

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. <u>45 32213</u>
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. E-9989
7. Lease Name or Unit Agreement Name Moncrief
8. Well Number 1R
9. OGRID Number 14634
10. Pool name or Wildcat Basin Dakota/Gallegos Gallup

11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6270' GL	
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input type="checkbox"/>	
Pit type _____	Depth to Groundwater _____
Distance from nearest fresh water well _____	
Distance from nearest surface water _____	
Pit Liner Thickness: _____ mil	Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☒

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Merrion Oil & Gas proposes to complete the subject well in the Basin Dakota and the Gallegos Gallup and downhole commingle the production according to the attached procedure. Please note that the procedure is fairly general, as the well has not been drilled. Supporting commingling data is also attached.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE [Signature] TITLE Production Engineer DATE 9/14/04

Type or print name Connie S. Dinning E-mail address: cdinning@merrion.bz Telephone No. (505)324-5326
For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. #2 DATE OCT 17 2004
Conditions of Approval (if any):

**SUPPORTING DATA FOR C-103
MONCRIEF NO. 1R COMMINGLE
BASIN DAKOTA (71599) AND GALLEGOS GALLUP (26980)**

This supplemental information is attached to the C-103 to commingle the subject well in the Basin Dakota and Gallegos Gallup pools.

1. The Basin Dakota and Gallegos Gallup have been pre-approved for commingling by Order No. R-11363.
2. The well is a new drill through the Dakota. Proposed Dakota perms are from 6000' – 6150', at various depths. Proposed Gallup perms are from 5185' – 5475', at various depths. We plan to complete both zones and downhole commingle the two intervals pursuant to the attached procedure.
3. In offset wells, the depleted Dakota is making approximately 30 MCFD as shown on the attached production plot for the Blackrock C1. We assume that since the Dakota is depleted in this area that the production will be about 60 MCFD with no oil. Gallup production in the Blackrock C1 is about 270 MCFD and about 3.5 BOPD. We will complete a production test on the Dakota prior to the Gallup completion. A constant percentage will be used to allocate production between the zones after the initial test.
4. The commingling will increase, not reduce, the value of the remaining production because the economics of drilling a well based on either formation alone would be marginal.
5. Ownership of the Dakota and Gallup are identical.
6. A copy of this application will be sent to the New Mexico State Land Office.

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
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Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-32213	² Pool Code 71599	³ Pool Name Basin Dakota
⁴ Property Code 33575	⁵ Property Name Moncrief	⁶ Well Number 1R
⁷ OGRID No. 014634	⁸ Operator Name Merrion Oil & Gas Corporation	⁹ Elevation 5990'

¹⁰ Surface Location

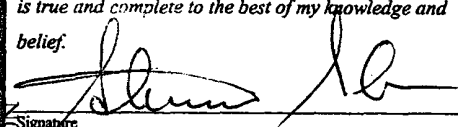
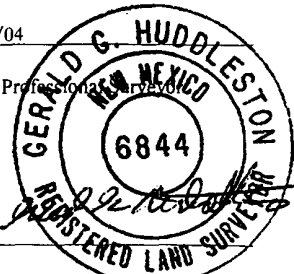
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	16	26N	11W		880'	South	1900'	East	San Juan

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
320.00	Y	C	

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶ S 89°43'E 2637' N 0.0°08'W 5242'	E-9895 2637' N 89°36'W	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Steven S. Dunn Printed Name Drilling & Production Manager sdunn@merrion.bz Title and E-mail Address 3-9-04 Date
	OG-1530	
5242'	E-9989 WGS 84 36°28'59.04"N 108°00'24.09"W	¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. 01/26/04 Date of Survey  Signature and Seal of Professional Surveyor 6844 Certificate Number
	VB-0542 1900' 880'	

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☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-32213	² Pool Code 26980	Gallegos Gallup
⁴ Property Code 33575	⁵ Property Name Moncrief	⁶ Well Number 1R
⁷ OGRID No. 014634	⁸ Operator Name Merrion Oil & Gas Corporation	⁹ Elevation 5990'

