

Submit 1 Copy 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  
October 13, 2009

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

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-045-34747
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Merrion Oil & Gas Corporation		6. State Oil & Gas Lease No.
3. Address of Operator 610 Reilly Ave Farmington, NM 87401		7. Lease Name or Unit Agreement Name Glade Park
4. Well Location  Unit Letter      E      :      2484      feet from the      North      line and      1861      feet from the      West      line  Section      9      Township      29N      Range      13W      NMPM      County      San Juan		8. Well Number 1
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5354		9. OGRID Number 14634
		10. Pool name or Wildcat Basin FC/Kutz PC

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 ☐  
DOWNHOLE COMMINGLE ☒

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

It is intended to commingle the subject well in the Kutz West Pictured Cliffs (Pool Code 79680) and the Basin Fruitland Coal (Pool Code 71629). The production will be commingled according to Oil Conservation Division Order Number R-11363. Commingling will not reduce the value of the production. The New Mexico State Land Office has been notified in writing of this application.

This notice is being provided to you by certified mail as an interest owner per Order Number 11363. Please notify Merrion Oil & Gas Corporation and the Oil Conservation Division within twenty (20) days if you have objections.

DHC 3524AZ

RCVD JAN 10 '11  
OIL CONS. DIV.  
DIST. 3

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Philana Thompson TITLE Regulatory Compliance Specialist DATE 8/5/10

Type or print name Philana Thompson E-mail address: pthompson@merrion.bz PHONE: 505-324-5336

For State Use Only

APPROVED BY: Charles L. Thompson TITLE SUPERVISOR DISTRICT # 3 DATE 1-11-11

Conditions of Approval (if any):

District I

1625 N. French Dr., Hobbs, NM 88240  
Phone:(505) 393-6161 Fax:(505) 393-0720

District II

1301 W. Grand Ave., Artesia, NM 88210  
Phone:(505) 748-1283 Fax:(505) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**

**Oil Conservation Division****1220 S. St Francis Dr.****Santa Fe, NM 87505**

Form C-102  
Permit 117057

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number	2. Pool Code 71629	3. Pool Name BASIN FRUITLAND COAL (GAS)
4. Property Code 37222	5. Property Name GLADE PARK	6. Well No. 001
7. OGRID No. 14634	8. Operator Name MERRION OIL & GAS CORP	9. Elevation 5354

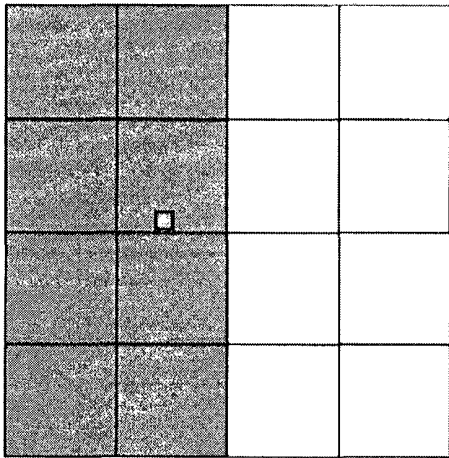
**10. Surface Location**

UL - Lot E	Section 9	Township 29N	Range 13W	Lot Idn	Feet From 2484	N/S Line N	Feet From 1861	E/W Line W	County SAN JUAN
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**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00	13. Joint or Infill	14. Consolidation Code	15. Order No.						

**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**

	<p align="center"><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: <i>Philana Thompson</i>          Title: <i>Regulatory Compliance Spec.</i>          Date: <i>8/5/10</i></p> <hr/> <p align="center"><b>SURVEYOR CERTIFICATION</b></p> <p><i>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.</i></p> <p>Surveyed By: Gerald Huddleston          Date of Survey: 9/1/2008          Certificate Number: 6844</p>
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**Energy, Minerals and Natural Resources**

**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-102  
Permit 117057

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number	2. Pool Code 79680	3. Pool Name KUTZ PICTURED CLIFFS, WEST (GAS)
4. Property Code 37222	5. Property Name GLADE PARK	6. Well No. 001
7. OGRID No. 14634	8. Operator Name MERRION OIL & GAS CORP	9. Elevation 5354

