

NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION 2040 South Pacheco Street Santa Fe, New Mexico 87505 (505) 827-7131

August 12, 1999

20-045-29973

Merrion Oil & Gas Corporation 610 Reilly Avenue Farmington New Mexico 87401 Attention: George F. Sharpe



Telefax No. (505) 326-5900

OIL CON. DIV. Administrative Order NSL-4342

Dear Mr. Sharpe:

Reference is made to your application dated July 21, 1999 for an off-pattern non-standard Basin-Fruitland coal gas well location for Merrion Oil & Gas Corporation's proposed Hi Roll Well No. 5 to be drilled 810 feet from the South line and 1355 feet from the East line (Unit O) of Section 35, Township 27 North, Range 13 West, NMPM, San Juan County, New Mexico. The E/2 of Section 35 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

By the authority granted me under the provisions of Rule 8 of the "Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool," as promulgated by Division Order No. R-8768, as amended, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

Lori Wrotenbery

Director

cc:

LW/MES/kv

New Mexico Oil Conservation Division - Aztec

MERRION

OIL & GAS

Aztec OCD

July 21, 1999

Mr. Michael E. Stogner New Mexico Oil Conservation Division 2040 S. Pacheco St. Santa Fe, New Mexico 87505

Re: Application of Merrion Oil & Gas Corporation "Off-Pattern" Non-Standard Location

Hi Roll 5

Basin Fruitland Coal Pool SE/4 Section 35, T27N, R13W San Juan County, New Mexico DECEIVED N JUL 2 3 1999

OIL CON. DIV.

Dear Mr. Stogner:

Merrion Oil & Gas Corporation (Merrion) requests administrative approval for an off-pattern non-standard location for the subject well so that we may use what will be an existing wellbore. Merrion has applied to redrill the Hi Roll 5 and complete the Pictured Cliffs (PC) formation. Rather than drill a separate Fruitland Coal well, we have submitted a separate applicantion to commingle the PC and Fruitland Coal in this wellbore.

Exhibit 1 is the C-102 for the Basin Fruitland Coal showing the well to be at standard setbacks (810' FSL and 1355' FEL), but at a non-standard off-pattern location.

Exhibit 2 is a map showing the offset operators to the Hi Roll 5. Exhibit 3 is an address list of those same operators. All affected operators received certified copies of this application.

In summary, Merrion proposes to commingle the Fruitland Coal with the PC in a single wellbore. This is necessary to reduce costs and improve the economics of the project. However, to accomplish this, the Fruitland Coal will be completed in an off-pattern, non-standard location. Therefore, we request your approval of this application. If you have any questions, please call me at (505) 327-9801, ext. 114.

Sincerely,

George F. Sharpe

Manager - Oil & Gas Investments

xc:

