Submit 1 Copy To Appropriate District Office	State of N	New Mex	rico	Form C-103		
District I	Energy, Minerals a	ınd Natura	al Resources	WITH A DENIG	Octob	per 13, 2009
1625 N. French Dr., Hobbs, NM 88240 District II				WELL API NO. 30-045-34747		
1301 W. Grand Ave., Artesia, NM 88210	OIL CONSERV			5. Indicate Type of Le	ase	
<u>District III</u> 1000 Rio Brazos Rd., Aztec, NM 87410	1220 South			STATE	FEE [
District IV 1220 S. St. Francis Dr., Santa Fe, NM	Santa Fe,	, NM 8/5	005	6. State Oil & Gas Lea	ase No.	
87505						
SUNDRY NOTI (DO NOT USE THIS FORM FOR PROPOS DIFFERENT RESERVOIR. USE "APPLIC PROPOSALS.)		EN OR PLUC		7. Lease Name or Uni Glade Park	t Agreeme	nt Name
	Gas Well 🛛 Other			8. Well Number		
Name of Operator Merrion Oil & Gas Corporation				9. OGRID Number 14634	***************************************	
3. Address of Operator			· · · · · · · · · · · · · · · · · · ·	10. Pool name or Wild	lcat	
610 Reilly Ave Farmington, NM 8	7401			Basin FC/Kutz PC		
4. Well Location						
Unit Letter E :	2484 feet from the	North	line and 1861	feet from the	West	line
Section 9 Towns			МРМ	County San Ju-	an	
	11. Elevation (Show whe	e the r DR, R 5354				
	4			The Charles		
12. Check A	Appropriate Box to Ind	licate Nat	ture of Notice,	Report or Other Date	a	
NOTICE OF IN	TENTION TO	1	SUB	SEQUENT REPOR	RT OF	
PERFORM REMEDIAL WORK	PLUG AND ABANDON		REMEDIAL WOR		ERING CA	SING 🗌
TEMPORARILY ABANDON	CHANGE PLANS		COMMENCE DRI	LLING OPNS. P AI	ND A	
PULL OR ALTER CASING	MULTIPLE COMPL		CASING/CEMEN	TJOB 🗌		
DOWNHOLE COMMINGLE						
OTHER:			OTHER:			
13. Describe proposed or comp						
of starting any proposed we proposed completion or rec		4 NMAC.	For Multiple Cor	npietions: Attach wellbe	ore diagran	n oi
t i sankama						
It is intended to commingle	the subject well in th	ie Kutz V	West Pictured	Cliffs (Pool Code 7	9680) ar	nd
the Basin Fruitland Coal (Poo	l Code 71629). The p	roductio	n will be comm	ningled according to	o Oil	
Conservation Division Order	Number R-11363, Con	mminglin	g will not redu	ice the value of the	: product	tion.
The New Mexico State Land	Office has been not	ified in v	writing of this	application.		
This notice is being provided	• •			*		
Please notify Merrion Oil & 6						
if you have objections.	,	11122C	24AZ	•••	IAN 10'1	
r	<i>l</i>	MC 33	2 / 2/ 2		MS. DIV	e.
Spud Date:	Rig R	elease Date	e:	abenda Common		
I hereby certify that the information	above is true and complete	to the bes	t of my knowledg	e and belief.		
M. Lena	1/2. ms/					
SIGNATURE / /MILINA /	MASSIFF TITLE	E_Regualte	ory Compliance S	pecialistDATE8/	5/10	
Type or print namePhilana Thom	pson – E-ma	il address:	pthompson@n	nerrion.bz PHONE; _	505-324-5	336
For State Use Only	///					
APPROVED BY: Chal	TITLE	Super	VISOR DISTRIC	T#3 DATE	1-11-1	. 1
Conditions of Approval (if any):	<u> </u>	-		DATE_		

