

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

e-mail Address



October 12, 2005

Mr. William Jones
New Mexico Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, NM 87505

**RE: Application for Administrative Approval
Downhole Commingling
Devils Fork Gallup & Basin Dakota Pools
Canada Mesa No. 1E
Section 24, T24N, R6W
Rio Arriba County, New Mexico**

2005 OCT 21 PM 1 17

Dear Mr. Jones:

Merrion Oil & Gas (Merrion) requests administrative approval for downhole commingling of the Devils Fork Gallup and the Basin Dakota in the subject wellbore. The following information is provided in support of this application.

I. History and Justification

The Canada Mesa No. 1E is a Dakota producer completed 1980. It produced about 220 MCFD initially. It has declined to about 35 MCFD with oil production of about 3 BOPM. Offsets to the northwest, the Canada Mesa 3E, Canada Mesa 4 and Canada Mesa 4E are commingled Gallup/Dakota producers. The Gallup was completed when these wells were initially drilled in the 1980's. Although the Canada Mesa 1E is somewhat off the Gallup trend, we anticipate that it will make sufficient gas and oil to extend the producing life of the well, and to add reserves that would not be economic to recover in a new wellbore.

II. Proposed Spacing Units

Exhibit 1 is the C-102 plat for the Devils Fork Gallup Pool with a 160 acre spacing unit in the northwest quarter of Section 24. Exhibit 2 is the C-102 plat for the Basin Dakota Pool with a 320 acre spacing unit in the north half of Section 24.

III. Allocation Methodology

Exhibit 3 is the decline curve for the Canada Mesa 1E Dakota. The nearest Gallup production is in the Canada Mesa 3E. Its decline curve is shown in Exhibit 4. The production was downhole commingled in 1998. The Gallup oil and gas production we are projecting comes from the four months prior to the commingling operation when Gallup production was measured separately. We estimate that the Gallup will produce about 92 MCFD with about 3 BOPD. Since we are off the Gallup trend, we are speculating about the Gallup production. We have good production history data for the Dakota, so we propose to base the final allocation on the stabilized combined flow less the Dakota historical flow. We will then use a fixed percentage to allocate future production to each zone.

IV. Reservoir Fluid Compatibility

Water analyses are not available for wells in the immediate area. However, the waters of the Devils Fork Gallup and the Basin Dakota have been compatible in the offset Canada Mesa wells.

V. Cross Flow Between Zones

The reservoir pressure of the Dakota is anticipated to be about 1700 psi. The Gallup pressure should be somewhat lower at about 1400 psi. Crossflow should not be a problem with this small pressure differential. If crossflow should occur during a shut in period, the Dakota gas would not harm the Gallup formation, and would quickly be recovered upon returning the well to production.

VI. Well Ownership Notification

The ownership of both zones is identical, so no notification is necessary.

VII. Summary

Projected reserves for the Gallup would not justify drilling another wellbore, and the Gallup reserves would be bypassed in this spacing unit. The life of the Dakota will be extended with the additional Gallup production to help defray operating costs, therefore more reserves will be recovered from the Dakota as well. Commingling the zones will maximize reserves and protect correlative rights. Therefore, we request your approval of this application.

If you have questions or need additional information, please call me at 505.324.5326.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Dinning', with a stylized flourish at the end.

Connie S. Dinning
Production Engineer

Cc: Steve Hayden, Aztec NMOCD
BLM, Farmington Field Office

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. 30-039-22118
5. Indicate Type of Lease Federal STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NA
7. Lease Name or Unit Agreement Name Canada Mesa
8. Well Number 1E
9. OGRID Number 14634
10. Pool name or Wildcat Basin Dakota/Devils Fork Gallup

11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6483' GL
--

Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/>
Pit type <u>workover</u> Depth to Groundwater <u>>50'</u> Distance from nearest fresh water well <u>>2640'</u> Distance from nearest surface water <u>>50'</u>
Pit Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

SUNDRY NOTICES AND REPORTS ON WELLS (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.)	
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	
2. Name of Operator Merriion Oil & Gas	
3. Address of Operator 610 Reilly Ave, Farmington, NM 87401	
4. Well Location Unit Letter <u>C</u> : <u>1060</u> feet from the <u>north</u> line and <u>1840</u> feet from the <u>west</u> line Section <u>24</u> Township <u>24N</u> Range <u>6W</u> NMPM County <u>Rio Arriba</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 6483' GL	
Pit or Below-grade Tank Application <input checked="" type="checkbox"/> or Closure <input type="checkbox"/>	
Pit type <u>workover</u> Depth to Groundwater <u>>50'</u> Distance from nearest fresh water well <u>>2640'</u> Distance from nearest surface water <u>>50'</u>	
Pit Liner Thickness: <u>12</u> 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:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input checked="" type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

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.