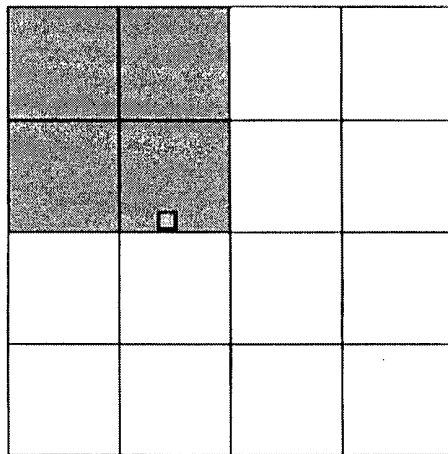
**10. Surface Location**

UL - Lot E	Section 9	Township 29N	Range 13W	Lot Idn	Feet From 2484	N/S Line N	Feet From 1861	E/W Line W	County SAN JUAN
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**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 160.00	13. Joint or Infill	14. Consolidation Code	15. Order No.						

**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**

**OPERATOR CERTIFICATION**

*I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.*

E-Signed By:

Title:

Date:

*Mikaela Thompson*  
*Regulatory Compliance Spec.*  
*8/5/10*

**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.*

Surveyed By: Gerald Huddleston

Date of Survey: 9/1/2008

Certificate Number: 6844

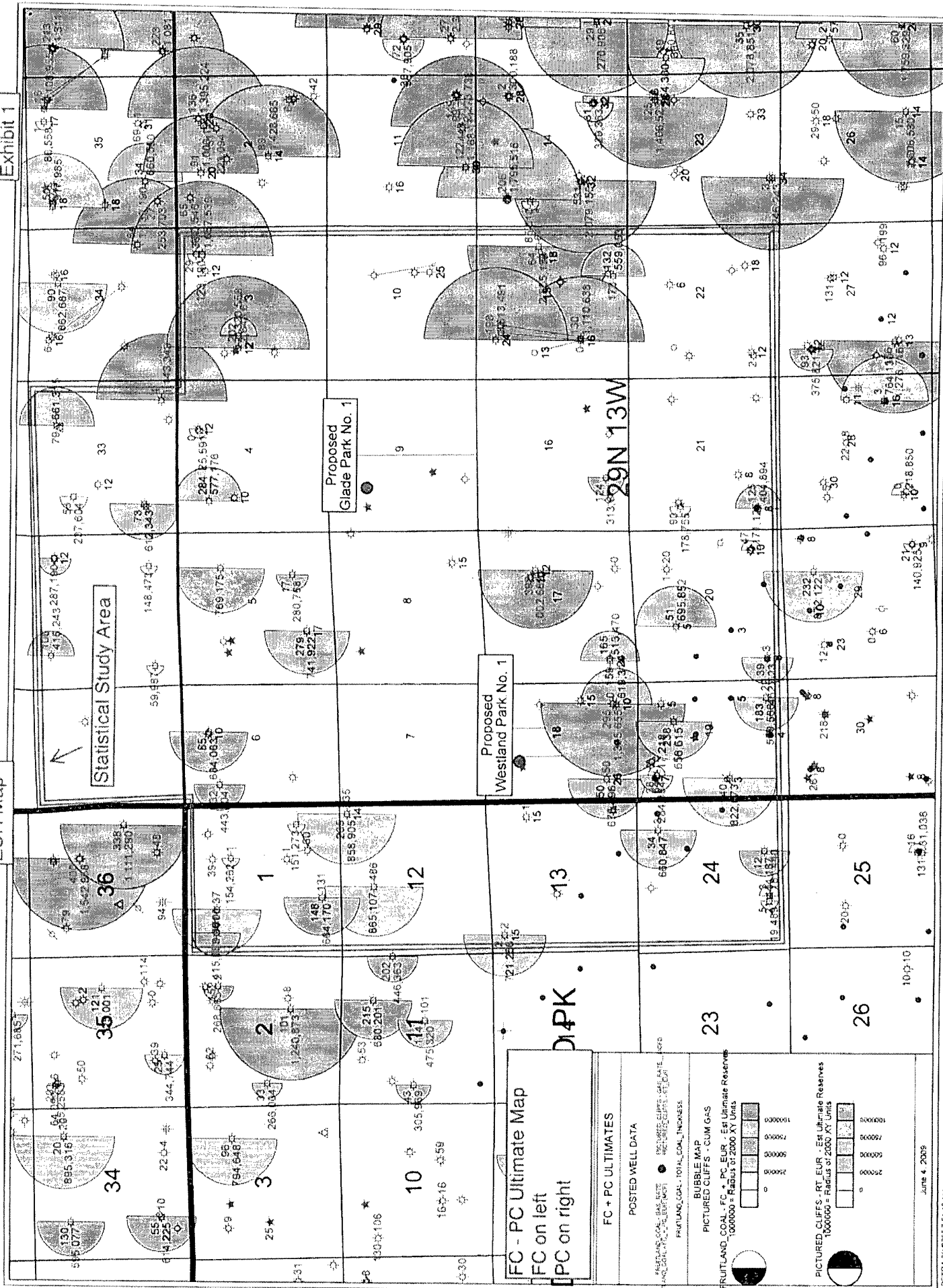
**Production Allocation Methodology  
Commingling of Basin Fruitland Coal Pool  
And West Kutz Pictured Cliffs Pool  
Glade Park 1 & 2 Wells  
W/2 Section 9, T29N, R16W  
San Juan County, New Mexico**

