

2-12-10
 DATE IN 12-4-09 SUSPENSE ENGINEER Richard LOGGED IN 12-4-09 TYPE PC APP NC 1004350179

ABOVE THIS LINE FOR DIVISION USE ONLY
RECEIVED
 NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau - AM 9 33
 1220 South St. Francis Drive, Santa Fe, NM 87505



Merrion 016

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 PC OLS OLM
 DHC CTB PLC
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR
- [D] Other: Specify _____

Jan 33 Com #2
 30-045-32115

Blackrock C #1E
 30-045-34306

- [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, Will send after twenty day comment period
- [F] Waivers are Attached

NSL-5289

PC-1217

[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.

Philana Thompson _____ Regulatory Compliance Spec _____ 12/3/2009 _____
 Print or Type Name Signature Title Date
 pthompson@merrion.bz
 e-mail Address

Let

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, 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-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

RECEIVED
2009 DEC 3 PM 2 20

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Merrion Oil & Gas Corporation
OPERATOR ADDRESS: 610 Reilly Ave Farmington, NM 87401
APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
 Yes No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
Basin Fruitland Coal 71629	1002/ .591	1114/ .78	\$3.01/ mcf	\$3.342/ mcf	16 mcf
Basin Dakota 71599 DHC-2888AZ	1144/ .833		\$3.43/ mcf		60 mcf
Gallegos Gallup 26980 DHC-2888AZ					

(2) Are any wells producing at top allowables? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.
(4) Measurement type: Metering Other (Specify)
(5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

(1) Pool Name and Code.
(2) Is all production from same source of supply? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
(4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

(1) Is all production from same source of supply? Yes No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

(1) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(2) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE: Philana Thompson TITLE: Regulatory Compliance Specialist DATE: 12/1/2009
TYPE OR PRINT NAME Philana Thompson TELEPHONE NO.: (505)324-5336
E-MAIL ADDRESS: pthompson@merrion.bz