Merriion Oil & Gas proposes to add the Gallup in the subject well and to downhole commingle the Devils Fork Gallup and the Basin Dakota. A downhole commingling application is 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 10/10/05

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

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM 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.*

5. Lease Serial No.

SF-079086

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.

Canada Mesa No. 1E

9. API Well No.

30-039-22118

10. Field and Pool, or Exploratory Area

Devils Fork Gallup/Basin Dakota

11. County or Parish, State

Rio Arriba

SUBMIT IN TRIPLICATE – Other Instructions on reverse side.

1. Type of Well

☐

Oil Well

☒

Gas Well

☐

Other

2. Name of Operator

Merrion Oil & Gas Corporation

3a. Address

610 Reilly Avenue, Farmington, NM 87401

3b. Phone No. (include area code)

505.324.5300

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

1060' fml & 1840' fw1

Sec 24, T24N, R6W

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 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 Report	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug & Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Downhole Commingle</u>
	<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 recompleate 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 recompleation 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.)

Merrion Oil and Gas proposes to add the Gallup and downhole commingle production from the Devils Fork Gallup and the Basin Dakota formations in the subject wellbore as per the attached procedure. A state downhole commingling application is attached.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Connie S. Dinning

Title

Production Engineer

Signature

Date

October 6, 2005

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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.

Office

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Merrion Oil & Gas 610 Reilly Ave. Farmington, NM 87401
Operator Address

Canada Mesa 1E C.24, T24N, R6W Rio Arriba
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 014634 Property Code API No. 30-039-22118 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
	UNDES		
Pool Name	Devi's Fork Gallup Assoc.		Basin Dakota P2-62
Pool Code	17610		71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5344' - 5539'		6474' - 6529'
Method of Production (Flowing or Artificial Lift)	Artificial Lift FLOWING		Artificial Lift FLOWING
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	Not Required		Not Required
Oil Gravity or Gas BTU (Degree API or Gas BTU)	±44		±1240
Producing, Shut-In or New Zone	New Zone		Producing
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.)	Supporting Data from Canada Mesa No. 3E prior to commingle Date: Ave Prod 1-4/1998 Rates: 92 MCFD, 3 BOPD	Date: Rates:	Date: 8/05 Rates: 37 MCFD 0 BWPD, 0.1 BOPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 97 % 71%	Oil Gas % %	Oil Gas 3 % 29%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐
Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐
Will commingling decrease the value of production? Yes ☐ No ☒
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well: _____

Attachments:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

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

SIGNATURE _____ TITLE Production Engineer DATE October 10, 2005

TYPE OR PRINT NAME Connie S. Dinning TELEPHONE NO. (505) 324-5326

E-MAIL ADDRESS cdinning@merrion.bz

**SUPPORTING DATA FOR C-103
CANADA MESA NO. 1E COMMINGLE
BASIN DAKOTA (71599) AND DEVILS FORK GALLUP (17610)**

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

1. The Basin Dakota and Devils Fork Gallegos Gallup have been pre-approved for commingling by Order No. R-11363.
2. The well has been producing in the Dakota (perforated interval 6474' – 6529', 15 select fire holes) since June 1980. We plan to perforate and fracture stimulate the Gallup through perforations at 5344' -5539' with 18 select fire holes. After the Gallup completion, we will downhole commingle the two intervals pursuant to the attached procedure.
3. The nearest Gallup production is from the Canada Mesa No. 3E in the nw/4 of section 24. It was commingled in the Gallup and Dakota in May 1998. The Gallup averaged about 90 MCFD for the four months preceeding the downhole commingling work. Assuming the Gallup in the Canada Mesa 1E area is not on the main Gallup trend, and that it could be somewhat depleted, we estimate the Gallup production will be about the same as the current Canada Mesa 3E production. We have Dakota production data for many years. After the commingled production is established, we will allocate production by subtracting the Dakota production from the total commingled production. A constant percentage will then be used to allocate production between the zones.
4. The commingling will increase, not reduce, the value of the remaining production because the economics of drilling a new well based on Gallup production alone would be marginal.
5. Ownership of the Dakota and Gallup are identical.
6. A copy of this application will be sent to the Bureau of Land Management attached to a sundry notice.