It is recommended that production be allocated between the Basin Fruitland Coal Pool and the West Kutz Pictured Cliffs Pool for the subject wells based on the performance of nearby offset wells. Exhibit 1 is an Estimate Ultimate Recovery (EUR) map of a 23 section study area surrounding the subject lands. Pictured Cliffs (PC) EUR's are represented by semi-circles on the right, and Fruitland Coal EUR's are represented by semi-circles on the left of each well symbol. As can be seen from the map, while EUR's in the area vary for both formations, in general, the PC and the Fruitland Coal are statistically similar in their performance.

Type curves were made of all the currently producing wells in the 23 section study area. The Fruitland Coal type curve is shown in Figure 2 while the PC type curve is shown in Figure 3. Again, except for a slight dewatering period for the Fruitland Coal, the performance of the two zones is relatively similar. Based on the type curve, an "average" Fruitland Coal completion in the area is estimated to have an ultimate recovery of 657 MMCF and 61.4 MBbls of water, while an "average" PC completion is projected to have an ultimate recovery of 859 MMCF and 88.6 MBbls of water.

Because of the difficulty in obtaining accurate production tests during the dewatering period on the coal, and because of the inaccuracy of using these tests for allocation over the life of a well, it is recommended that production be split between the Fruitland Coal and the PC based on the "average" ultimates from the type curves. On that basis, the following allocation is recommended:

<u>Formation</u>	<u>Gas Allocation</u>	<u>Water Allocation</u>
Fruitland Coal	43.3%	40.1%
Pictured Cliffs	56.7%	59.9%



# Rate/Time Graph

Lease Name: Frutland Coal Type Curve - 43 wells ()  
 County, ST: ,  
 Location: 0-0-0

