638'-1201'. Pull up to 1127' and reverse tubing clean (recovered ~3/4 bbl of cement). Load hole and shut pipe rams. Hesitate squeeze cement to 1407'. Max squeeze pressure 850 psi. Last squeeze pressure was 500 psi. Appeared to be holding 450 psi OK. SWI, leaving 450 psi on tubing/casing. RD AES. SD for weeknd.

6/30/03 Found well with 0 psi on tubing and casing. TOH, TIH with 4-3/4" bit, casing scraper, bit sub, 6 each 3-1/8" drill collars and 2-3/8" tubing. Tag cement at 1453' (50' lower than expected). PU and RU power swivel. Break circulation with produced water. Drill out cement to ~1650'. Circulate hole clean. Shut pipe rams and pressure test casing to 500 psi. Lost 80 psi in ~10 min. Pressured casing back up to 500 psi and SWI. SDON.

7/1/03 TOH with tubing, drill collars, casing scraper and bit. PU tension packer and TIH. Set packer at 1420' tested OK above packer. TIH to 1639' tested OK below packer. Made multiple settings and determined that casing was leaking between 1420' and 1483'. TOH LD packer. TIH with tubing open ended to 1474'. RU AES. Mix and pump 40 sxs (47 cu.ft.) of Class B with 2% CaCl2. Spot cement from 1474' to 1123'. Pull up to ~ 972'. Reverse out ~1/2 bbl of cement. Shut rams and squeeze cement into casing. Displaced ~ 3 bbls before cement locked up at 950 psi. Holding pressure good. SWI. RD AES. SDON.

7/2/03 TIH with bit, casing scraper, drill collars and tubing. Tag up on cement at ~1190'. Break circulation with produced water and drill out cement down to ~1490'. Circulate hole clean. Shut rams and pressure test casing to 500 psi. Held OK for 15 min. Release pressure and TOH. SDON.

7/3/03 PU retrieving head and TIH on 2-3/8" tbg. TIH to ~ 2000' and unload hole with air. Continue TIH to ~4000' and unload hole. Continue down to 5870' and attempt to unload hole. Difficult time trying to get well to unload. Air package kept pressuring up and over heating. Made multiple attempts to unload well but air package continued to overheat. Called for mechanic to work on air pack. SD operations until Monday 7/7/03

7/7/03 Unable to get well to unload from 5730', after making multiple attempts. Pressured up to ~1000 psi, continued pumping and pressure remained ~1000 psi. SD air and pull up to ~3870'. Pump air/mist down tubing and finally got well to unload. TIH to 5730' and unload well again (suspect well was "soap locked"). Clean out sand on top of RBP w/ air/mist. Latch onto RBP and open unloader. Let well equalize. Release RBP and let well flow/bleed down. TOH, lay down RBP. SDON.

7/8/03 PU Baker "packer plucker". TIH on 3-1/8" DC's and 2-3/8" tubing. PU power swivel and break circulation with air. Circulate until mist/soap rates were adequate (15 BWPH and 2 gal of soap/hr). Rotate stinger into Model "D" packer at ~5900'. Continue rotating mill onto packer and mill out packer. Took approximately 2.5 hrs to mill out packer. Pump 3 bbl soap sweeps while working packer plucker thru tight spots. Well cleaned up good – no tight spots. TOH and lay down Model D packer body and packer plucker. SDON.

7/9/03 TIH with4-3/4" bit, bit sub, casing scraper on 6 each 3-1/8" DC's and 2-3/8" tubing. Tag fill at 6060'. Break circulation with air/mist (12 BWPH and 1.8 gal of soap/hr). Established good returns and cleaned out down to ~ 6075'. Hit hard spot at 6075'. Unable to clean out any deeper, started having trouble circulating. Adjusted flow rate, water rate, and soap rate but returns continued to be sporadic, still unable to get past hard spot at 6075'. Air package booster started to overheat. Pump sweep and shut down air pack. Hang back swivel and start TOH. Pulled approx. 10 stands when draw works broke down (only able to pull in low gear). SD operations to fix draw works. SDON.

7/10/03 TOH with 4-3/4" bit, bit sub, casing scraper, DC's and 2-3/8" tubing. Bit looked OK. PU 4-3/4" junk mill and crossover sub, RIH on 6 each 3-1/8" DC's and 2-3/8" tubing. Tag fill at 6075'. Break circulation with air/mist (10 BWPH and 1.0 gal of soap/hr). Established good returns and cleaned out down to ~ 6110'. Power swivel power pack blew gasket. SD and RU power swivel to rig hydraulics. Pump was too small to adequately turn power swivel. Replaced gasket and re-hook hydraulic lines. Finish drilling out shoe joint down to 6125' and pumped 10 bbls soap sweep. SDON.

7/11/03 TOH with 2-3/8" tubing, drill collars and junk mill. RU BWWC. RIH with GR/CCL run from 6120' to 5270'. RIH with 5-1/2" RBP set at 5383' KB. RIH with dump bailer and dump sand on top of RBP. Load hole with ~50 bbls of produced water. RIH with CBL/GR/CCL. Ran log from 5372'-4479', found cement top at ~4630'. GR failed while running CBL. Re-ran GR across previously logged interval. RD WL. TIH with 2-3/8" tubing to ~4300'. Unload hole with air. Continue TIH to ~5300'. Unload hole with water. Blow well clean/dry. Start TOH. SDON.

7/12/03 Finish TOH with 2-3/8" tubing. RU BWWC, RIH with 3-1/8" casing gun (select fire) and perforate Gallup Formation at the following depths: 5009', 24', 38', 5120', 22', 45', 77', 88', 97', 5205', 26', 40', 46', 48', 52', 60', 61', 62' and 5278' (2 SPF - Total of 38 holes - EHD: 0.32"). RD BWWC. TIH with 70 stands of 2-3/8" tubing. Spot tubing trailer. Shut down for weekend.

7/14/03 LD 2-3/8" tubing and 3-1/8" drill collars onto trailer. Hauled collars and rental equipment back to Hi Tech Rentals and 2-3/8" tubing to M&R Trucking for storage. Spot trailer with 3½" tubing. Change out to 3½" equipment. PU Weatherford 10K packer, RIH on 161 joints of 3½, EUE, J-55, tubing. Install donut and land tubing in well head. ND BOP. Install WSI B-2 coupler and 5K frac valve. Set packer at 4908' KB. Pulled 72K (tension) on packer. Set 32K down (compression) on packer and nipple up B-2 coupler/frac valve onto wellhead. (Leaving 32K (compression) on packer will allow for 18" of shrink during frac job). SWI, secure location & SDON. Will rig down & release rig in AM, Frac scheduled for 7/18/03.