District 1

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

71 2-	THE PROPERTY OF LEGISLES	WE DEDICATION I DAT
1. API Number	2. Pool Code	3. Pool Name
	71629	BASIN FRUITLAND COAL (GAS)
4. Property Code	5. Property Na	me. 6, Well No.
37222	GLADE PA	RK 001
7. OGRID No.	8. Operator Na	me , 9. Elevation
14634	MERRION OIL & O	SAS CORP 5354

10. Surface Location

UL - Lot	Section	Township	Range	Lot fdn	Feet From	N/S Line	Feet From	E/W Line	County
E	9	29N	13W		2484	N	1861	W	SAN JUAN

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot	ldn	Feet From	N/S L	ine.	Feet From	E/W Line	County
12. Dedi	cated Acres	13	loint or Infill		1.4	. Consolidation (Code			15, Order No.	
32	0.00										

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

	Con Control	
1,50		
4.		

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: Mulling Thempen!
Title: Regulatory Compliance Spec.
Date: 8/c/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 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	3. Pool Name				
	79680	KUTZ PICTUF	RED CLIFFS, WEST (GAS)			
4. Property Code	5, Property	Name	6. Well No.			
37222	GLADE	PARK.	001			
7. OGRID No.	8. Operator	Name	9. Elevation			
14634	MERRION OIL 4	& GAS CORP	5354			

10. Surface Location

			,	·			······			ĸ
UL - Lot	Section	• Township	Range	Let Idn	Feet From	N/S Line	Feet From	E/W Line	County	
Е	9	29N	13W		2484	N	1861	W	SANJUAN	

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	T	ldn	Feet From	N/S L	ine	Feet From	E/W Line	County
12. Dedie	ated Acres	13.	Joint or Infill		14	. Consolidation (`ode			15. Order No.	
16	0.00										

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É	L	

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: Philand Thingson Title: Adjulatory Compliance Spec. Date: 01-110

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>	Gas Allocation	Water Allocation
Fruitland Coal	43.3%	40.1%
Pictured Cliffs	56.7%	59.9%

