

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

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

2. Name of Operator
Merrion Oil & Gas Corporation

3. Address and Telephone No.

P. O. Box 840, Farmington, New Mexico 87499

(505) 327-9801

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

**990' FNL & 500' FEL (NENE)
Section 19, T26N, R2W**

5. Lease Designation and Serial No.

SF-079995-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Featherstone Federal 1

9. API Well No.

30-039-06400

10. Field and Pool, or Exploratory Area

Blanco MV & Gavilan PC

11. County or Parish, State

**Rio Arriba,
New Mexico**

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

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other **Commingle**
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Merrion Oil & Gas requests approval to commingle production from the Pictured Cliffs and Mesaverde formations in the Featherstone Federal No. 1 well. We believe this project will increase the economic life of this marginal well and results in greater recovery of oil and gas as well as providing improved economic return to the working interest and royalty owners.

Merrion has received approval of the NMOCD through Administrative Order No. DHC-1018 dated June 28, 1994.

In addition, we have attached a procedure for you review.

RECEIVED
NOV - 8 1994
OIL CON. DIV.
DIST. 3

14. I hereby certify that the foregoing is true and correct

Signed

Title

Operations Manager

Date

7/13/94

(This space for Signature on Standard Use)

ROBERT A. KENT
(ORIG. SGD.)

Title

Chief, Lands and Mineral Resources

Date

NOV 4 1994

Approved by
Conditions of approval, if any:

Workover Justification

Featherstone Federal No. 1

990'fsl & 500'fwi (ne ne)

Sec 19, T26N, R02W

Rio Arriba County, New Mexico

Summary

Merrion Oil & Gas recommends that a workover be conducted on the Featherstone Federal No. 1 to commingle the Pictured Cliffs and Mesaverde formations. This work will reduce operating expense and improve production by allowing the installation of a plunger lift system to lift accumulated liquids.

If successful, we estimate the workover expenditure of up to \$37,200 will payout in 3.3 years and generate future net reserves of 124,173 mcf of gas and 3,838 bbls of oil. The project will return \$39,400 of future undiscounted incremental net profit to the 100% working interest owners.

We conservatively estimate incremental uplift producing rates to be 10 mcf of gas per day and 0.7 bbl of oil per day. Economic indicators are as follows:

Gas Reserves (Gross) -	147,394 mcf	Payout -	3.3 years
Oil Reserves (Gross) -	4,556 bbls	Future Value -	\$55,200
DCFRoR -	23.8%	NPV @ 14% -	\$13,200
IROI -	\$1.81/\$ Invested	Well Life -	16 years
EROI -	\$2.51/\$ Invested	NRI - (Gas) -	84.34%

Background

Merrion has filed for and received an order of the Oil Conservation Division authorizing us to commingle production from the Pictured Cliffs and Mesaverde zones. The Pictured Cliffs zone will probably not contribute significantly to the production stream because the zone's shut-in pressure (259 psi) is near the prevailing line pressure on William's system in the area (255 psi). But the primary benefit to be gained is from the ability to install lift equipment and create a gas storage chamber in the annulus to facilitate lifting produced liquids. We believe this alone will significantly improve production.

Attachments

- AFE (Authority for Expenditure) providing Merrion's estimate of the upside cost to repair the Featherstone Federal No. 1 well.
- Production Forecast and Economics Spreadsheet providing relevant assumptions and economic results for the Featherstone Federal No. 1 well repair.
- Featherstone Federal No. 1 Historical Decline Curve.
- Workover Procedure.
- Wellbore Schematic.