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, 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 & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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 30-039-22118		² Pool Code 17610		³ Pool Name Devils Fork Gallup	
⁴ Property Code		⁵ Property Name Canada Mesa			⁶ Well Number 1E
⁷ OGRID No. 14634		⁸ Operator Name Merrion Oil & Gas			⁹ Elevation 6483'

¹⁰ Surface Location

UL or lot no. C	Section 24	Township 24N	Range 6W	Lot Idn nenw	Feet from the 1060'	North/South line north	Feet from the 1840'	East/West line west	County Rio Arriba
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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 160 Ac	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 	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature Connie S. Dinning Printed Name Production Engineer/ cdinning@merrion.bz Title and E-mail Address October 6, 2005 Date	
	¹⁸ SURVEYOR CERTIFICATION <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> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number	

District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

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1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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 30-039-22118		² Pool Code 71599	³ Pool Name Basin Dakota
⁴ Property Code	⁵ Property Name Canada Mesa		⁶ Well Number 1E
⁷ OGRID No. 14634	⁸ Operator Name Merrion Oil & Gas		⁹ Elevation 6483'

¹⁰ Surface Location

UL or lot no. C	Section 24	Township 24N	Range 6W	Lot Idn nenw	Feet from the 1060'	North/South line north	Feet from the 1840'	East/West line west	County Rio Arriba
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¹¹ Bottom Hole Location If Different From Surface

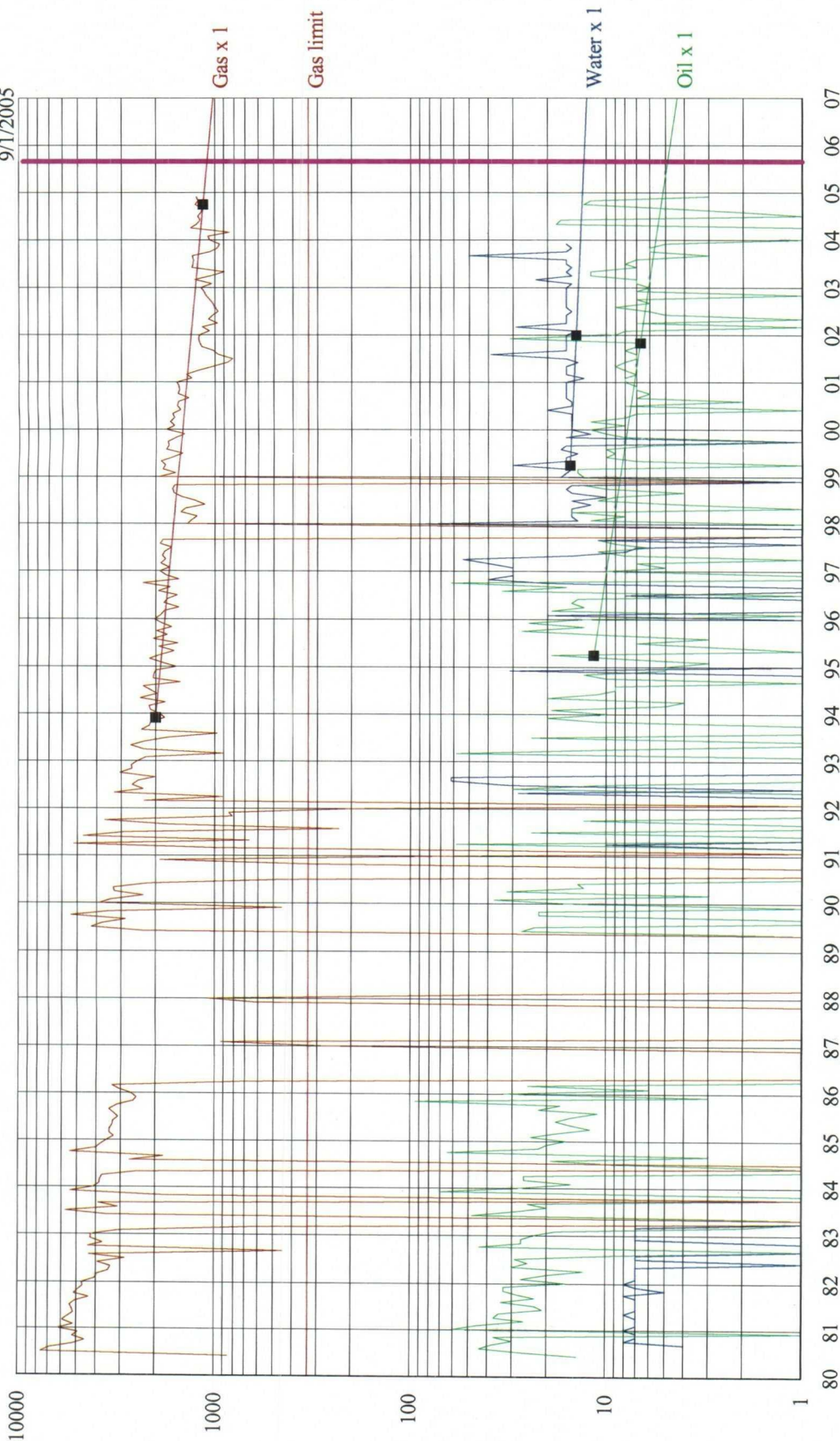
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320 Ac	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