Merrion Oil & Gas Corporation

Well_Name: JAZZ COM # 002

API #: 3004532115

Location: M-21-26N-11W , 680 FSL, 1680 FWL

Lat:36.4681576152 **Long:**-108.012538674

County: San Juan

Land Type: Federal

✓ **Lease:** NMSF-078899

Well Type: Gas

Spud Date:8/27/2006

Elevation GL: 6206 **Depth TVD:** 1549

Formation: Basin Fruitland Coal

Total acreage: 320

Well_Name: Blackrock C # 001E

API #: 3004534306

Location: N-21-26N-11W , 680 FSL, 1680 FWL

Lat:36.4683758601 **Long:**-108.012748369

County: San Juan

Land Type: Federal

✓ **Lease:** NMSF-078899

Well Type: Gas

Spud Date:1/16/2008

Elevation GL: 6208 **Depth TVD:** 6300

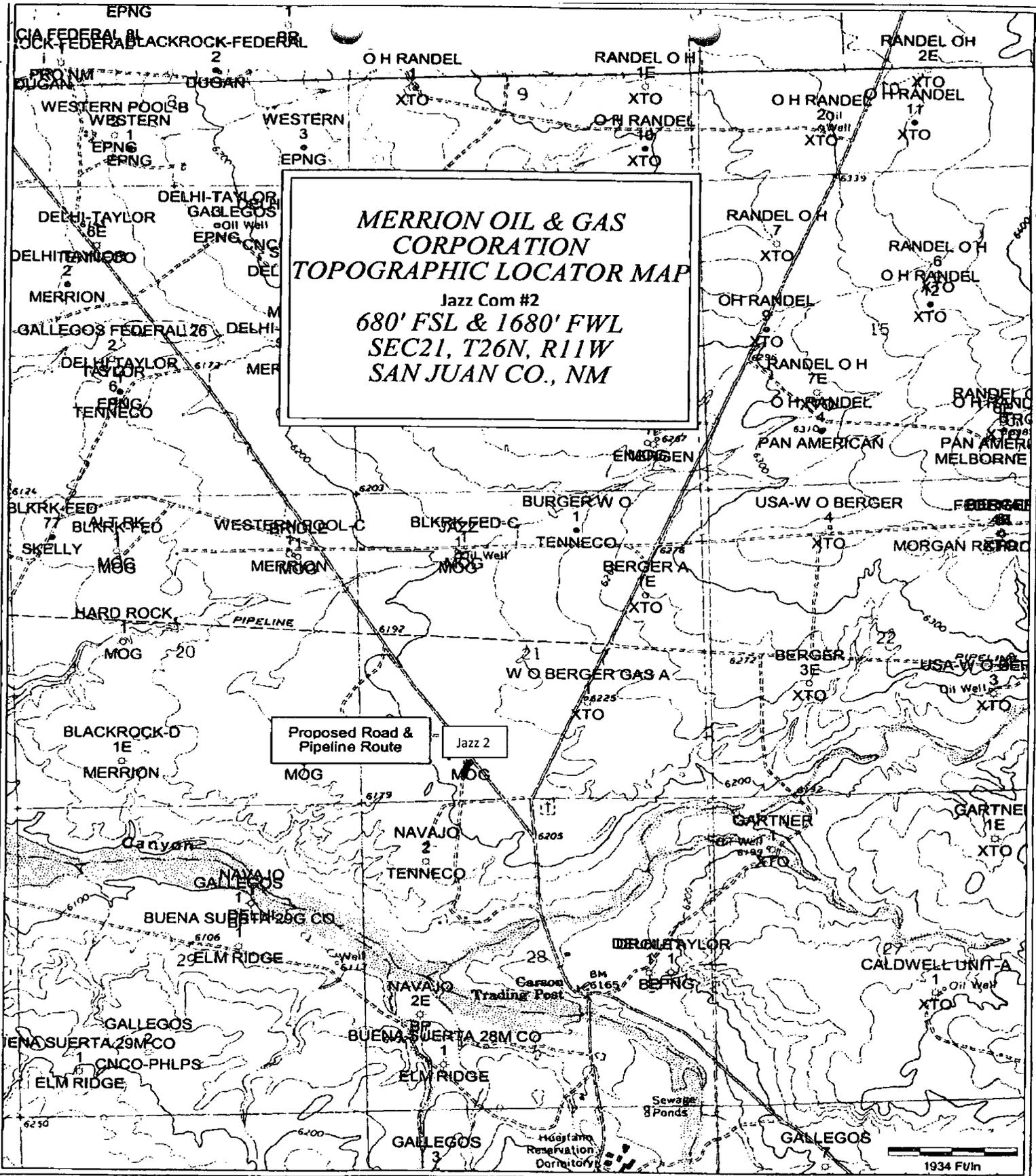
Formation: Basin Dakota & Gallegos Gallup (DHC 2888AZ)

Total acreage: 320 & 80

CTB = Blackrock

✓

MERRION OIL & GAS CORPORATION
TOPOGRAPHIC LOCATOR MAP
 Jazz Com #2
 680' FSL & 1680' FWL
 SEC21, T26N, R11W
 SAN JUAN CO., NM



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**

Form C-102
Permit 106035

**Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505**

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-32115	2. Pool Code 71629	3. Pool Name BASIN FRUITLAND COAL (GAS)
4. Property Code 35829	5. Property Name JAZZ COM	6. Well No. 002
7. OGRID No. 14634	8. Operator Name MERRION OIL & GAS CORP	9. Elevation 6206

10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	21	26N	11W		680	S	1680	W	SAN JUAN

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00		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

<p align="center"><i>Lease NMSF-078899</i></p>	<p align="center">OPERATOR CERTIFICATION</p> <p><i>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.</i></p> <p>E-Signed By: <i>Phylana Thompson</i> Title: <i>Regulatory Compliance</i> Date: <i>12/1/09</i></p>
<p align="center">SURVEYOR CERTIFICATION</p> <p><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></p> <p>Surveyed By: Gerald Huddleston Date of Survey: 8/31/2003 Certificate Number: 6844</p>	

District I
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District I
1301 W. Grand Ave., Artesia, NM 88210
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1000 Rio Brazos Rd., Aztec, NM 87410
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1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C - 102
Revised October 12, 2005
Submitted to Appropriate District Office
State Lease - .4 Copies
Fee Lease - 3 Copies