Well File

Frank Chavez - OCD-Aztec

Offset Operators

District I PO Bax 1980, Hobbs, NM 88241-1980

District II

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088

State of New Mexico

Form C-102 Revised February 21, 1994

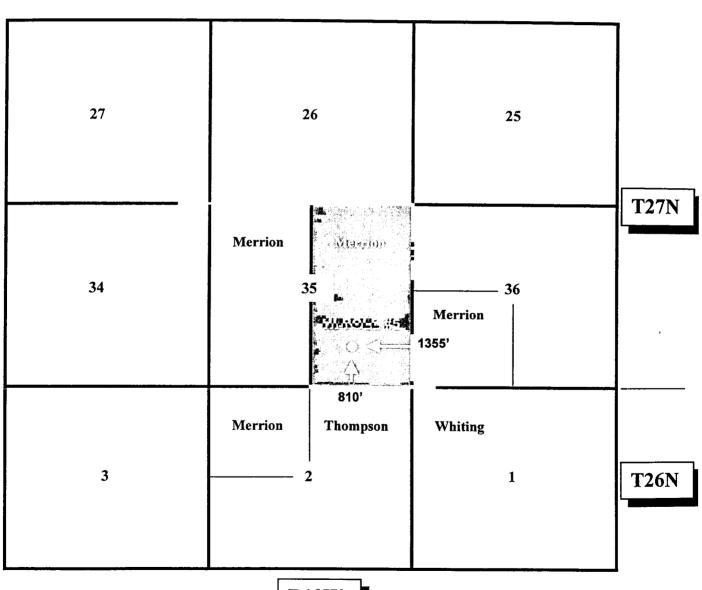
Instructions on back PO Drawer DD, Artesla, NM 88211-0719 Submit to Appropriate District Office District III 1000 Rio Brazos Rd., Aztec, NM 87410 State Lease - 4 Copies Santa Fe, NM 87504-2088 Fee Lease - 3 Copies District IV PO Box 2088, Santa Fc, NM 87504-2088 AMENDED REPORT WELL LOCATION AND ACREAGE DEDICATION PLAT API Number ¹ Pool Code Pool Name 71629 Basin Fruitland Coal ⁴ Property Code Property Name Well Number Hi Roll 5 OCRID No. Operator Name · Elevation MERRION OIL & GAS CORPORATION 014634 59901 10 Surface Location UL or lot no. Section Township Range Lot Ida Feet from the North/South line Feet from the East/West line County 0 35 27 N 13 W SWSE 810 South 1355 East San Juan 11 Bottom Hole Location If Different From Surface UL or lot no. Section Township Range Lot Ida Feet from the North/South line Feet from the East/West line County 11 Dedicated Acres 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 16 xxxxxxxxxxxxxxxxxxxxxxxx 17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is ON COUNTY true and complete to the best of my knowledge and belief Signature Steven S. Dunn Printed Name Drlg & Prod Manager EXHIBIT # Date 18SURVEYOR 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 beauty my walls or under my sug Date of Signati 1355' \odot 10 6844

Certificate Number

Exhibit 2

Offset Operator Plat HI-ROLL #5 T27N, R13W, Section 35

Non-Standard Location Application



R13W

Exhibit 3

Offset Operator Notification Hi Roll 5 Non-Standard Location

To: Offset Operators

If you have questions, please call George Sharpe at (505) 327-9801, ext. 114. If you have any objections to this application, please notify the NMOCD in writing within 20 days of receipt of this application.

Mr. Paul Thompson Thompson Engineering 7415 E. Main Farmington, New Mexico 87402

Mr. Richard Fromm Whiting Petroleum 1700 Broadway, Suite 2300 Denver, Colorado 80290

MERRION

OIL & GAS

July 21, 1999

Mr. Michael Stogner / Mr. David Catanach New Mexico Oil Conservation Division 2040 S. Pacheco Santa Fe, New Mexico 87505

Re: Application for Administrative Approval
Downhole Commingling
Basin Fruitland Coal Pool and WAW Pictured Cliffs Pool
Hi Roll 5
Section 35, T27N, R13W
San Juan County, New Mexico

Dear Mr. Catanach:

Merrion Oil & Gas requests administrative approval for downhole commingling of the Basin Fruitland Coal and the WAW Pictured Cliffs Pools in the subject wellbore. The following information is provided in support of this application:

I. Proposed Spacing Units

Exhibit 1 is the ownership plat showing the offset operators. Exhibit 2 shows the C-102 plat for the Basin Fruitland Coal with a 320 acre spacing unit in the E/2 of Section 35. Exhibit 3 is the C-102 plat for the WAW Pictured Cliffs Pool with a ± 160 acre spacing unit in the SE/4 of Section 35.

II. Justification

The Hi Roll 5 is a redrill of the Hi Roll 1R, which is a slim-hole completion with 2-7/8" casing. Because of the inefficient slim-hole completion, significant reserves will be left behind in this well. However, the reserves are not sufficient enough to justify drilling a well with the PC as the only target.

The Fruitland Coal is productive to the south of our well, but has not been "proved-up" north across our lease. Because of the risk associated with the step-out, we could not justify drilling a coal well by itself. Therefore, it is only by commingling the two zones that we can justify redrilling the well.

III. Allocation Methodology

Exhibit 4 shows the PC production from the current Hi Roll 1R well while Exhibit 5 shows the production history of an offset coal well. The coal gas rate in the offset stabilized quickly and declined exponentially, similar to the PC. Therefore, Merrion proposes to obtain stabilized production tests on each zone separately and use a fixed percentage to allocate future production between the two zones. If subsequent data indicates the need, additional testing may be done in the future to adjust the allocation percentages.

IV. Reservoir Fluid Compatibility

Water analyses are not available for wells in the immediate area. However, the waters of the PC and Fruitland have been generally determined to be compatible across the basin based on other similar applications to the OCD.

