Distribution: O+3 (BLM); 1-Accounting; 1- Land; 1-File ; NMOCD (Info only)

Form 3160-5
(September 2001)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
03 NOV -7 AM 11: 51
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.
SF-078899A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement, Name and/or No
DHC 1303A2

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

8. Well Name and No.
BLACKROCK D COM No. 1

2. Name of Operator
MERRION OIL & GAS CORPORATION

9. API Well No.
30-045-05776

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 20, T26N, R11W

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

DEC 2003
OIL CON. 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
	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
	☐ Casing repair	☐ New Construction	☐ Recomplete	☒ Other
☒ Subsequent Report	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	**COMMINGLING**
☐ Final Abandonment Notice	☐ Convert to Injection	☐ Plug Back	☐ Water Disposal	**PROGRESS REPORT**

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.)

10/17/03 MIRU Professional Well Service Rig #2 on 10/17/03. SICP 0 psi, SITP 400 psi. Laid flowline to flowback tank. Only casing valve is stuck open. Blew down tubing. RU Phoenix Wireline Service. Ran 1.901gauge ring to obstruction @ 5895'. RIH and set CW plug @ 5890'. Attempted to run Templeton test plug stopped @ 3719' could not work thru tight spot. POH and ran test plug with knuckle joint, still would not go. RD Phoenix wireline. Secured well and SIFN. Note: Will run broach in AM and rerun plug.

10/18/03 RU Phoenix Services. Ran 1.906" broach to 5893', worked thru tight spot @ 3719'. POH, RIH with Templeton plug to 5893' unable to shear tool. POH pumped 5 bbls water down tubing. Dropped Templeton plug and chased to 5891'. Made test run with 2" perforating gun, no problems. POH, RIH and perforated 1/2" hole @ 5890'. Started out of hole, tools stuck @ 5325'. Worked wire without effect. Dropped five 1-1/2" cutter bars, working wire after each. Wire would not come loose. Moved in second truck. Ran 1-1/2" tubular jars and blank box to cut wire. Tools set down @ 821'. POOH. Ran 1-1/4" bailer to top of fish @ 5134'. Working bailer and cut wire. Recovered all but 190' wire. POOH and RD Phoenix Services. Made one swab run from 4000'. Fluid level @ 1800'. Secured well and SI for weekend. Note: Left in hole: perforating gun, knuckle joint, spang jars, knuckle joint, 3' bar, 5' bar, knuckle joint, rope socket, 190' wire, 3' cutter bar, 3' cutter bar, 4' cutter bar, 4' cutter bar and 3' cutter bar.

DHC 1303AZ

CONTINUED OTHER SIDE

14. I hereby certify that the foregoing is true and correct
Name *(Printed/Typed)*
STEVEN S. DUNN

Title **DRILLING & PRODUCTION MANAGER**

Signature

Date **November 5, 2003**

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 application holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

ACCEPTED FOR RECOR

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.

DEC 29 2003

(Instructions on reverse)

NMOCD

FARMINGTON FIELD OFFICE

10/20/03 RU to swab. Made 14 swab runs swabbing fluid level down from 2000' to 5000'+. Waited one hour and ran swab. Approx. 250' (4 bbls) fluid entry in one hour. ND WH, NU BOP. PU on donut. Seal assembly released with 50K pull (22K over string weight). TOH with 191 joints of 2-3/8", 4.7#, J-55 EUE tubing. Recovered all of wireline tools left in hole. PU 3-7/8" bit, 4-1/2" casing scraper and x-over. TIH with 97 joints tbg. Secured well. SDFN. Replaced defective casing valve and added second casing valve while swabbing. Tubing appears to be in good shape.

10/21/03 Continued TIH with 3-7/8" bit and 4-1/2" casing scraper. TOH LD bit and scraper. Set down on something hard 99 joints in @ 3065'. Waited on tools. TIH with 3-7/8" impression block and 1 joint 2-3/8" on wireline. Set down on obstruction and POH, approx. 3" on edge slightly beveled. Waited on tools. PU 3-7/8" swedge, bumper sub, jars and TIH. Worked thru tight spot 3065-3067' with 2500 to 3000#. Ran thru tight section 15 to 20 time. TOH and LD tools. TIH with 1 joint of 2-3/8" tubing and 3-7/8" section mill. Went thru tight spot with no problems. Continued TIH with 191 joints to 5923' with mill @ 5883'. TOH. Secured well and SDFN.

10/22/03 PU Baker RBP and compression packer and TIH. Set RBP @ 5870'. PU 1 stand and filled hole w/ water. Set pkr and tested RBP to 500 psi – held OK. Tested casing/tubing annulus – would not hold pressure. Moved packer uphole testing at intervals to locate leak. After negative test @ 1784', TOOH to replace pkr. LD compression packer and PU fullbore packer. TIH and continued testing. Located 2 holes in casing between 1472' and 1564'. Combined pumping rate 1 BPM @ 200 psi. TOOH and LD packer. Secured well and SIFN.

10/23/03 PU Baker Model K1 mechanical set cement retainer and TIH with 23.5 stands to 1534'. RU American Energy. Cleared tubing with water. Set retainer. Stabbed into retainer and established pump rate of 2 BPM @ 480-500 psi. Mixed and pumped 75 sxs (15.8 bbls) Class B cement containing 2% CaCl. Displaced with 3 bbls water. SI casing and completed displacement. Pulled out retainer and pulled 6 stands. Reversed tubing to clear. Worked cement in casing above retainer would not pressure above 400 psi with 0.5 BPM rate. TIH with 5 stands. Mixed and pumped 23 sxs (4.8 bbls) Class B cement and equalized @ 1472' (bottom of tbg). PU 7 stands and cleared tbg. Worked cement, holes held 500 psi. RD America Energy. Secured well and SIFN.