2007 MAY 7 AM 9:34
RECEIVED
070 FARMINGTON NM AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number 30-045-34306	Pool Code 71599	Pool Name BASIN DAKOTA
Property Code 30962	Property Name Blackrock C	Well Number IE
OGRD No. 014634	Operator Name MERRION OIL & GAS CORPORATION	Elevation 6208'

Surface Location

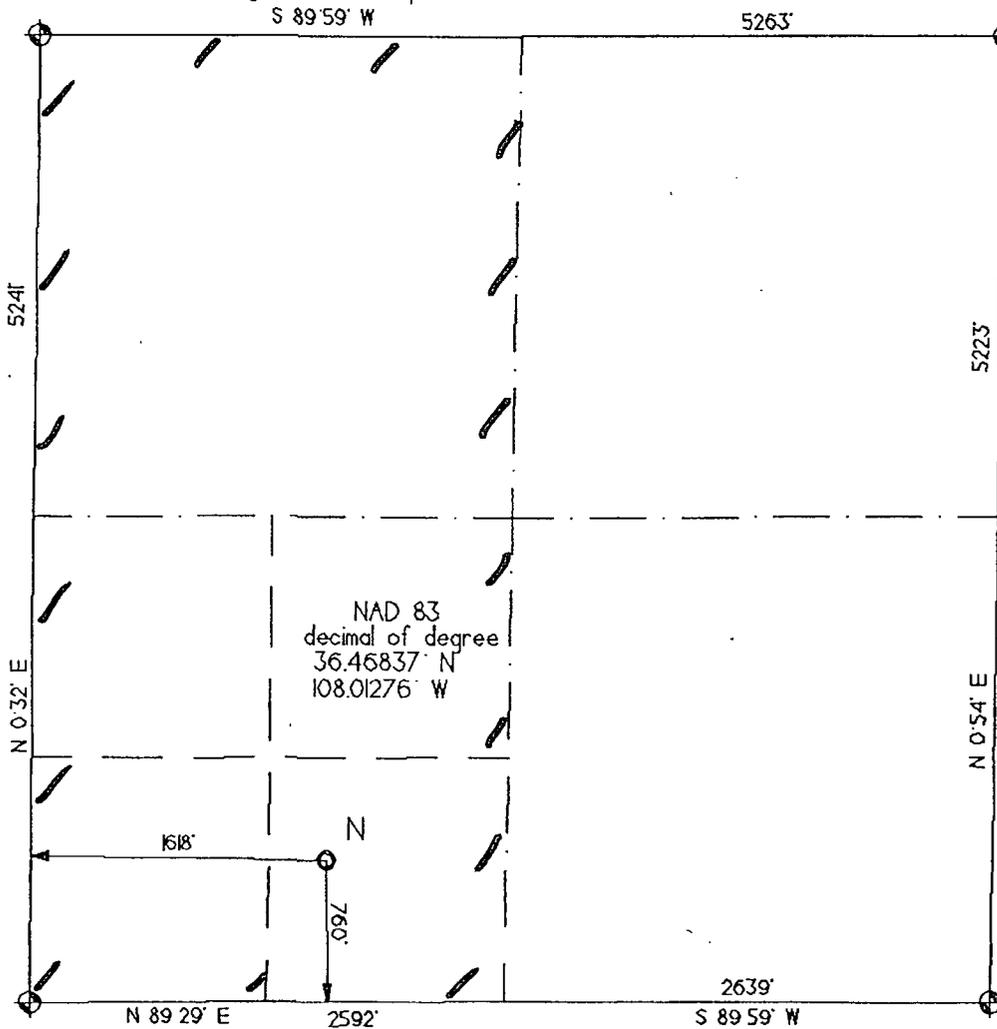
UL or Lot	Sec.	Twp.	Rge.	Lot Lch.	Feet from >	North/South	Feet from >	East/West	County
.N	21	26 N.	. II W.		760'	South	1618'	West	San Juan

Bottom Hole Location If Different From Surface

UL or Lot	Sec.	Twp.	Rge.	Lot Lch.	Feet from >	North/South	Feet from >	East/West	County

Dedicated Acres 320	Joint or Infill	Consolidation Code C	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.



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 bottom hole location 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.