V. <u>Cross Flow Between Zones</u>

The current reservoir pressure of the PC is estimated to be 120 psi, while the Fruitland Coal is at 200 psi. With a flowing line pressure of less than 50 psi, crossflow is not anticipated to be a problem.

VI. Well Ownership Notification

The spacing unit and ownership of the two zones is identical.

VII. Offset Operator Notification

Exhibit 1 is a plat showing all offset operators. Exhibit 6 is a list of all the offset operators who received a certified copy of this application.

VIII. Summary

Both the PC and the Fruitland Coal lack the reserves to economically justify a new well on their own. Commingling the zones will maximize reserves and protect correlative rights. Therefore, we request your approval of this application.

Page Three July 21, 1999

Please call me with questions or if additional information is required.

Sincerely,

George F. Sharpe

Manager - Oil & Gas Investments

Xc: Offset Operators

Aztec OCD, BLM - Farmington

DISTRICT II

P.O. Sox 1880, Habbs, NM 86241-1980

State of New Mexico Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

Form C-107-A New 3-12-96

APPROVAL PROCESS: X Administrative __Hearing

2040 S. Pacheco Santa Fe, New Mexico 87505-6429

811 South First St., Artesia, NM 88210-2835 DISTRICT III

1000 Rio Bretos Rd, Astec, NM 87410-1693

APPLICATION FOR DOWNHOLE COMMINGLING

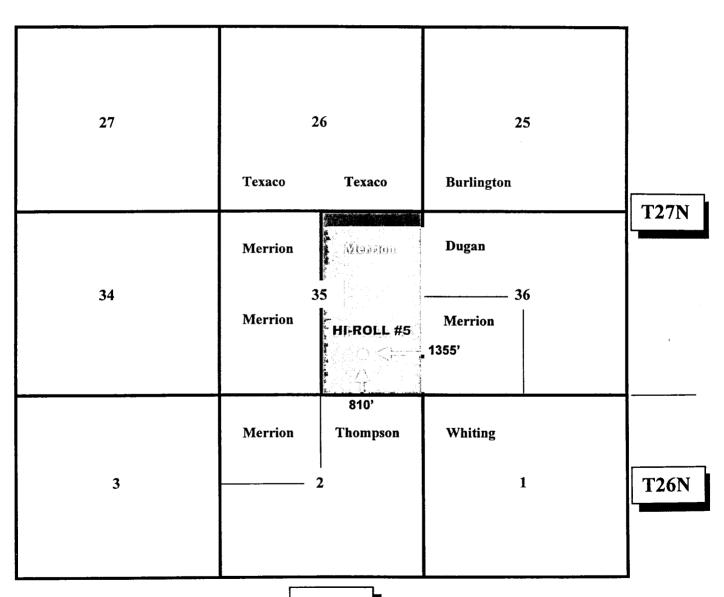
EXISTING WELLBORE __ YES X NO

| Operator Hi Roll | 5 0 | 35-27N-13W | San Juan |
|---|---|---|--|
| OGRID NO. 014634 Property Co | Well No. Unit I | | County Unit Lease Types: Ichack 1 or morel X , State, tandrori Fee |
| The following facts are submitted in support of downhole compling: | Upper Zone | Intermediate | Lower Zone |
| Pool Name and Pool Code | Basin Fruitland Coal | | WAW Fruitland Sand Pictured Cliffs |
| 2. Top and Bottom of Pay Section (Perforations) | 1170'-1190' | | 1200'-1220' |
| 3. Type of production (Oil or Gas) | Gas | | Gas |
| 4. Method of Production to owing or Artificial Lift) | Flow | | Flow |
| 5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current | a. (Current) 200 psi | a. | a. 120 psi |
| Gas & Oil - Flowlng: Measured Current All Gas Zones: Estimated Or Measured Original | b. ^(Original) 200 psi | b. | b. 200 psi |
| 6. Oil Gravity (*API) or Gas BTU Content | вти 1000 | | BTU 1100 |
| 7. Producing or Shut-In? | SI - Not completed yet | | SI - Not completed yet |
| Production Marginal? (yes or no) | Yes | | Yes |
| If Shut-In, give date and oil/gas/ water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data | Dete: NA Rates: NA | Date: Roles: | Date: NA Rates: |
| If Producing, give data endoli/gas/ water rates of recent test (within 60 days) | Date: Retes: NA | Dete: Rates: | Oste: Rales: NA |
| B. Fixed Percentage Allocation Formula -% for each zone | Will be provided a Gas: % Will be provided a | fter well is drilled ON: % % | Oil: Gas: 4. |
| . If allocation formula is based u submit attachments with supp | pon something other than curn orting data and/or explaining m | ent or past production, or is be nethod and providing rate proje | ased upon some other method ections or other required data |
|). Are all working, overriding, an | d royalty interests identical in a | all commingled zones? | X Yes No |
| . Will cross-flow occur? Ye flowed production be recovered | es $\frac{X}{A}$ No $\frac{X}{A}$ If yes, are fluids of $\frac{X}{A}$ and will the allocation formu | ompatible, will the formations r la be reliable Yes N | |
| . Are all produced fluids from all | | with each other? X Y | es No |