¹⁰ Surface Location

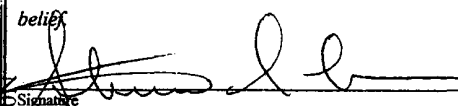
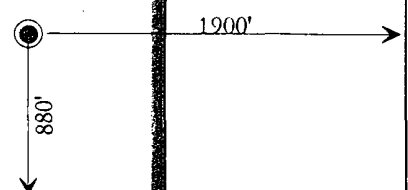
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	16	26N	11W		880'	South	1900'	East	San Juan

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 80.00	¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 S 89°43'E 2637'	2637'	N 89°56'W	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Steven S. Dunn Printed Name Drilling & Production Manager sdunn@merrion.bz Title and E-mail Address 3-9-04 Date
5242'	E-9989 WGS 84 36°28'59.04"N 108°00'24.09"W 	5263'	

MERRION OIL & GAS CORPORATION

COMPLETION PROCEDURE

September 14, 2004

Well:	Moncrief #1R	Field:	Gallegos Gallup/B Dakota
Location:	880' fsl & 1900' fel (sw se) Sec 16, T26N, R11W, NMPM San Juan County, New Mexico	Elevation:	6283' RKB 6270' GL
By:	Connie Dinning	Lease:	State E-9989
		AFE No.:	20449

Procedure: *(Note: This procedure will be adjusted on site based upon actual conditions)*

Prior to move-in

1. Clean up location, install tubing head.

Drill out

1. Move in, rig up pulling unit with reverse equipment.
2. Set rental water storage/ test tank.
3. PU & tally casing scraper, 3³/₄" bit, 2³/₈" tubing in hole.
4. RIH, clean out to liner top @ 4250' KB. Drill out cement if necessary.
5. Continue clean out to float collar @ ±6235'.
6. If float collar is higher than 6200', drill out 30' into shoe jt and set CIBP in shoe.
7. RU acid truck. Load hole, pressure test casing to 4000 psig for 15 minutes
8. Roll hole w/ 5 bbl gel plug and clean 2% KCl water.
9. Spot 100 gal 15% Hcl acid w/ inhibitor, iron sequestering agent and de-emulsifying surfactant from 6000' KB to ~ 6150' KB.

Perf & Frac Dakota

1. RU wireline. Run GR-Correlation log from PBTD @ 6235' to minimum run depth. If open hole logs were not run, add cased hole neutron log.
2. Perforate Graneros and Dakota intervals to be determined, per Compensated Neutron Log.
3. MIRU stimulation company. Break down and ball off w/ 500 gal 15% HCl w/ inhibitor, iron sequestering agent and de-emulsifying surfactant and ball sealers.
4. Run WL junk basket to recover ball sealers.
5. Frac the Dakota w/ frac fluid and 120,000# 20/40 sand as per frac schedule.
6. RD frac company, open well to flowback tank. Flow back overnight.

Put on to Production:

1. RIH w/ 2³/₈" tubing and CO w/ hydrostatic bailer if necessary. Run 2 3/8" production tubing w/ SN on bottom to ~6200'KB.
2. ND BOPs. NUWH.
3. RDMOL.
4. Flow test well to establish Dakota production for commingling allocation.

Perf & Frac Gallup:

1. MIRU pulling unit. TOH w/ 2 3/8" tbg.
2. RIH w/ RBP on 2³/₈" tubing and set @ ±5550'. Dump 5' sand on top of RBP.
3. Load hole w/ 2% KCl and pressure test to 4000 psi.
4. RU wireline. Perforate Gallup intervals to be determined, per Compensated Neutron Log.
5. MIRU stimulation company. Break down and ball off w/ 500 gal 15% HCl w/ inhibitor, iron sequestering agent and de-emulsifying surfactant and ball sealers.
6. Run WL junk basket to recover ball sealers.
7. Frac the Gallup w/ frac fluid and 100,000# 20/40 sand as per frac schedule.

