Form 3160-5
(February 2005)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0137
Expires March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

2007 JUL 10 AM 11:07

SUBMIT IN TRIPLICATE – *Other instructions on page 2.*

1. Type of Well ☐ Oil Well ☑ Gas Well ☐ Other	5. Lease Serial No. NM-03877
	6. If Indian, Allottee or Tribe Name
	7. If Unit of CA/Agreement, Name and/or No. NMNM-073860
	8. Well Name and No. FIFIELD COM No. 1Z
2. Name of Operator MERRION OIL & GAS CORPORATION	9. API Well No. 30-045-33975
3a. Address 610 REILLY AVENUE FARMINGTON, NEW MEXICO 87401 3b. Phone No. *(include area code)* 505-324-5300	10. Field and Pool or Exploratory Area BASIN DAKOTA
4. Location of Well *(Footage, Sec., T.,R.,M., or Survey Description)* SECTION 5, T29N, R11W 1858' FNL & 904' FEL (SE NE)	11. Country or Parish, State SAN JUAN COUNTY, NEW MEXICO

12. CHECK THE 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
	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☑ Subsequent Report	☐ Casing Repair	☐ New Construction	☐ Recomplete	☑ Other SPUD, CSG & TD REPORTS
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
☐ Final Abandonment Notice	☐ 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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

6/25/07 Move D&J Drilling Rig No. 2 and equipment from Rosa Unit. Move onto location and rig up (derrick in air at 13:00 hrs). Mix mud and drill rat hole and mouse hole. Spud 12-1/4" surface hole at 21:00 hrs 6/25/07 with bit #1 (12-1/4", RTC, RT). TD surface hole at 360'. Circulate and run survey. TOH. Rig up San Juan Casing Services and run 8 jts (338.93') of 8-5/8", 24#, ST&C casing. Land casing at 352' KB. RU Halliburton Energy Services and hold safety meeting. Surveys: 166' @ 1-1/2°; 360' @ 3/4°.

6/26/07 Finish cementing surface casing w/ Halliburton. Preceded cement w/ 10 bbls of fresh water. Mix and pump 280 sx (330.4 cu.ft.) of Class "G" cement w/ 2% CaCl2 & 1/8#/sx of poly-flake. Mixed cement at 15.6 ppg. Drop plug and displace cement w/ 20 bbls of water. PD at 06:30 hrs 7/25/07. Circulated 25 bbls of cement to surface. RD Halliburton. WOC. Cut drilling line. NU WH, BOP, choke manifold and related surface equipment. PU test plug and have 3rd party (Hi Tech) pressure test BOP, pipe rams, blind rams, choke manifold and related equipment to 250 psi low and 2000 psi high. Pressure test casing to 600 psi for 30 min. All test held OK. TIH w/ bit #2 (7-7/8", RTC, TD44P). Install TIW floor valve and pressure test kelly cock to 250 psi low and 2000 psi high – held OK. Continue TIH and tag cement at 305'. Drill out cement with water. Continue drilling new formation w/ water and polymer. At 06:00 hrs drilling ahead at 1226', ROP ~ 100 fph. Surveys: 815' @ 1-1/2°; 906' @ 1-3/4°; 1030' @ 1°

*** CONTINUED OTHER SIDE ***

ACCEPTED FOR RECORD
JUL 10 2007
FARMINGTON FIELD OFFICE
BY T. Salyers

RCVD JUL 12'07
OIL CONS. DIV.
DIST. 3

14 I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)* STEVEN S. DUNN
Title DRILLING & PRODUCTION MANAGER
Signature
Date 07/09/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

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

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 page 2)

Report PT on prod csg next report

NMOCD

6/27/07 Continue drilling ahead w/ bit #2 (7-7/8, RTC, TD44P) and water/polymer. At 06:00 hrs drilling ahead at 3367', ROP ~ 90 fph. Surveys:1524' @ 3/4°; 2021' @ 1°; 2551' @ 1°; 3048' @ 1/2°

6/28/07 Continue drilling ahead w/ bit #2 (7-7/8, RTC, TD44P) and water/polymer to 3930'. Connections started pulling tight. Start mud up at ~ 3961'. Bring viscosity up to 35-40. Continue drilling. Bit started slowing and showing signs of wear. Decided to TFB at 4335'. Circulate, hang back kelly and TOH. Surveys: 3546' @ MF; 3578' @ 1/4°; 4077' @ MF; 4108' @ 1/2°

6/29/07 Finish TOH. Change our bits and service rig. TIH w/ bit #3 (7-7/8, RTC, TD44P). Clean out 15' of fill and continue drilling. Connections getting very tight from ~ 4500 – 4609'. Work tight hole for ~ ½ hr then run survey. Bring viscosity up and continue drilling w/ no problems. Survey: 4609' @ 1/2°

6/30/07 Continue drilling ahead w/ bit #3 (7-7/8, RTC, TD44P) w/ no problems. Drilling ahead at report time at 5980' at ~ 35 fph. Surveys: 5104' @ 1°; 5600' @ 1°