| . Will the value of production be . If this well is on, or communiti United States Bureau of Land | | Yes X No (If Ye | s, attach explanation) |
| United States Bureau of Land I . NMOCD Reference Cases for F | Management has been notified | | X Yes No |
| . ATTACHMENTS: | . An ha arministrative state of the | ORDER NO(S). s spacing unit and acreage ded r. (If not available, attach exp | lication. |
| Notification list of w | each zone for at least one yea each zone for at least one yea oduction history, estimated pre- action method or formula. offset operators. orking, overriding, and royalty ments, data, or documents requ | takanaka fariti | data. st cases. |
| ereby certify that the information | above is true and complete to | the best of my knowledge an | d belief. |
| INATURE <u>XORGE</u> | Shayee 1 | NTLE Engineer | _ DATE _7-21-99 |
| PE OR PRINT NAME Georg | ge F. Sharpe | TELEPHONE NO. (| 505) 327-9801 |

Exhibit 1

Offset Operator Plat HI-ROLL #5 T27N, R13W, Section 35

Application to Commingle Producing Formations



R13W

District I PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico Energy, Minerals & Natural Resources Department

14 Consolidation Code

Form C-102 Revised February 21, 1994 Instructions on back

PO Drawer DD, Artesia, NM 88211-0719 District III

Submit to Appropriate District Office State Lease - 4 Copies

1000 Rio Bruzos Rd., Aztec, NM 87410 District IV

Fee Lease - 3 Copies

PO Box 2088, Santa Fe, NM 87504-2088

12 Dedicated Acres

13 Joint or Infill

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

OIL CONSERVATION DIVISION

PO Box 2088

Santa Fe, NM 87504-2088

| | AM Numb | cr | Pool Code Pool Name 71629 Basin Fruitland Coal | | | | | | | | |
|---------------------------------------|---------|-------------------------------|--|---------|---------------|------------------|---------------|----------------|-------------------|--|--|
| * Property Code Property Name Hi Roll | | | | | | | | | Well Number | | |
| 'OCRID | No. | | | | Operator | Name | | | | | |
| 01463 | 3 4 | MERRION OIL & GAS CORPORATION | | | | | | | *Elevation 5990 * | | |
| | | | | | 10 Surface | Location | | <u>-</u> | | | |
| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County | | |
| 0 | 35 | 27 N | 27 N 13 W SWSE 810 South 1355 East | | | | | | | | |
| | | | 11 Bot | tom Hol | e Location I | f Different Fro | om Surface | 1 | San Juan | | |
| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County | | |

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

" Order No.

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|------------|---|--------------|--|
| 16 | XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX | XXXXXXXXXXX | 17 OPERATOR CERTIFICATION |
| | × | l ŝ | I hereby certify that the information contained herein is |
| | × | i Xi | true and complete to the best of my knowledge and belief |
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| | × | × | |
| | × | l ši | Signature |
| | 8 | | Steven S. Dunn |
| | × | [XI | Printed Name |
| | × | l XI | Drlg & Prod Manager |
| | 8 | | Title |
| Exhibit 2 | l× | × × | Date |
| C 100011 C | × | <u> </u> | Date |
| | X | × | 18SURVEYOR CERTIFICATION |
| } | X | | I hereby certify that the well location shown on this plat |
| | × | X | was plotted from field notes of actual surveys made by me |
| | × | l XI | or under my supervision, and that the same is true and correct to the begat my sales) |
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| | × 8 | XI XI | 6844 |
| <u> </u> | xxxxxxxxxxx | xxxxxxxxxxx | Certificate Number |

