

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,



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

<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.)		7. Lease Name or Unit Agreement Name Canada Mesa
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		8. Well Number 1E
2. Name of Operator Merrion Oil & Gas		9. OGRID Number 14634
3. Address of Operator 610 Reilly Ave, Farmington, NM 87401		10. Pool name or Wildcat Basin Dakota/Devils Fork Gallup
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>&gt;50'</u> Distance from nearest fresh water well <u>&gt;2640'</u> Distance from nearest surface water <u>&gt;50'</u>		
Pit Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		

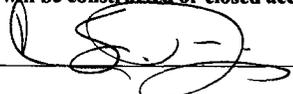
12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<b>NOTICE OF INTENTION TO:</b> PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input checked="" type="checkbox"/>		<b>SUBSEQUENT REPORT OF:</b> REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input 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.

Merrion 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  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' fnl & 1840' fwl  
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 recomplate 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 recomplate 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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised June 10, 2003

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

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

APPLICATION TYPE

District III  
1000 Rio Brazos Road, Aztec, NM 87410

Single Well  
 Establish Pre-Approved Pools

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

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE  
 Yes  No

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

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

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

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	UNDES Devils Fork Gallup ASSOC.		Basin Dakota <del>PL-602</del>
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)	<del>Artificial Lift</del> FLOWING		<del>Artificial Lift</del> 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 BWP, 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 97% Gas 71%	Oil % Gas %	Oil 3% Gas 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**

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

<sup>10</sup> Surface Location

UL or lot no. <b>C</b>	Section <b>24</b>	Township <b>24N</b>	Range <b>6W</b>	Lot Idn <b>nenw</b>	Feet from the <b>1060'</b>	North/South line <b>north</b>	Feet from the <b>1840'</b>	East/West line <b>west</b>	County <b>Rio Arriba</b>
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<sup>11</sup> 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
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<sup>12</sup> Dedicated Acres <b>160 Ac</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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

<sup>16</sup> 	1060' 	<sup>17</sup> 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	
	1840' Canada Mesa No. 1E SF-079086		<sup>18</sup> 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:

**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**

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

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>C</b>	<b>24</b>	<b>24N</b>	<b>6W</b>	<b>nenw</b>	<b>1060'</b>	<b>north</b>	<b>1840'</b>	<b>west</b>	<b>Rio Arriba</b>

<sup>11</sup> Bottom Hole Location If Different From Surface

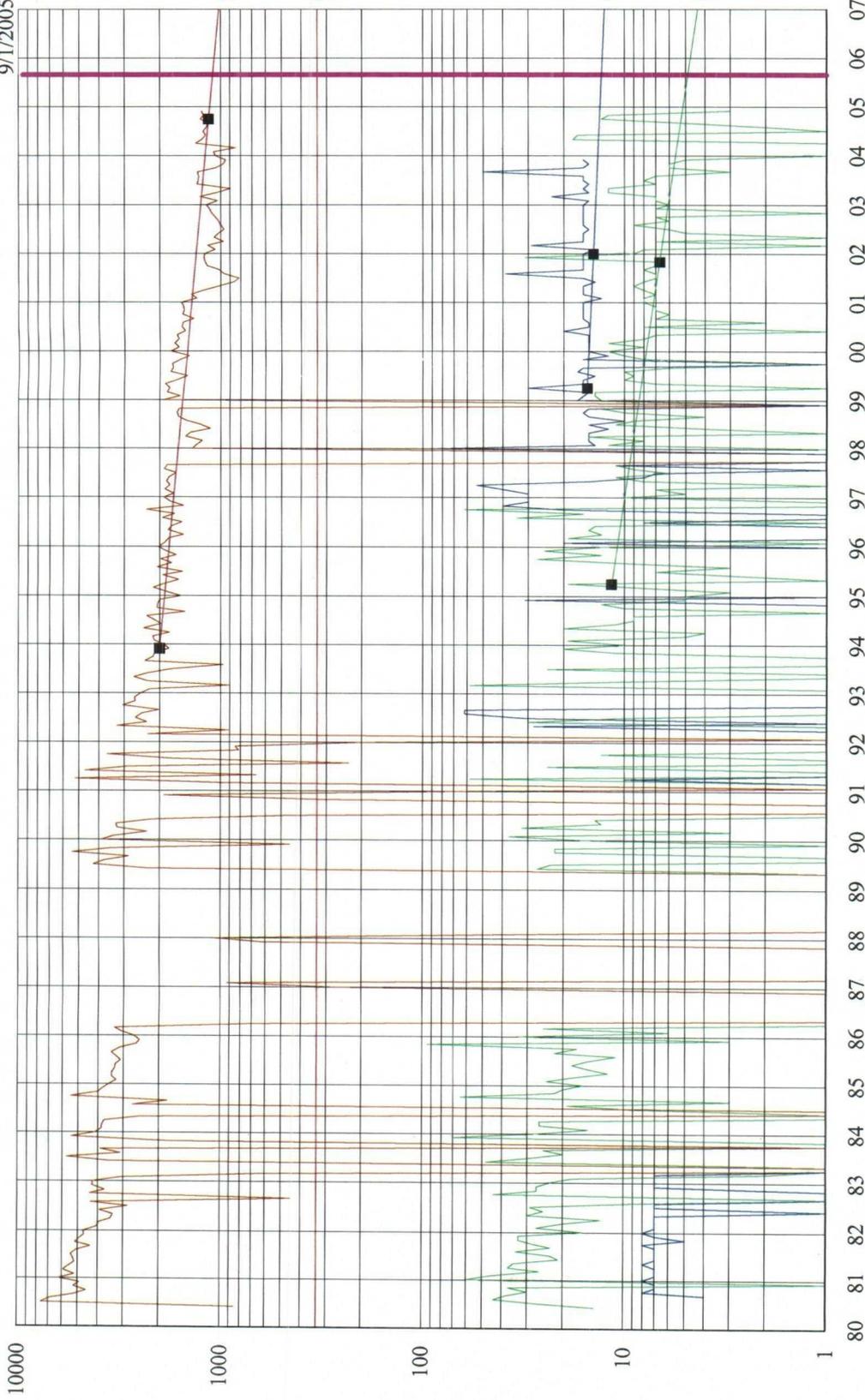
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<sup>12</sup> Dedicated Acres <b>320 Ac</b>		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