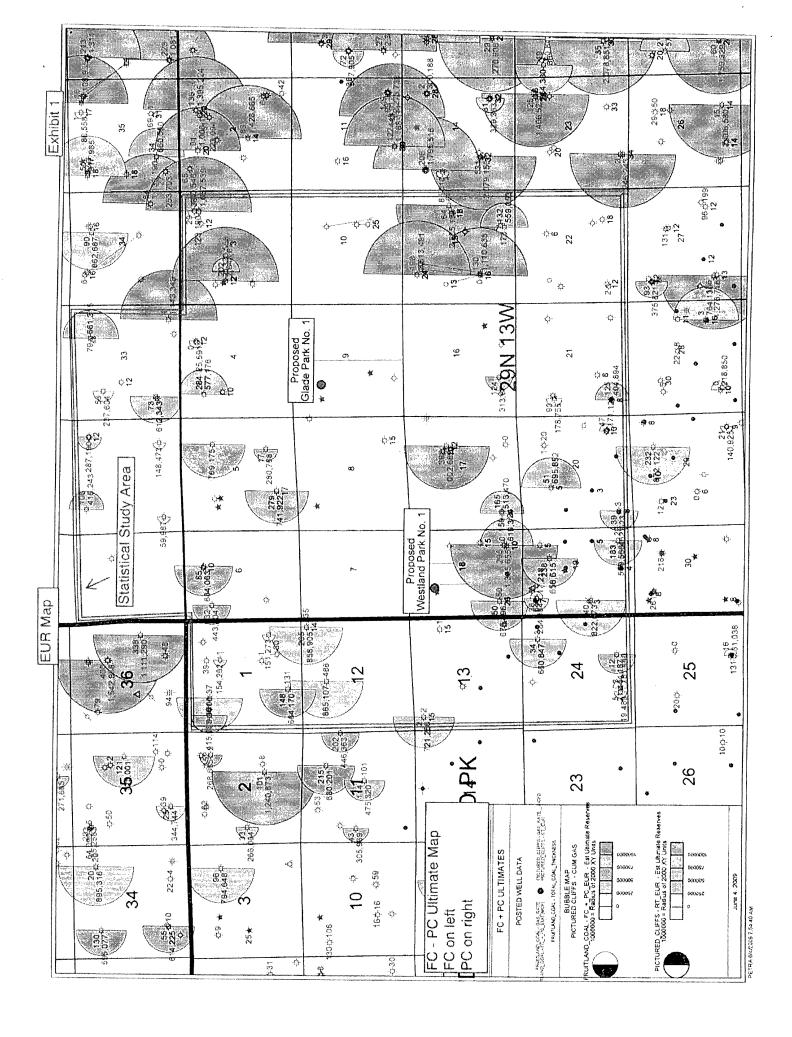


Exhibit 7

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

盗

Rate/Time Graph

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

Operator: Field Name:

Fruitland Coal Type Curve

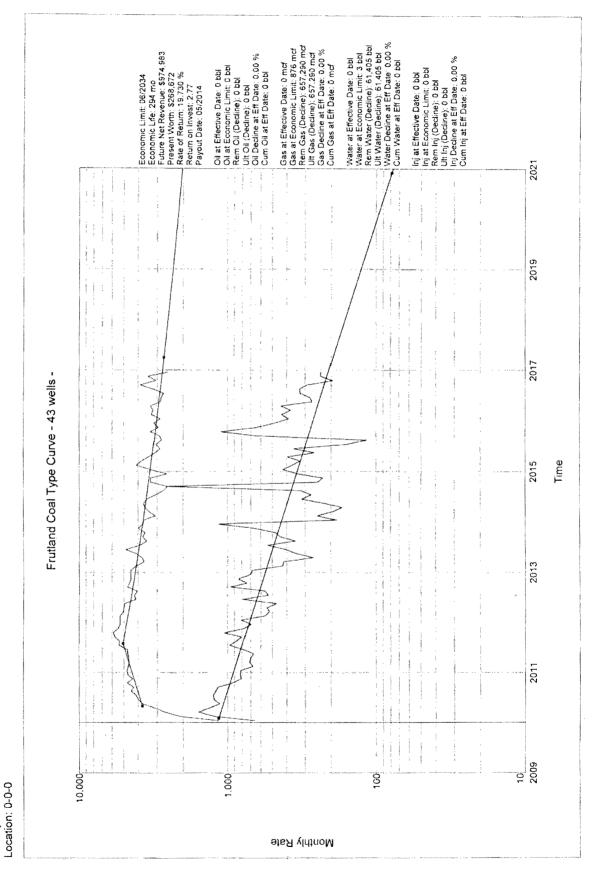


Exhibit 9

L

Water at Effective Date: 1,746 bbl Water at Economic Limit: 8 bbl Water Vater (Decline); 88,580 bbl Ult Water (Decline); 88,580 bbl Water (Decline at Eff Date: 20,67 % Cum Water at Eff Date: 0 bbl Economic Limit: 04/2033
Economic Life; 280 mo
Future Net Revenue: 51:986,778
Present Worlm: 51:038,271
Rate of Return: >100 %
Return on linest: 14.25
Payout Date: 12/2010 Gas at Effective Date: 0 mcf Gas at Economic Limit: 923 mcf Rem Gas (Decline), 858,595 mcf Ult Gas (Decline); 858,595 mcf Gas Decline at Eff Date: 0,00% Cum Gas at Eff Date: 0 mcf Oil at Effective Date: 0 bbi Oil at Economic Limit: 0 bbi Nem Oil (Decline): 0 bbi Ulf Oil (Decline): 0 bbi Oil Decline at Eff Date: 0 00% Cum Oil at Eff Date: 0 bbi Inj at Effective Date: 0 bbl
Inj at Economic Limit: 0 bbl
Rem fnj (Dedine): 0 bbl
Ult Inj (Dedine): 0 bbl
Inj (Dedine): 0 bbl
Inj Dedine at Eff Date: 0.00 %
Cum Inj at Eff Date: 0 bbl Date: 2/6/2010 Time: 10:01 AM 2026 2024 2022 Operator: Field Name: Pictured Cliffs Type Curve Pictured Cliffs Recent Type Curve 2020 Time 2018 2016 Lease Name: Pictured Cliffs Recent Type Curve () 2014 2012 Rate/Time Graph 100 10,000 1,000 Location: 0-0-0 County, ST: Monthly Rate