Merrion Oil & Gas Corporation

Wellbore Schematic

Featherstone Federal No. 1

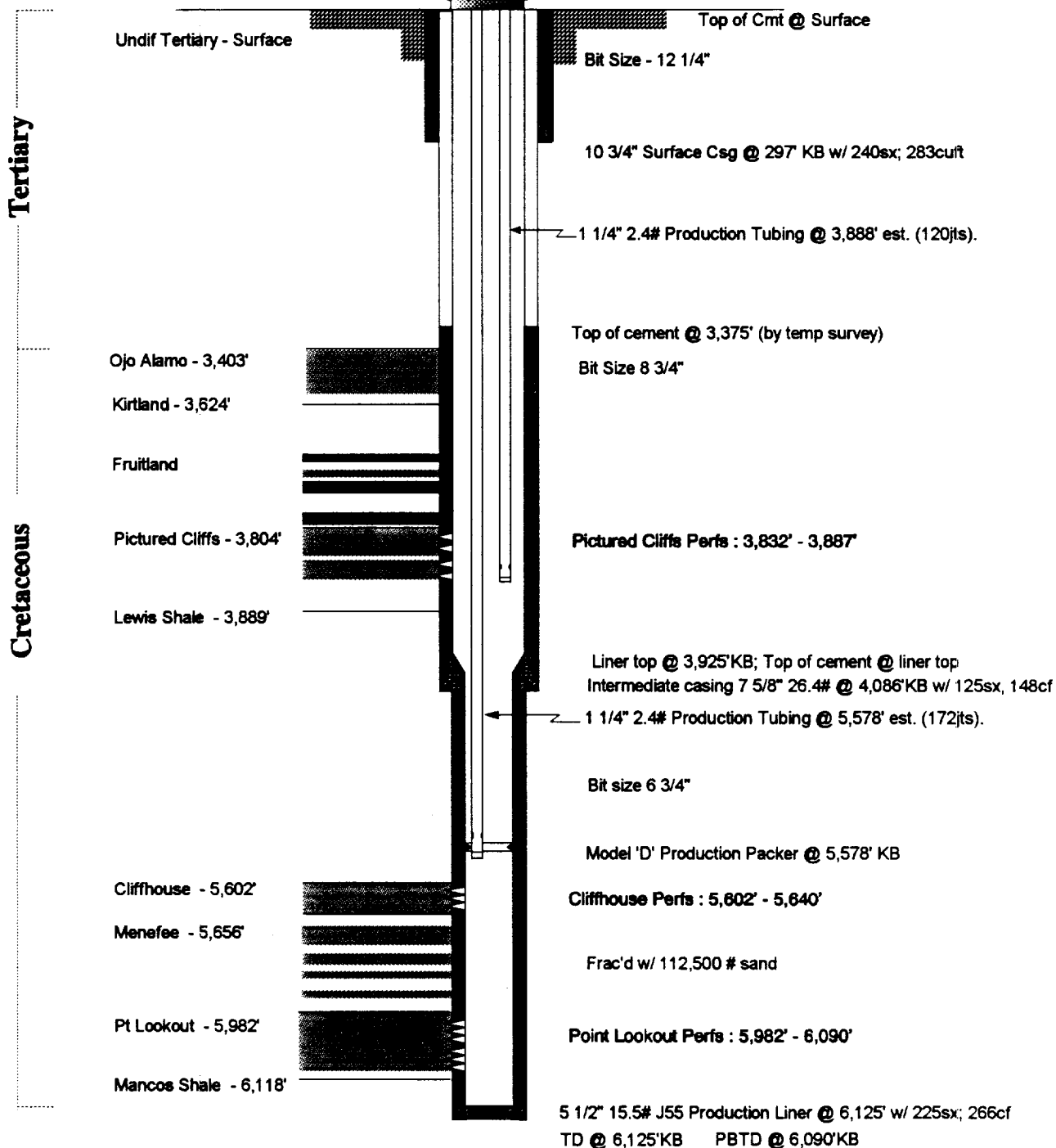
Current Wellbore Configuration

July 12, 1994

Location: 990' fnl & 500' fel (ne ne)
Sec 19, T26N, R2W NMPM
Rio Arriba Co, New Mexico

Elevation: 7,387' GL
7,397' RKB

By: Steve Dunn



WELL DATA:

CUM GAS: 388,756
CUM OIL: 11,320
SPUD: July 6, 1958
COMPLETED: Aug 10, 1958

CURRENT SICP:
CURRENT SITP:
LINE PRESSURE: 255 psig
GAS TRANSPORTER: Williams Field Services