District I PO Box 1980, Hobbs, NM 88241-1980 PO Drawer DD, Artesia, NM 88211-0719 District III

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088

Form C-102 Revised February 21, 1994 Instructions on back

Submit to Appropriate District Office
State Lease - 4 Co.

| 1000 Rio Bruzos Rd., Aztec, NM 87410 District IV | | | | PO Box 2088 Santa Fe, NM 87504-2088 | | | | | tate Lease - 4 Copies Fee Lease - 3 Copies | | | |
|---|------------|--------------|--------------------|---|--|------------------------------|-------------------------------|---|---|--|--|--|
| PO Box 2088, Sa | nta Fe, NM | 87504-2088 | | | | | • | | MENDED REPORT | | | |
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| | API Numb | | | Pool Cod | | | Pool N | | | | | |
| | | | | 87190 | | WAW Fruitla | and Sand | Pictured | Cliffs | | | |
| Property Code | | | | | Property Hi Ro | | | | * Well Number | | | |
| OGRID | No. | | | - | 4 Operator | | | | 5 | | | |
| 01463 | 3 4 | | | MERRI | | GAS CORPOR | RATION | | · Elevation 5990 1 | | | |
| | | | | | 10 Surface | | | L_ | | | | |
| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County | | | |
| 0 | 35 | 27 N | 13 W | SWSE | 810 | South | 1355 | East | San Juan | | | |
| | | | 11 Botte | om Hol | e Location I | f Different Fre | om Surface | | Jour Stan | | | |
| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County | | | |
| | | | | - | | | | | | | | |
| 12 Dedicated Acc | a loint | or Intill "C | onsolidation | Code 14 C | rder No. | | <u> </u> | | · | | | |
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| | | | | } | | | Signature | | | | | |
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| | | | | \$ | | | Date of Service on Signatures | Sca (of B ofchi | mal Surveyer: | | | |
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Dwights

Lease: HIGH ROLL (1R) Retrieval Code: 251,045,27N13W35OM1FP 07/09/99 EXHIBIT Gas(MMCF) County: SAN JUAN F.P. Date: 12/79 Gas (mcf/mo) WHSIP Field: WAW (FRUITLAND PICTURED CLIFFS) F Oil Cum: 0 bbl Reservoir: FRUITLAND PICTURED C Gas Cum: 61,36 mmcf

Location: 35O 27N 13W

Operator: MERRION OIL & GAS CORP

Lease: HICKMAN (7R) Retrieval Code: 251,045,26N12W03A00FT 07/09/99 8 800 EXH IBIT 5 700 6 600 5 500 400 3 300 2 200 100 0 7.5 5.0 10.0 12.5 20.0 2.5 15.0 17.5 22.5 Gas(MMCF) County: SAN JUAN F.P. Date: 12/90 WHSIP Gas (mcf/mo) 0 Field: BASIN (FRUITLAND COAL) FT Oil Cum: 0 bbl Reservoir: FRUITLAND COAL Gas Cum: 23.87 mmcf Operator: EDWARDS J K ASSOC INC Location: 3A 26N 12W

EXHIBIT 6

Offset Operator Notification Hi Roll 5 Commingling Application

To: Offset Operators

If you have questions, please call George Sharpe at (505) 327-9801, ext. 114. If you have any objections to this application, please notify the NMOCD in writing within 20 days of receipt of this application.

Mr. Paul Thompson Thompson Engineering 7415 E. Main Farmington, New Mexico 87402

Mr. Richard Fromm Whiting Petroleum 1700 Broadway, Suite 2300 Denver, Colorado 80290

Mr. Tom Dugan Dugan Production Corp. P.O. Box 420 Farmington, NM 87499-0420

Mr. Dean Price Burlington Resources P.O. Box 4289 Farmington, NM 87499

Texaco Production Inc. 3300 N. Butler Ave. Farmington, NM 87401

MERRION

OIL & GAS

July 21, 1999

Mr. David Catanach New Mexico Oil Conservation Division 2040 S. Pacheco Santa Fe, New Mexico 87505