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 	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Connie S. Dinning Printed Name Production Engineer/ cdinning@merrion.bz Title and E-mail Address October 6, 2005 Date			
	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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number			

Canada Mesa 1E (1E - 100%), Basin DK

Effective Date
9/1/2005



25103924N06W24C00DK
Canada Mesa 1E (1E - 100%)
OLD
Basin DK
Rio Arriba, NM

[33922118]
Basin DK
24C 24N 6W

Cumulative:
Remaining:
Ultimate:

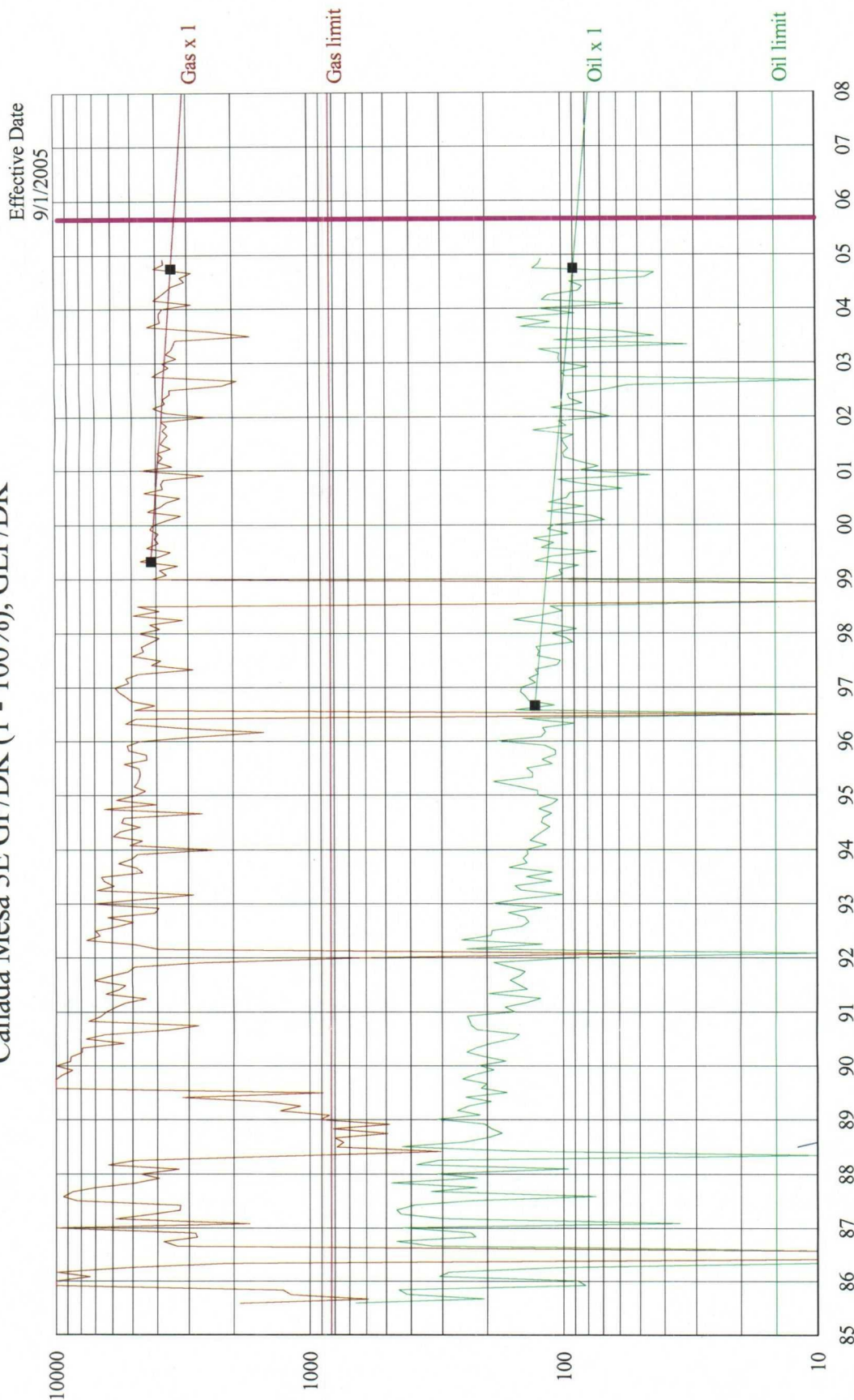
Oil (bbl)
3,215
590
3,805

Gas (mcf)
566,632
176,525
743,157

Water (bbl)
1,973
2,726
4,699

PRODUCTION GRAPH

Canada Mesa 3E GP/DK (1 - 100%), GLP/DK



CM3ESUMMARY
Canada Mesa 3E GP/DK (1 - 100%)
OLD

GLP/DK
Rio Arriba, NM

Cumulative:
Remaining:
Ultimate:

[0]
GLP/DK
14D 24N 6W

Oil (bbl)
34,103
19,270
53,373

Gas (mcf)
1,006,691
863,038
1,869,729

Water (bbl)
42
61,099
61,141

Merrion Oil & Gas Corporation

Workover Procedure

September 23, 2005

Well:	Canada Mesa No. 1E	Field:	B Dak, Devils Fork Gp
Location:	1060' fnl, 1840' fwl (NE NW) Sec.24, T26N, R6W, NMPM Rio Arriba County, New Mexico	Elevation:	6483' GL, 6493' KB
		By:	Connie Dinning

Project: Recomplete Gallup and Commingle with Dakota.

Procedure:

Isolate Dakota & Test Casing

1. MIRU Workover rig.
2. Tag up and tally out of hole w/ 2 3/8" production tbg.