10/24/03 PU 3-7/8" mill, bit sub, 6 x 3½" drill collars and x-over. TIH with 2-3/8" tubing tagged TOC @ 1500'. PU power swivel and started drilling out cement. Drilled 4 cement. Stiff arm on power swivel bend. Waited 2 hours for replacement. Drilled out total 12' cement and cement retainer @ 1534'. Drilled out cement to 1649' (there shouldn't be any cement below approx. 1594'. Circulated hole clean and tested casing to 1649' to 500 psi – held OK. PU 1 stand. Secured well and SIFN.

10/25/03 TIH with 1 stand and continued drilling cement. Drilled out hard cement 1649' to 1690' and stringers to 1720'. Circulated hole clean. LD power swivel. Tested casing to 500 psi – held OK. Started to TIH to clean out sand and swab casing down. While running in hole derrick man was seriously injured when his gloves stuck to pipe while making up connection. Secured well and SI for weekend.

10/27/03 Continued TIH to RBP @ 5870'. Circulated hole. Recovered sand and shale (from casing leaks). TOH with 2-3/8" tubing, 6 drill collars and 3-7/8" mill. PU RBP retrieving tool and TIH to top of RBP. PU one join, RU to swab, swabbed fluid level down from surface to 2500' recovering 36 bbls water. Secured well and SIFN.

10/28/03 Continue swabbing well. Made 16 runs and recovered approx. 116 bbls of fluid. Fluid level down to ~5000'. Note: casing capacity was 89 bbls. Noticed that last 6 swab runs brought up very "dirty" water. Shut down for 1 hour. Fluid level after 1 hour was up to 4800'. Called for water. Load hole with produced water and pressure test casing to 500 psi, bleed off slowly down to 300 psi. Pumped ~5 bbls of additional water but pressure kept falling. TOH. Ran out of daylight. SWI, secure location & SDON. Will finish TOH in AM, pick up packer and look for holes.

10/29/03 Finish TOH, PU packer and TIH to 1594'. Had trouble getting packer to set properly. TOH and change out packer. TIH to 1594' and started pressure test casing looking for holes. Continued moving packer up/down hole and isolated casing leaks between 2864'-3482'. Casing leaks were very small, pressure bled down very slowly. Pulled up and set packer at 2832' and pumped into casing at ~2.0 BPM at 1000 psi. Released packer and TOH. Lay down packer. TIH open ended to ~2000'. SWI secure location and SDON.

10/30/03 Dump 5 gals of sand down tubing and chase with water. TOH, PU 4-1/2" RBP and 4-1/2" full bore packer. TIH to 3520' and set RBP, pull up ~30' with packer and start testing casing. Pulled RBP up to 3458' and re-set RBP. Pull up with packer and continue looking for holes. TIH to retrieve RBP and hit ~2.5' of fill. RU pump and lines and attempt to establish circulation (reverse) to clean out fill on top of RBP. Unable to get circulation attempted to move tubing and noticed that packer had become stuck. Tried to pump down tubing, string pressured up to 1500 psi. Worked packer/tubing for 30 minutes no movement. Call for back off truck. Continued working tubing/packer while pressuring up tubing. Unloader finally opened and well started circulating. Continued working tubing and packer finally worked free. TOH and lay down packer. SD for remainder of afternoon due too high winds.

10/31/03 TIH with swage and jars. Work swage thru tight spot @ ~3061'. TOH and lay down swage and PU mill. TIH and work mill thru same tight spot at ~3061'. TOH lay down mill and PU retrieving head. TIH to RBP. RU pump and lines and break circulation. Attempt to circulate fill off RBP. Well not cleaning up very good, appears to making sand, shale and drilling mud. Attempt to latch onto RBP but RBP kept sliding downhole. Finally latch onto RBP and opened unloader. TOH with RBP. TIH with tubing open ended to ~3471'. RU American Energy Services. Mix and pump 55 sxs (65 cu.ft.) of Class "B" cement (planned to pump 75 sxs but bulk truck broke down). Pull up to 2296' and reverse tubing clean. Shut pipe rams and casing valves and squeeze away 1.6 bbls of cement (hesitated squeeze). Max pressure: 1000 psi, shut well in holding 750 psi. Secure location & SDON.

11/01/03 Found well on vacuum. TOH, PU bit and casing scraper. TIH, tag cement at 3342' (should have tagged cement at ~2840'). Shut pipe rams and casing valve and attempt to pressure test casing. Pumped into casing at 500 psi at 1 BPM. TOH, LD bit and bit sub. SWI, secure location. SD for weekend.

11/03/03 TIH open ended to 3317'. RU American Energy Services. Load hole with water. Spot 50 sxs (59 cu.ft.) of Class "B" cement from 3317 to 2669'. Pull up to 2389' and reverse tubing clean. Shut in pipe rams and casing valves and squeeze 2.75 bbls of cement into formation. Hesitate cement in ½ bbl increments every 30 mins. Max squeeze pressure was 1100 psi. Shut well in holding 750 psi. SWI, secure location. SDON.

11/04/03 Found well on vacuum. TIH and tag up on cement at 2890'. Pressure test casing to 500 psi. Lost 175 psi in 15 min. Place tubing so bottom of tubing is at 2888'. RU American Energy Services. Load hole with water. Spot 20 sxs (24 cu.ft.) of Class "B" with 2% CaCl2 from 2888' to 2626'. Pull up to 2266' and reverse tubing clean. Shut in pipe rams, casing valves and squeeze 3.5 bbls of cement into formation. Hesitate cement in ½ bbl increments every 30 mins. Max squeeze pressure was 1000 psi. Shut well in with 900 psi. Pressure slowly bleeding off. SWI, secure location. SDON.