Date **MAY 5, 2007**

Signature *Brian Wood*

Printed Name **BRIAN WOOD**

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 **FCV-020507**

Signature and Seal of Professional Surveyor
Gerald Wood

GERALD WOOD
REGISTERED PROFESSIONAL SURVEYOR
NEW MEXICO
6844

Certificate Number **6844**

2007 MAY 7 AM 9 34

District I
1625 N. French Dr., Hobbs, NM 88240
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State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

RECEIVED
FARMINGTON NM

Form C - 102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number 30-045-31306	Pool Code 26980	Pool Name GALLEGOS GALLUP (ASSOC.)
Property Code 30962	Property Name Blackrock C	Well Number IE
OGRD No. 014634	Operator Name MERRION OIL & GAS CORPORATION	Elevation 6208'

Surface Location

UL or Lot	Sec.	Typ.	Rge.	Lot Ldn.	Feet from >	North/South	Feet from >	East/West	County
N	21	26 N.	11 W.		760'	South	1618'	West	San Juan

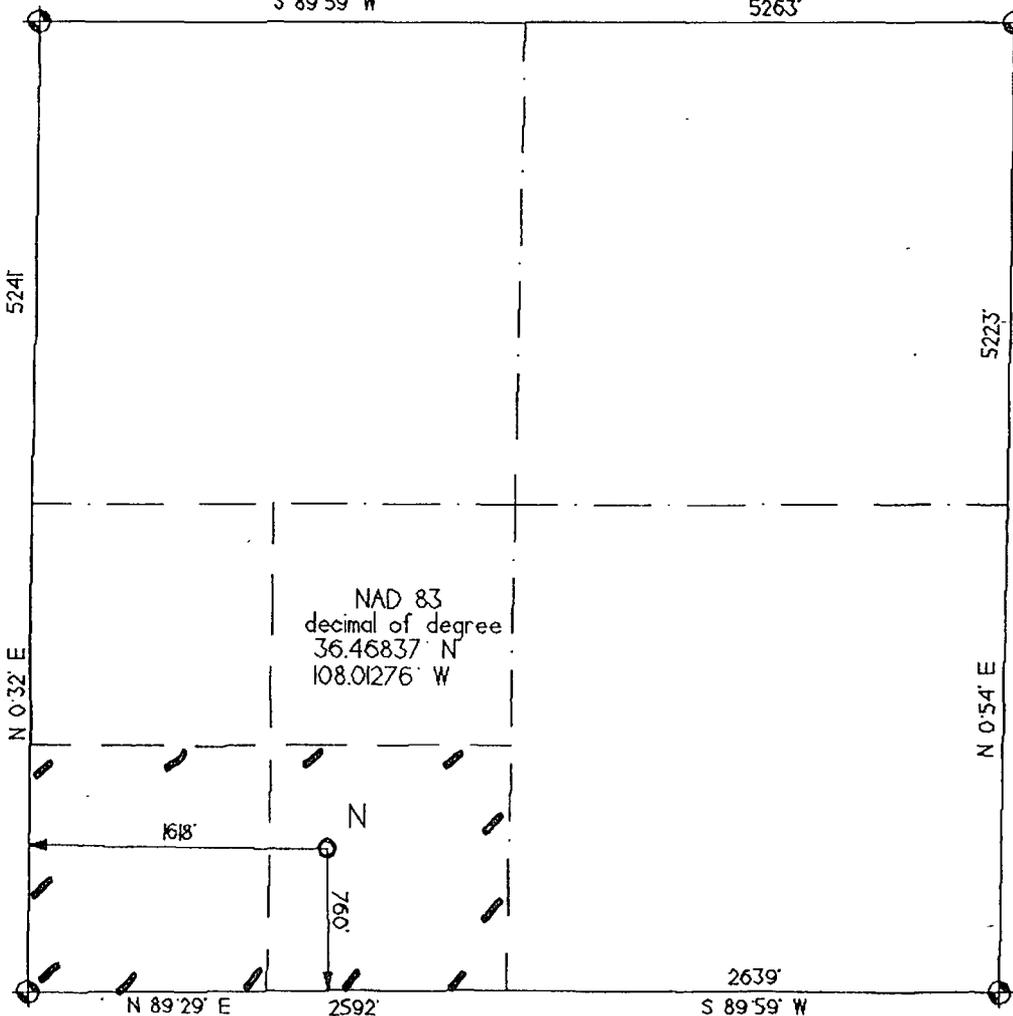
Bottom Hole Location If Different From Surface

UL or Lot	Sec.	Typ.	Rge.	Lot Ldn.	Feet from >	North/South	Feet from >	East/West	County

Dedicated Acres 80	Joint or Infill	Consolidation Code C	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.