3. RIH w/ BP (drillable) and set @ ±5600' KB w/ tubing.
4. Load hole and pressure test casing to 4000 psi.

Perf & Ball Off Gallup

1. Perforate the Gallup formation at the following depths 1 spf w/ .34" holes:
5344', 5356', 5362', 5368', 5374', 5407', 5409', 5416', 5433', 5488', 5494', 5510',
5520', 5522', 5529', 5531', 5537', 5539' (18 total holes).
2. RIH w/ RCP on 2 3/8" production string and set @ ~5300' KB.
5. Pump 300 gallons 15% HCl and 27 RCN ball sealers down tubing.
6. Attempt to ball off to 3500 psi.
7. Release packer and TIH to 5550' to knock off balls. TOH w/ tbg and RCP.
10. Install frac valve. Install flowback manifold and RU flow lines to flowback tank.

Gallup Frac

1. MIRU frac company. Frac well w/ ±100,000# of 20/40 Brady sand in 70Q Nitrogen foam. Do not exceed 4000 psi.
2. SI well, RD frac crew.
3. Flow back, starting w/ 1/8" choke and adjust depending upon pressures. Have flow back crew ready to watch well overnight.

Clean out hole and Return to Production

1. TIH w/ bit on 2-3/8" tbg, CO w/ air to BP.
2. Drill out BP and continue cleaning out well down to PBTD @ 6664' KB.
3. TOH and lay down bit.
4. TIH w/ 2 3/8" production tbg, land @ ± 6500' KB. Return well to production.

Merrion Oil & Gas Corporation Wellbore Schematic

Canada Mesa 1-E

Proposed Wellbore Configuration

Location: 1060' FNL & 1840' FWL
Sec 24, T24N, R6W
Rio Arriba County, New Mexico

Prepared: 10/6/05

Elevation: 6483' GL
6493' RKB

By: Connie Dinning