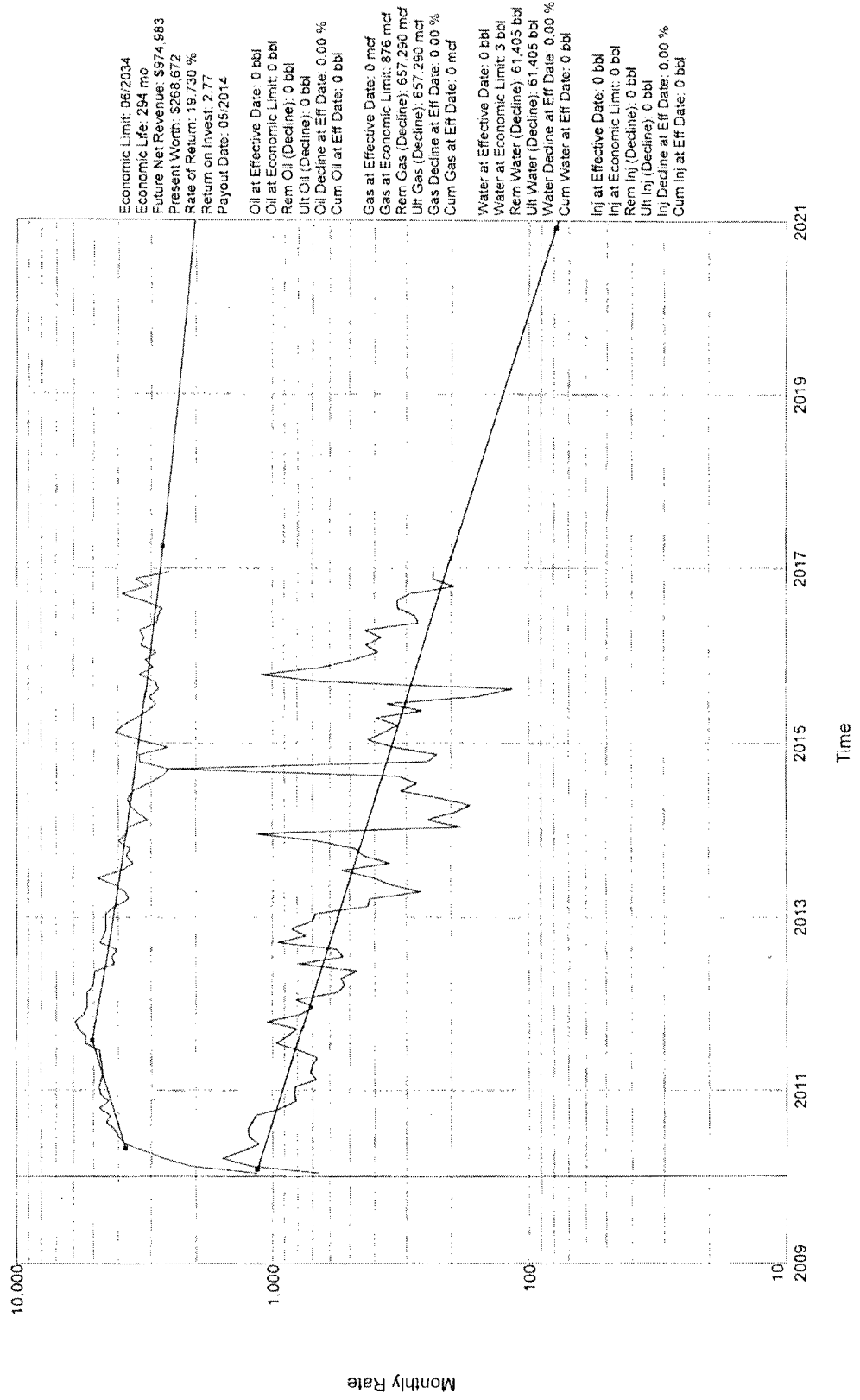
Frutland Coal Type Curve

Operator:  
 Field Name:

Exhibit 7

Date: 2/6/2010  
 Time: 10:02 AM

Frutland Coal Type Curve - 43 wells -



# Rate/Time Graph

Lease Name: Pictured Cliffs Recent Type Curve 0  
 County: ST.,  
 Location: 0-0-0