Merrion Oil & Gas Corporation Wellbore Schematic

Featherstone Federal No. 1

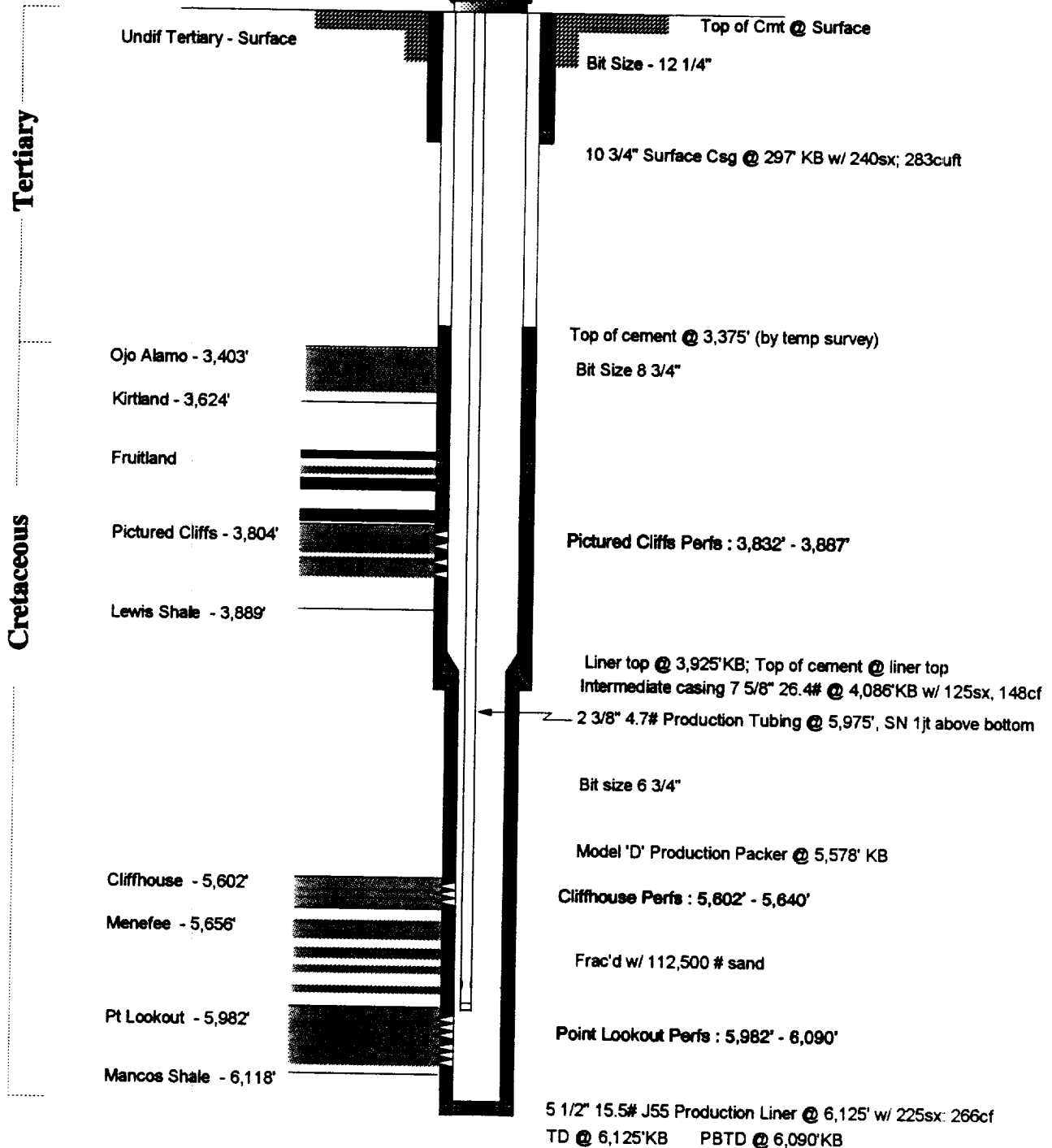
Proposed Wellbore Configuration

July 12, 1994

Location: 990' fml & 500'fel (ne ne)
Sec 19, T26N, R2W NMPM
Rio Arriba Co, New Mexico

Elevation: 7,387' GL
7,397' RKB

By: Steve Dunn



WELL DATA:

CUM GAS: 386,756
CUM OIL: 11,320
SPUD: July 8, 1958
COMPLETED: Aug 10, 1958

CURRENT SICP:
CURRENT SITP:
LINE PRESSURE: 255 psig
GAS TRANSPORTER: Williams Field Services