

Form 3160-5
(September 2001)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

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

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NOO-C-14-20-8376
2. Name of Operator MERRION OIL & GAS CORPORATION		6. If Indian, Allottee or Tribe Name
3a. Address 610 Reilly Ave., Farmington, NM 87401	3b. Phone No. (include area code) (505) 327-9801	7. If Unit or CA, Agreement, Name and/or No.
4. Location of Well (Fontage, Sec., T., R., M., or Survey Description) 912' FNL & N 904' FEL (NENE) SECTION 28, T26N, R12W		8. Well Name and No. DIETRICH COM 28 A #1
		9. API Well No. 30-045-30842
		10. Field and Pool, or Exploratory Area Basin Fruitland Coal
		11. County or Parish, State SAN JUAN COUNTY, NM

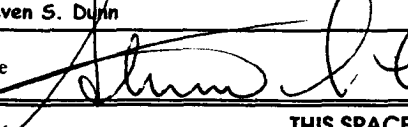
12. CHECK APPROPRIATE BOX (ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	SPD & CSG REPORTS
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> 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 recompleat 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 recompleat 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.)

- 10/7/03** MIRU L&B Speed Drill on 10/7/03. Spud surface hole at 930 hrs 10/7/03 with bit #1 (8-3/4", STC, F2-RR), drilled to 255' with spud mud. Circulated hole clean and TOH. Ran 6 joints (240.10') of 7", 23#, ST&C casing and set at 245' KB. RU American Energy and cemented with 85 sxs (100 cu.ft.) of Class "B" with 3% CaCl₂ and 1/4 #/sx celloflake. Displaced cement with 8.0 bbls of water. Job completed at 1715 hrs 10/7/03. Circulated 5.0 bbls of good cement to surface. Hole was staying full. Shut down operations, WO air package.
- 10/11/03** TIH with bit #2 (6-1/4", Varel, RR). Tag up on cement at ~200'. Break circulation with water and drill out cement. Drill approx. 20' of new formation. Cut water and bring air on line. Unload hole and dry to dust. Continue drilling ahead with air (~1500 scfm). Difficult time keeping the hole dusting. Bring mist pump on line (8 BWPH) and continue drilling ahead with air/mist. Drill to 795'. Pull up to ~400'. Secure location & SDON.

****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 October 21, 2003

THIS SPACE FOR FEDERAL OR STATE OFFICE USE**ACCEPTED FOR RECORD**

Approved by	Title	Date 10/27/2003
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.	Office	FARMINGTON FIELD 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 reverse)

NMOC

10/12/03 TIH with bit #2 (6-1/4", Varel, RR) to 795' (very little fill). Break circulation with air/mist. Unload hole and continue drilling. Attempted to dry up hole at 920', 1065' and 1100' but well continued to flow ~ 1" to 2" stream of fluid. Continued drilling with air/mist to TD (1270'). Start mud up with produced water from the reserve pit. Started circulating good but bit became plugged. Pull up to 1000' and SD. Released air package from location.

10/13/03 TOH. LDDP and DC's. Mix water loss material in reserve pit (starch). W/O casing crew. RU San Juan Casing, ran 29 joints (1258.64') of 4-1/2", 11.6#, J-55, LT&C casing and land at 1264' KB. Insert float at 1219' KB. Wash last 2 joints of casing to bottom. Circulate hole clean for 45 mins. RU BJ Services. Precede cement with 10 bbls of water. Mix and pump 120 sxs (256 cu.ft) of Type III with 1.75% SMS, 2% CaCl_2 , 5#/sx of gilsonite and 1/4#/sx of celloflake. Tail with 60 sxs (83 cu.ft.) of Type III with 1/4#/sx of celloflake. Displace with 20 bbls of water. Did not bump plug, called for 19 bbls of displacement. Check float, holding OK. Circulated 20 bbls of good cement to surface. Job complete at 17:00 hrs 10/13/03. Set slips. RDMOL. WO Completion.