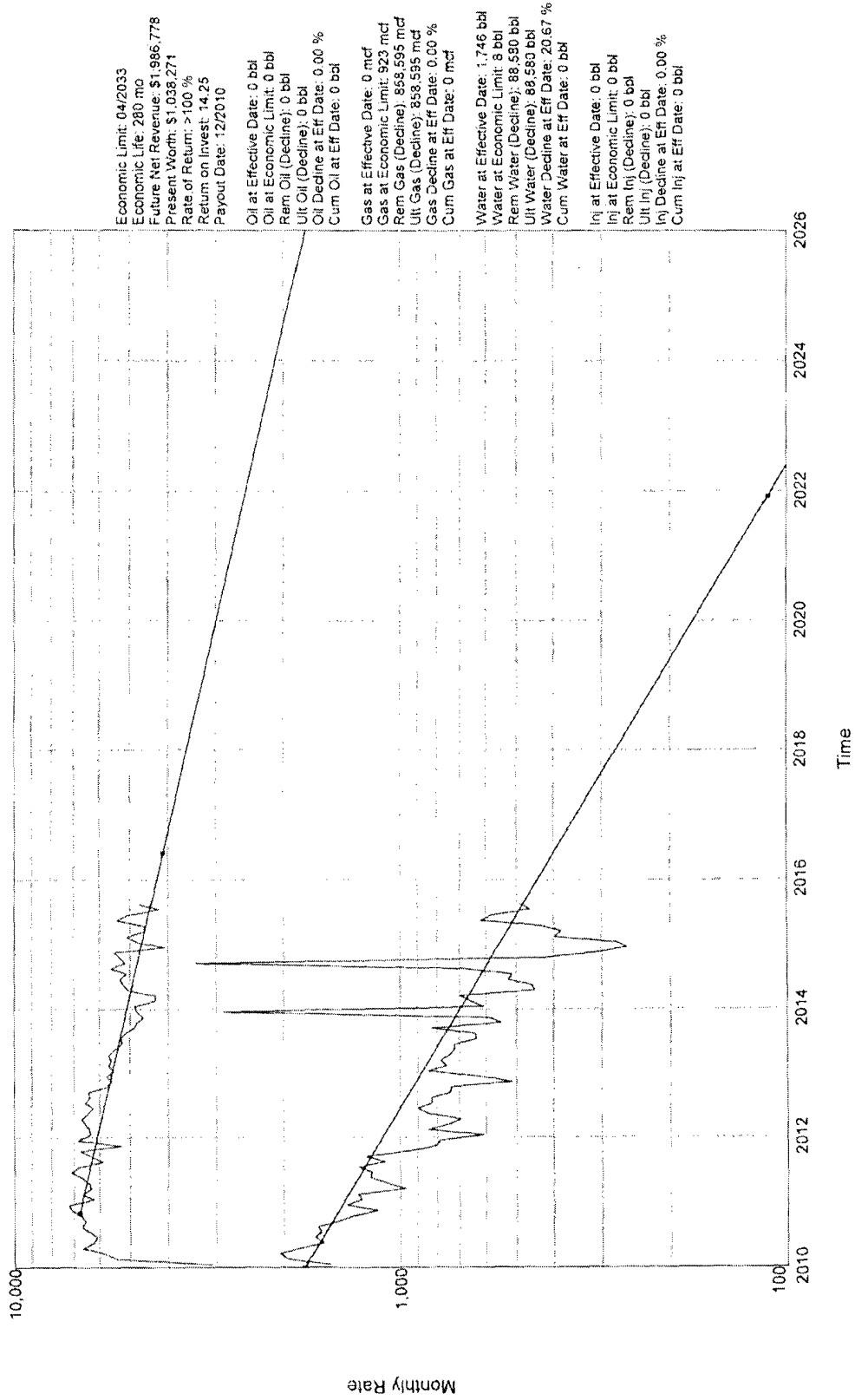
Pictured Cliffs Type Curve

Operator:  
 Field Name:

Exhibit 9

Date: 2/6/2010  
 Time: 10:01 AM

Pictured Cliffs Recent Type Curve -



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October 13, 2009

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

WELL API NO. 30-045-34747
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Glade Park
8. Well Number 1
9. OGRID Number 14634
10. Pool name or Wildcat Basin FC/Kutz PC

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1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	
2. Name of Operator Merrion Oil & Gas Corporation	
3. Address of Operator 610 Reilly Ave Farmington, NM 87401	
4. Well Location  Unit Letter      E      :      2484      feet from the      North      line and      1861      feet from the      West      line  Section      9      Township      29N      Range      13W      NMPM      County      San Juan	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5354	

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TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐  
DOWNHOLE COMMINGLE ☒

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ P AND A ☐  
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OTHER: ☐

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Notification of the intent to commingle the subject well was sent to all interest owners via certified mail on 8/11/2010. No objections were received.

RCVD JAN 10 '11  
OIL CONS. DIV.

DIST. 3

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Philana Thompson TITLE Regulatory Compliance Specialist DATE 9/15/2010

Type or print name Philana Thompson E-mail address: pthompson@merrion.bz PHONE: 505-324-5336  
**For State Use Only**

APPROVED BY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
Conditions of Approval (if any): \_\_\_\_\_