8. RD frac company, open well to flowback tank. Flow back overnight

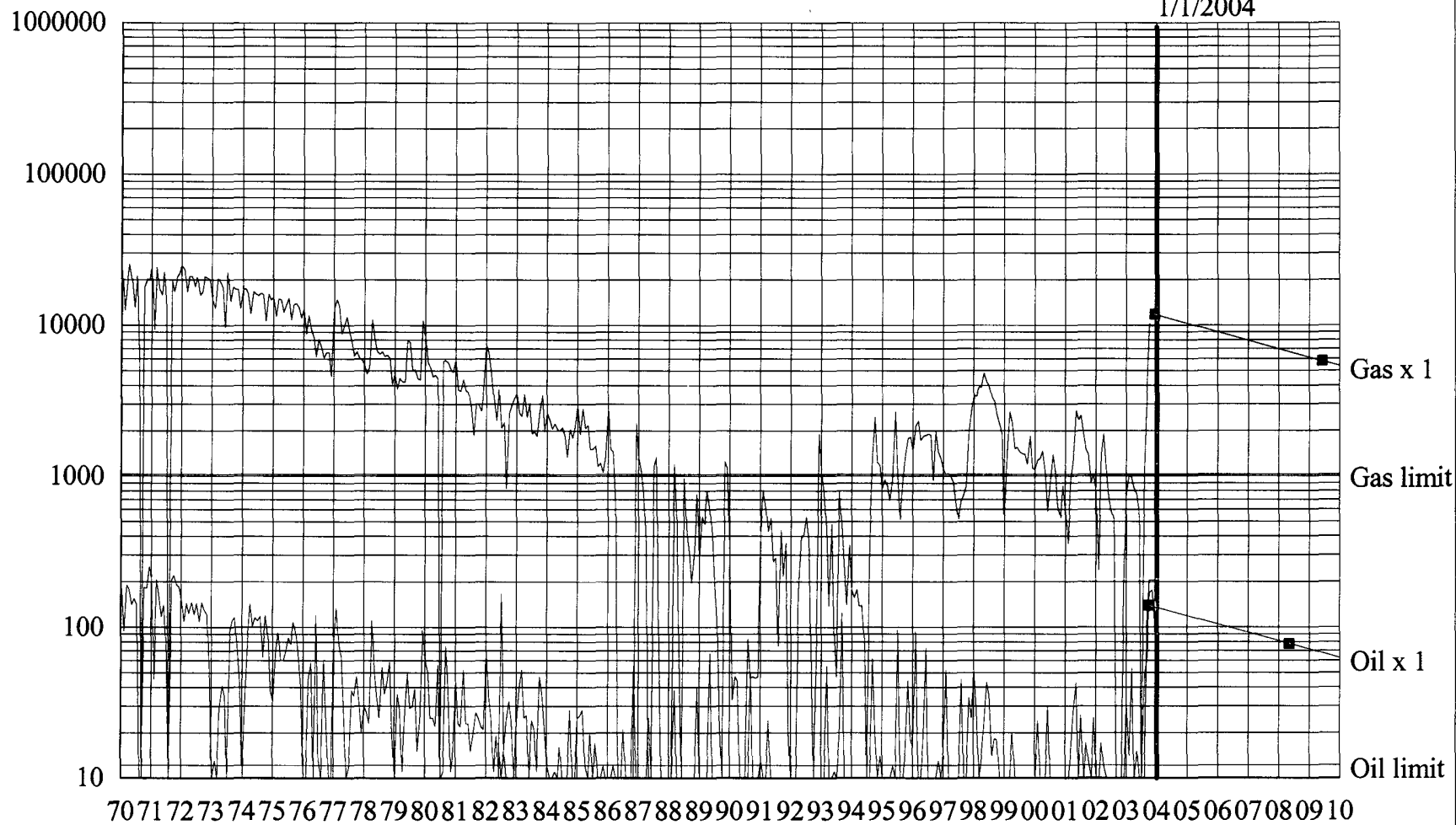
Put on to Production:

1. RIH w/ 2³/₈" tubing and CO to RBP @ 5550'.
2. RIH w/ retrieving head and latch onto RBP. TOH, LD RBP.
3. Run 2 ³/₈" production tubing w/ SN, PS and MA to ±6200' KB.
4. RIH w/ pump and rods.
5. RDMOL. Put well on to production and report daily.

PRODUCTION GRAPH

Blackrock C1 (1 - 100%), DK/GLP

Effective Date
1/1/2004



2300430450578071599
Blackrock C1 (1 - 100%)
NEW
DK/GLP
San Juan, NM

□
Basin
21 26N 11W

Cumulative:
Remaining:
Ultimate:

Oil (bbl)
39,598
11,292
50,890

Gas (mcf)
4,276,331
972,181
5,248,512

Water (bbl)
901
333
1,234