

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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.****SUBMIT IN TRIPLICATE- Other instructions on reverse side.**1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other2. Name of Operator **MERRION OIL & GAS CORPORATION**3a. Address
610 REILLY AVENUE, FARMINGTON, NM 874013b. Phone No. (include area code)
505-324-5300

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

**2352' FSL & 673' FEL (N/2, S/2)
SECTION 19, T26N, R2W**5. Lease Serial No.
NM-04764A

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
FEATHERSTONE FEDERAL No. 29. API Well No.
30-039-2923510. Field and Pool, or Exploratory Area
BLANCO MESAVERDE11. County or Parish, State
RIO ARRIBA, NEW MEXICO**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 SPUD & CSG
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	REPORTS
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

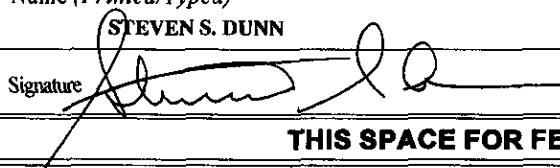
13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths 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 Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

9/30/04 Road rig and equipment from Schmitz Ranch (unable to move on location on 9/30 because of bad roads/weather). Move onto location and rig up Key #43. Mix spud mud and drill rat and mouse hole. Spud 12-1/4" surface hole at 00:00 hrs 10/1/04 with bit #1 (12-1/4", HTC, RR). Drilling ahead at report time at a depth of 236'. ROP: ~60 fph.

10/1/04 TD 12-1/4" hole at 07:30 hrs 10/1/04. Circulate, run survey. TOH. Run 7 jts (310.88') of 9-5/8", 36#, J-55, ST&C casing land at 325' KB. RU BJ Services & hold safety meeting. Precede cement with 20 bbls of fresh water. Cement with 165 sxs (231 cu.ft) of Type III with 1/4#/sx of celloflake and 3% CaCl2. Good circulation throughout cement job. PD at 11:30 hrs 10/1/04. Circulate out 15 bbls of good cement to surface. RD cementers. WOC. Back off landing joint, install casing head. NU BOP, choke valve and related surface equipment. Pressure test casing, BOP, choke manifold and related surface equipment to 1000 psi - held OK. TIH with bit #2 (8-3/4", HTC, HX-09CJ). Tag up on cement at 285'. PU kelly and break circulation with water. Drill out cement. SD to repair pump. Continue drilling new formation. Drilling ahead at report time at 510'. ROP ~110 fph.
Survey: 333' @ 1/4"

CONTINUED OTHER SIDE

- Will run OBL at completion & report results. per Steve Dunn 10/21/04.

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) STEVEN S. DUNN		Title DRILLING & PRODUCTION MANAGER
Signature 	Date 10/12/2004	ACCEPTED FOR RECORD Date 10/21/2004 BY CHB
THIS SPACE FOR FEDERAL OR STATE OFFICE USE		
Approved by 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.	Title 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)

NMOCD

10/2/04 Continue to drill and survey ahead with bit #2 (8-3/4", HTC, HX-09CJ). Drilling ahead at report time at 2733'. ROP ~105 fph. Note: drilled to ~2600' with water and polymer (2 quarts per connection and gel sweeps every 100') started mixing mud at ~2600' to keep hole in good condition. Survey: 821' @ 1-3/4°, 1074' @ 1°, 1573' @ 1°, 2042' @ 1-3/4°, 2539' @ 3/4°

10/3/04 Continue to drill and survey ahead with bit #2 (8-3/4", HTC, HX-09CJ). Drilling ahead at report time at 3470'. ROP ~36 fph. Note: Hole started to deviate at ~3000'. Backed off weight on bit (WOB) (25K instead of 40/45K) and kept RPMs up around 70/80. Slowed down to drill thru Ojo Alamo top. Will increase WOB if hole continues to straighten out. Surveys: 3064' @ 4-1/2°, 3094' @ 4-3/4°, 3170' @ 3-1/2°, 3288' @ 4°, 3340' @ 3°

10/4/04 TD intermediate hole with bit #2 (8-3/4", HTC, HX-09CJ) at 3945' at 02:15 hrs 10/5/04. Circulate and condition mud. Pull 10 stands short trip - 2nd thru 4th stand pulled tight. Hit bridge while going back in hole with 2nd stand off bottom. Kicked pump in to circulate before TOH for logs but never re-gained circulation. Lost approximately 300 bbls of mud. Mix mud with LCM at report time. Survey: 3528' @ 2-1/4°, 3630' @ MF, 3650' @ 2-1/4°, 3755' @ 2-1/2°