Re: Application for Administrative Approval
Downhole Commingling
Basin Fruitland Coal Pool and WAW Pictured Cliffs Pool
Hi Roll 2R
Section 35, T27N, R13W
San Juan County, New Mexico

Dear Mr. Catanach:

Merrion Oil & Gas requests administrative approval for downhole commingling of the Basin Fruitland Coal and the WAW Pictured Cliffs Pools in the subject wellbore. The following information is provided in support of this application:

I. <u>Proposed Spacing Units</u>

Exhibit 1 is the ownership plat showing the offset operators. Exhibit 2 shows the C-102 plat for the Basin Fruitland Coal with a 320 acre spacing unit in the W/2 of Section 35. Exhibit 3 is the C-102 plat for the WAW Pictured Cliffs Pool with a ± 160 acre spacing unit in the SW/4 of Section 35.

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V. <u>Cross Flow Between Zones</u>

The current reservoir pressure of the PC is estimated to be 110 psi, while the Fruitland Coal is at 200 psi. With a flowing line pressure of less than 50 psi, crossflow is not anticipated to be a problem.

VI. Well Ownership Notification

The spacing unit and ownership of the two zones is identical.

VII. Offset Operator Notification

Exhibit 1 is a plat showing all offset operators. Exhibit 6 is a list of all the offset operators who received a certified copy of this application.

VIII. Summary

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Page Three July 21, 1999

Please call me with questions or if additional information is required.

Sincerely,

George F. Sharpe

Manager - Oil & Gas Investments

Xc: Offset Operators

Aztec OCD, BLM - Farmington

DISTRICT II

F.O. Bex 1980, Hobbs, NM 88241-1980

OIL CONSERVATION DIVISION

Form C-107-A New 3-12-96

APPROVAL PROCESS: X Administrative __Hearing

811 South First St., Artesia, NM 88210-2835 DISTRICT III 1000 Rie Brates Rd, Attec, NM 87410-1693

2040 S. Pacheco Santa Fe, New Mexico 87505-6429

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE
___YES X__NO

| Hi Roll | 2 R K-3 | 5-27N-13W u Sac - Twp - Aga | San Juan |
|---|--|--|---|
| OGRID NO. 014634 Property Co | | • | County ing Unit Lease Types: (check 1 or more) X |
| The following facts are submitted in support of downhole commingling: | | 1 | Lower Zone |
| Pool Name and Pool Code | Basin Fruitland Coal | 1 | WAW Fruitland Sand Pictured Cliffs |
| Top and Bottom of Pay Section (Perforations) | 1170'-1190' | | 1200'-1220' |
| 3. Type of production (Oil or Gas) | Gas | | Gas |
| 4. Method of Production (i assuing or Artificial Lift) | Flow | | Flow |
| 5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current | a. (Current) 200 psi | a. | ilo psi |
| Gas & Oil - Flowing: Estimated Current Measured Current All Gas Zones: Estimated Or Measured Original | b. 1011910el) 200 psi | b. | 200 psi |
| 6. Oil Gravity (*API) or Gas BTU Content | BTU 1000 | | BTU 1100 |
| 7. Producing or Shut-In? | Shut-In Not completed yet | | Shut-In Not completed yet |
| Production Marginal? (yes or no) | Yes | | Yes |
| If Shut-In, give date and oil/gas/ water rates of last production Note: For new zones with no production history, applicant shall be required to stack production estimates and supporting dates. | Oote: N/A Rates: | Date: Rates: | Dale: N/A Rates: |
| If Producing, give date endoil/gas/ water rates of recent test (within 60 days) | Date: Rates: N/A | Date: Rates: | Date: Rates: N/A |
| B. Fixad Percentage Allocation Formula -% for each zone | Will be provided afte OH: Gas: % | r well is drilled. OH: Ges: % | Od: Gas: % |
|). Are all working, overriding, an | d royalty interests identical in a | Il commingled zones? | X Yes No |
| Will cross-flow accur? | arren witten notice of the blob | used downnois commingling? | Yes No |
| . Are all produced fluids from all | commingled zones compatible | with each other? | ve No. |
| . Will the value of production be | decreased by commingling? | | es, attach explanation) |
| . If this well is on, or communiti United States Bureau of Land I | zed with, state or federal lands Management has been notified | , either the Commissioner of in writing of this application. | Public Lands or the X Yes No |
| . NMOCD Reference Cases for F | Rule 303(D) Exceptions: | ORDER NO(S). | |
| ATTACHMENTS: | | spacing unit and acreage de r. (If not available, attach ex duction rates and supporting interests for uncommon inter irred to support commingling | |
| Any additional states | | | |
| ereby certify that the information | above is true and complete to | the best of my knowledge a | nd belief. |
| | above is true and complete to | the best of my knowledge a | nd belief. |