Submit 1 Copy To Appropriate District	State of New Mexico	Form C-103		
Office District I	Energy, Minerals and Natural Resources	October 13, 2009		
1625 N. French Dr., Hobbs, NM 88240		WELL API NO.		
District II	OIL CONSERVATION DIVISION	30-045-34747		
1301 W. Grand Ave., Artesia, NM 88210 District III	1220 South St. Francis Dr.	5. Indicate Type of Lease		
1000 Rio Brazos Rd., Aztec, NM 87410		STATE FEE		
District IV	Santa Fe, NM 87505	6. State Oil & Gas Lease No.		
1220 S. St. Francis Dr., Santa Fe, NM 87505		1		
	TICES AND REPORTS ON WELLS	7. Lease Name or Unit Agreement Name		
	OSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A	Glade Park		
	ICATION FOR PERMIT" (FORM C-101) FOR SUCH			
PROPOSALS.) 1. Type of Well: Oil Well	Gas Well 🛛 Other	8. Well Number		
	Out Well M Outer	1		
2. Name of Operator		9. OGRID Number		
Merrion Oil & Gas Corporation		14634		
3. Address of Operator	10. Pool name or Wildcat			
610 Reilly Ave Farmington, NM	3/401	Basin FC/Kutz PC		
4. Well Location				
Unit Letter E:	2484 feet from the North line and 18	61 feet from the West line		
Section 9 Town		County San Juan		
	11. Elevation (Show whether DR, RKB, RT, GR, e	IC.)		
	5354			
12. Check	Appropriate Box to Indicate Nature of Notic	e, Report or Other Data		
NOTICE OF I	NTENTION TO: SU	IRSECTION'S DEDON'S OF		
	I	IBSEQUENT REPORT OF:		
PERFORM REMEDIAL WORK		-		
TEMPORARILY ABANDON	-	PRILLING OPNS. PAND A		
PULL OR ALTER CASING		ENT JOB		
DOWNHOLE COMMINGLE				
OTHER:	□ OTHER:	П		
13. Describe proposed or com	pleted operations. (Clearly state all pertinent details,	and give pertinent dates including estimated date		
of starting any proposed w	vork). SEE RULE 19.15.7.14 NMAC. For Multiple (Completions: Attach wellbore diagram of		
proposed completion or re				

It is intended to comminale	the subject well in the Kutz West Picture	ed Cliffs (Pool Code 79680) and		
-	•			
	ol Code 71629). The production will be con	•		
Conservation Division Order	[.] Number R-11363. Commingling will not re	duce the value of the production.		
The New Mexico State Land	d Office has been notified in writing of th	nis application. DOING TANK TAKE		
	3			
Notification of the i	ntent to commingle the subject well was s	OIL CONS. DIV.		
	•			
owners via certified	mail on 8/11/2010. No objections were re	ceived. DIST. 3		
Spud Date:	Rig Release Date:			
Spud Date.	Rig Release Date.			
The character of the factor of		des and halfaf		
I hereby certify that the information	n above is true and complete to the best of my knowle	dge and belief.		
I hereby certify that the information	n above is true and complete to the best of my knowle	dge and belief.		
Mhaci	The sent			
I hereby certify that the information SIGNATURE	The sent	dge and belief. e SpecialistDATE9/15/2010		
SIGNATURE MALIMAN	TITLE_Regualtory Compliance	e SpecialistDATE9/15/2010		
SIGNATURE	TITLE_Regualtory Compliance			
SIGNATURE MALIMALE	TITLE_Regualtory Compliance	e SpecialistDATE9/15/2010		
SIGNATURE	TITLE_Regualtory Compliance	@merrion.bzPHONE: _505-324-5336		