10/5/04 Pull pipe off bottom and noticed mud at ~90'. Kick in pump thru fill up line and hole filled up and started circulating. Finish mixing and conditioning mud. TIH back to bottom and PU kelly and continue to circulate. TOH, pulled tight all the way out. RU Schlumberger Wireline (SWS) and run in hole with logs. Hit bridge at 1443' - unable to work thru. RD SWS. TIH with DCs and DP. Hit bridges at 2683' and 3344' (had to wash thru with kelly), continue in hole to 3825'. PU kelly and wash down to 3885' and lost circulation (lost ~50 bbls). Mix mud and re-gain circulation. Brought viscosity up and continue to circulate - getting large 2"-3" chunks of coal/shale. Lost circulation again (lost ~150 bbls). Building volume and mixing mud at report time. Survey: 3945' @ 1-1/2°

10/6/04 Continue to mix and condition mud. Increased LCM to 15%. Established full returns. Circulate and condition mud. Pull 10 stands short trip. No drag and no fill. Circulate. LDDP and DCs. Change out rams and RU casing crew. Ran 94 joints (3931.48') of 7", 23#, J-55, LT&C casing. Stopped 3 times to fill casing and break circulation. Wash last joint to bottom. Casing landed at 3944' KB, float collar at 3901' KB. Circulate while rigging down casing crew and rigging up BJ Services. Lost circulation while rigging up BJ Services. SD and mix mud with LCM. Brought viscosity up to 120+ and LCM up to 16%-20%. Stated pumping down hole and re-gained partial returns in ~5 mins. Continued to mix and condition mud. After ~3 hrs had full returns. RU BJ Services and held safety meeting. Pumping cement at report time.

10/7/04 Preceded cement with 10 bbls of water, 10 bbls of mud clean followed by another 10 bbls water spacer. Mix and pump 490 sxs (1084 cu.ft.) of Premium Lite with 8% gel, 1/4#/sk CF, 3% Phenoseal, 3% CaCl₂, 0.4% SMS. Tail with 100 sxs (140 cu.ft.) of Type III with 1/4#/sk CF, 2% Phenoseal, 0.2% FL-52. Drop plug and displace with 153 bbls of fresh water. PD at 07:00 hrs 10/7/04. Pressure up to 1500 psi, release pressure - float held OK. Did not circulate any cement to surface. Had good/full circulation while pumping cement. Just before shutting down to drop plug, started getting only partial returns. Attempted to vary pump rate and reciprocate pipe but never could get full returns back. RD BJ. ND BOP, set slips with 70K tension. Cut off casing. NU BOP and RU Blooie line, choke manifold and related equipment. Change out kelly. PU and test air hammer (bit #3, Halco, MBC) and TIH on 10 each 4-3/4" drill collars and 3-1/2" drill pipe. Pressure test BOP and casing to 1000 psi - held OK. Continue PU drill pipe and TIH to ~2400'. Bring air on line and unload well. Continue to PU drill pipe out of baskets and TIH. Tag up at 3885'. Drill out cement, float collar, shoe jt and cement nose guide shoe. Continue drilling new formation. Cut mist and dry up hole at report time.

10/8/04 Finish drying up hole. Well dusting at 06:15 hrs 10/8/04. Continue drilling ahead w/ bit #3 (6-1/4", Halco, MBC). TD 6-1/4" hole at 05:45 hrs 10/9/04. Well dusted with no problems to TD. Blow hole at report time. Survey: 5047' @ 1°

10/9/04 Trip for string floats. Run survey at TD. TOH for logs. RU Schlumberger Wireline Services (SWS). Run GR/DEN/IND logs. Note: hammer and drill collars appeared wet. Did not have loggers tag TD, started logs at 6135' and ran repeat 200' below casing shoe. SWS forgot Neutron tool. Will run cased hole neutron. RD SWS. TIH (leaving 60 stands of drill pipe out). LD remaining DP and DC's. RU casing crew. Ran 54 jts (2346.23') of 4-1/2", 10-5#, J-55, ST&C casing. Make up TIW 4-1/2"x7" liner hanger and RIH on 3-1/2" DP. Had fill at 6130'. Kelly up and wash down to 6136' w/ air. Set liner hanger. Bottom of casing at 6134' KB, float collar at 6122' KB, Liner top at 3780' KB, 164' overlap into 7" casing. RU BJ Services and hold safety meeting. Precede cement with 20 bbls of gel water and 2 bbls water spacer. Mix and pump 20 sxs (64 cu.ft.) of Premium Lite w/ 3#/sk CSE, 1/4#/sk CF, 0.3% CD-32, 1% FL-52, 3% Phenoseal. Tail with 153 sxs (327 cu.ft.) of Premium Lite w/ 3#/sk CSE, 1/4#/sk CF, 0.3% CD-32, 1% FL-52, 3%. SD, wash pumps & lines and drop plug. Displace w/ 65.6 bbls of water. PD at 01:00 hrs 10/10/04. Pressure up to 1500 psi and check float - held OK. Circulate out 6 bbls of cement. RD BJ. Lay down cementing manifold. Lay down DP and setting tool. Break kelly and start RD. Rig Released - Final Report. WOCT. Survey: 6150' @ 3°