Exhibit 1

Offset Operator Plat HI-ROLL #2

T27N, R13W, Section 35

Application to Commingle Producing Formations

| 27 Webb | 26 Texaco Texaco | 25 | TOTAL |
|-----------------------------|------------------------------------|----|-------|
| Webb 34 1835' Webb | Merrion HI-ROLL 35 #2: Merrion | 36 | T27N |
| Dugan 3 | 2000' Merrion / Thompson Edwards 2 | 1 | T26N |

District I PO Box 1980, Hobbs, NM 88241-4980 PO Drawer DD, Artesia, NM 88211-0719 District III 1000 Rio Brazos Rd., Aztec, NM 37410

State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

Form C-102 Revised February 21, 1994 Instructions on back Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies District IV PO Box 2088, Santa Fc, NM 87504-2088 ☐ AMENDED REPORT WELL LOCATION AND ACREAGE DEDICATION PLAT API Number Pool Code ³ Pool Name 71629 Basin Fruitland Coal ⁴ Property Code Property Name · Well Number Hi Roll 2 R OCRID No. Operator Name * Elevation MERRION OIL & GAS CORPORATION 014634 6031' 10 Surface Location UL or lot no. Section Township Range Lot Ida Feet from the North/South line Feet from the East/West line County K 35 13 W 2000 27 N NESW South 1835 West San Juan 11 Bottom Hole Location If Different From Surface UL or lot no. Section Lot Idn Township Range 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. 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

| ************************************** | CXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX | • . | | 17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief |
|--|---|-------|------|---|
| CXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX | | | Signature George F. Sharpe Printed Name Engineer Title |
| (XXXX | XX | EXHIB | 11 2 | 18SURVEYOR CERTIFICATION |
| 1835' XX XX XX XX XX XX XX XX XX X | O XXXXXXXXX | | | 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. 21 Jan HUDDS Date of Survey Signature and caro Processional Surveyor |
| 1835 ' ************************************ | ************************************** | | | Signature and Spro Processoral Surveyor 6844 |

District I PO Box 1980, Hobbs, NM 88241-4980 PO Drawer DD, Artesla, NM 88211-0719 District III 1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico Energy, Minerals & Natural Resources Department

