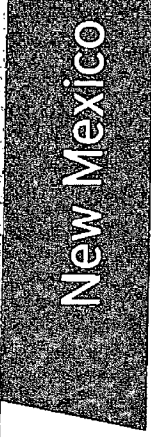


NMOCD Examiner Hearing September 16, 2010
 Docket #3110 Case # 14540
 Exhibit 7

2008-2009 Ernst & Young Overhead Rates



Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates			Monthly producing well fixed overhead rates				
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
			0-5,000	\$2,000	\$5,625	\$4,500	\$15,037	\$300	\$551	\$477	\$957
			5,001-10,000	\$2,000	\$4,657	\$4,556	\$8,102	\$200	\$569	\$600	\$1,000
			10,001-15,000	\$3,000	\$6,514	\$7,042	\$8,500	\$300	\$661	\$601	\$1,074
			15,001-20,000	\$6,200	\$6,200	\$6,200	\$6,200	\$620	\$620	\$620	\$620
			Over-20,000	\$8,500	\$8,500	\$8,500	\$8,500	\$850	\$850	\$850	\$850
			No depth limit	\$250	\$6,614	\$6,500	\$12,040	\$45	\$853	\$976	\$1,204
			Horizontal								

Merrion Proposed OH Rates = \$5000/mo for Drilling and \$500/mo for Producing

These are within the range of the average and median rates for shallow wells in New Mexico