7/1/07 Drilled to top of Dakota w/ bit #3 (7-7/8, RTC, TD44P). Circulate hole clean. Pump pill and TOH. Change out bits & service rig. TIH at report time w/ bit #4 (7-7/8", RTC, TD61A). Survey: 6095' @ 1°

7/2/07 Finish TIH in hole w/ bit #4 (7-7/8", RTC, TD61A). Tagged 47' of fill. Wash and ream to bottom and continue drilling Dakota formation. TD well at 6694' KB at 01:30 hrs 7/2/07. Circulate and condition mud. Short trip 10 stds – no drag, no fill. Circulate and condition mud for logs. Survey: 6640' @ 1°

7/3/07 While TOH for logs (w/ pipe at 1800') the well started flowing. Shut pipe rams and open choke lines. Pressure increased from 75 psi to 400 psi while removing flow tee and stripping in rotating rubber. Well making mostly gas. Pump 150 bbls of 9.0 ppg mud down drill pipe. Pressure fell from 400 psi to 100 psi but continued to flow. Build volume and increase mud weight to 9.2 ppg. Kill well by pumping down drill pipe and adjusting choke valves to match stand pipe pressure. After pumping for 3-1/2 hrs (~800 bbls), returns were mostly all mud or gas cut mud. SD but annulus still flowing. Increase mud wt. to 9.5 ppg and pump for additional 30 min. Stand pipe dead and annulus barely flowing. Start staging in hole. Circulate at 2500'. Continue in hole. Tag up on bridge at 3952'. Rotate thru w/ kelly and well unloaded mud then started flowing all gas. Shut pipe rams and flow well thru choke valves. Kill well by same method as before. Continue staging in hole. Having to rotate thru bridges down to 4833'. Hang back kelly and TIH to bridge at 5227'. Rotate thru w/ kelly and well unloaded mud then started flowing all gas. Shut pipe rams and flow well thru choke valves. Attempting to kill well by same method as before. Currently stand pipe pressure is 950 psi and flowing pressure at choke is 550 psi.

7/4/07 Continued to flow well through choke manifold while building volume and mixing mud. Brought mud weight of system up to 9.4 ppg. SD pump and check flow out choke, increased steadily from 350 psi to 600 psi. Start pumping down stand pipe and continue mixing mud. Hold ~ 350 psi on choke, while pumping ~ 900 psi on stand pipe. Increase mud weight of system up to 9.8 ppg. SD pump and flow out choke went to 0 psi. Open pipe rams and continue pumping down stand pipe w/ full returns. Continue to circulate and condition mud, circulating out gas and getting mud weight to a consistent 9.8 – 10.0 ppg mud. TIH to 5475' (w/ kelly) and circulate. Hang back kelly and TIH to 5723'. Circulate (still circulating out gas). PU kelly and start washing and reaming hole from 5723' to 6256'. Still getting full returns w/ some gas kicks.

7/5/07 Continue washing and reaming back to bottom (6694'). Circulate and condition mud. Pump pill and start pulling short trip. Pulled 3 stands and well was flowing (swabbing well). Trip back in hole. Circulate and condition mud (add desco and gel) to thin mud. Pump pill and pull short trip. Pulled 15 stds, pipe pulling very tight. Trip back in hole, washing thru bridges at 6560', 6600' & 6648'. Circulate and condition mud with pipe on bottom. Pump pill and pull 45 std. short trip (pulling free).

7/6/07 Continue TIH to bottom (6694'), no drag – no fill. Circulate and condition mud. Pump pill and TOH for logs. RU Schlumberger and hold safety meeting. Run Density, Neutron, Induction and Gamma Ray logs. Loggers TD: 6698' KB. RD Schlumberger. TIH. Circulate and condition mud for casing. Pump pill and TOH laying down drill pipe.

7/7/07 Finish laying down DP & DCs. RU San Juan Casing crew, hold safety meeting & change out rams. Run 169 jts (6669.64') of 4-1/2", 11.6#, J-55, LT&C casing. Circulate casing to bottom. Circulate 1.5 hole volumes – mud looked good. Land casing in well head w/ mandrel. Bottom of casing @ 6683' KB, float collar @ 6659' KB, marker joint @ 6242'. RU Halliburton Energy Services and hold safety meeting. Precede cement w/ 10 bbls of water, 20 bbl "chem. wash", 10 bbls water spacer. Mix and pump 1330 sxs (1875 cu.ft.) of 50/50 Poz w/ 0.2% Versaset, 0.1% Halad 766 & 1% Zoneseal in 30 Quality foam. Tail in w/ 130 sxs (191 cu.ft.) of 50/50 Poz w/ 0.2% CFR-3, 0.8% Halad 9, 10#/sx of Gilsonite & ¼#/sx of Poly-E-Flake. Drop plug and displace w/ 103 bbls of water. Bump plug to 1500 psi. PD at 23:00 hrs 7/6/07. Release pressure and check float - held OK. Good circulation throughout job. Circulated 30 bbls of cement to surface. RD Halliburton. ND BOP. RD rig and equipment. Rig released at 06:00 hrs 7/7/07. WOCT.