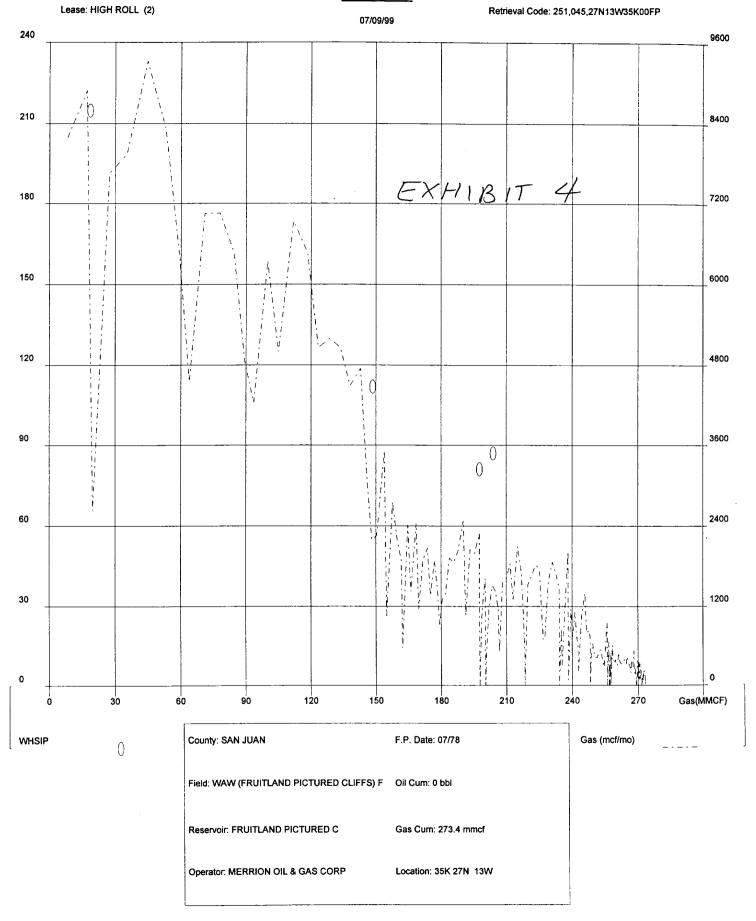
OIL CONSERVATION DIVISION
PO Box 2088

Form C-102 Revised February 21, 1994 Instructions on back

Submit to Appropriate District Office State Lease - 4 Copies

| District IV | | | | Sa | nta re, | NM | 87504-2088 | | | | Fee | Lease - 3 Copie | |
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| | | OR A | NON-STA | NDARD | UNIT HA | S B | EEN APPROVED | BY THE | DIV | ISION | EN COI | COLIDATED | |
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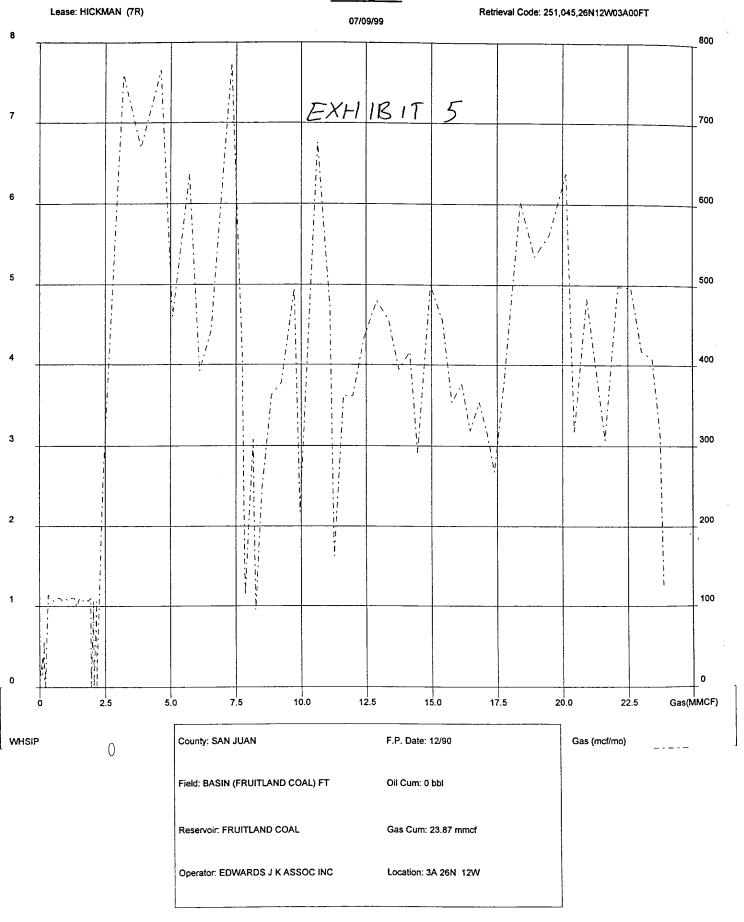


EXHIBIT 6

Offset Operator Notification Hi Roll 2R Commingling Application

To: Offset Operators

If you have questions, please call George Sharpe at (505) 327-9801, ext. 114. If you have any objections to this application, please notify the NMOCD in writing within 20 days of receipt of this application.

Mr. Paul Thompson Thompson Engineering 7415 E. Main Farmington, New Mexico 87402

Mr. Richard Fromm Whiting Petroleum 1700 Broadway, Suite 2300 Denver, Colorado 80290

Mr. Tom Dugan Dugan Production Corp. P.O. Box 420 Farmington, NM 87499-0420

Mr. Max Webb 2705 ½ E. Main St. Farmington, NM 87402

Mr. Kieth Edwards Edwards Energy Corp. 1401 17th St., Suite 1400 Denver CO 80202

Texaco Production Inc. 3300 N. Butler Ave. Farmington, NM 87401