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

<sup>16</sup> 	<sup>17</sup> <b>OPERATOR CERTIFICATION</b> <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>	
	Signature: Printed Name: <b>Connie S. Dinning</b> Title and E-mail Address: <b>Production Engineer/ cdinning@merrion.bz</b> Date: <b>October 6, 2005</b>	
	<sup>18</sup> <b>SURVEYOR CERTIFICATION</b> <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:	

# 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

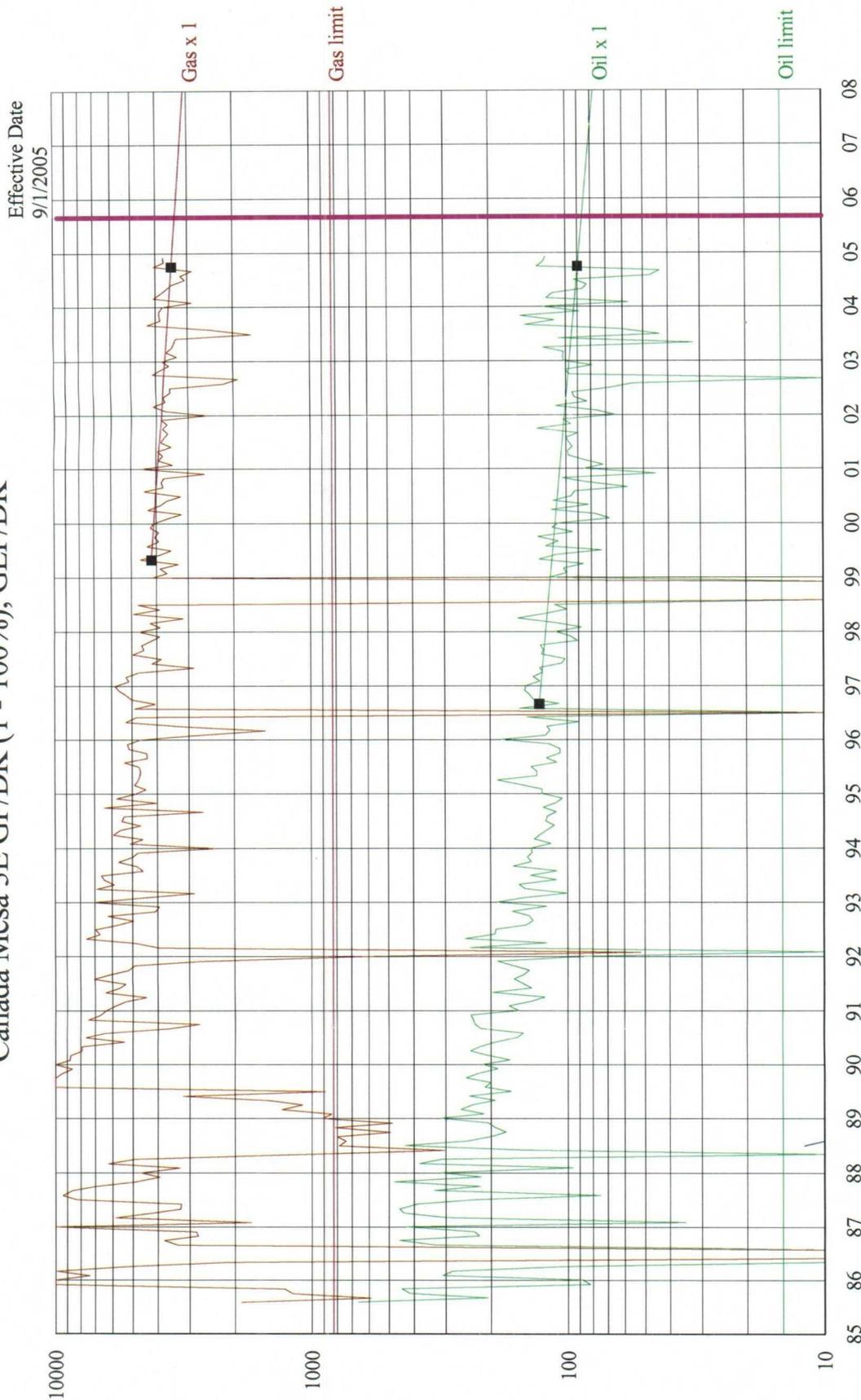
Cumulative:  
 Remaining:  
 Ultimate:

Oil (bbl)  
 3,215  
 590  
 3,805

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

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

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



CM3ESUMMARY  
Canada Mesa 3E GP/DK (1 - 100%)  
OLD  
GLP/DK  
Rio Arriba, NM

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

Cumulative:  
Remaining:  
Ultimate:

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

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

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### **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