S 89°59' W 5263'



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 bottom hole location 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 pool agreement or a compulsory pooling order heretofore entered by the division.

Date **MAY 5, 2007**

Signature *Brian Wood*

Printed Name **BRIAN WOOD**

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 **PCO-020507**

Signature and Seal of Professional Surveyor
Gerald Wood

GERALD WOOD
NEW MEXICO
REGISTERED LAND SURVEYOR
6844

Certificate Number **6844**

Proposed Allocation Method

The allocation of the gas back from the sales meter will be based on the check meter volume for the Blackrock C # 1E. The production volumes will be allocated as follows:

A - Blackrock C # 1E Volume

B - Jazz # 2 Volume

C - Fuel used on lease

D - Blackrock C # 1E/ Jazz # 2 CPD sales meter Volume

E - Blackrock C #1E check meter volume

$$A = E + C$$

$$B = (D - E) + C$$

Individual well BTU values will to be determined in accordance w/ BLM regulations (Onshore Order No. 5)



December 1, 2009

RE: Notice to WI, ORRI, NRI Owners
Surface Commingle
San Juan County, NM

Merrion Oil & Gas is applying to the New Mexico Oil Conservation Division (NMOCD) and Bureau of Land Management (BLM) for approval to surface commingle of natural gas produced from the following wells:

NMSF-078899
Jazz Com #2 API 30-045-32115 Basin Fruitland Coal (Pool Code 71629)
Blackrock C #1E API 30-045-34306 Gallegos Gallup (Pool Code 26980) & Basin Dakota (Pool Code 71599)

These wells are located in: T26N, R11W in San Juan County, NM. Lease number for the proposed commingled wells is NMSF-078899.

Produced gas from the Blackrock C #1E will be measured by a chart meter prior to commingling with Jazz Com #2 and entering the sales meter. Produced liquids will not be surface commingled.

Allocation & methodology is attached. Commingling will not reduce the value of the production.

This notice is being provided to you by certified mail as an interest owner per order number R-11363. Please notify Merrion Oil & Gas Corporation and the NMOCD within twenty (20) days in writing if you have objections.

Sincerely,

A handwritten signature in black ink, appearing to read "Philana Thompson", written in a cursive style.

Philana Thompson
Regulatory Compliance Specialist
Merrion Oil & Gas Corporation
505-324-5336 office
pthompson@merrion.bz

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Sundry Notices and Reports on Wells

1. Type of Well:

Oil Well Gas Well Other:

2. Name of Operator:

Merrion Oil & Gas Corp

3. Address & Phone No. of Operator:

610 Reilly Ave Farmington, NM 87401 505-324-5300

4. Location of Well, Footage, Sec., T, R, M:

Unit M (SWSW) 680' FSL & 1680' FWL, Sec. 21, T26N, R11W, NMPM

5. Lease Number:

SF-078899

6. If Indian, All. Or Tribe Name:

NA

7. Unit Agreement Name:

8. Well Name & Number:

Jazz Com #2

9. API Well No.:

30-045-32115

10. Field and Pool:

Basin FC

11. County and State:

San Juan County, NM

12. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT, OTHER DATA

Type of Submission:

- Notice of Intent
- Subsequent Report
- Final Abandonment

Type of Action:

- Acidize
- Alter Casing
- Casing Repair
- Change of Plans
- Convert to Injection
- Deepen
- Fracture Treat
- New Construction
- Plug & Abandon
- Plug Back
- Production (Start/Resume)
- Reclamation

- Recomplete
- Temp Abandon
- Water Disposal
- Water Shut-off
- Well Integrity
- Other: Surface Commingle

13. Describe Proposed or Completed Operation:

Merrion Oil & Gas intends to surface commingle of natural gas produced from the list of attached wells. These wells are located in: T26N, R11W in San Juan County, NM. Lease number for the proposed commingled wells is NMSF-078899.

Allocation & methodology is attached. Commingling will not reduce the value of the production.

This notice is being provided to you by certified mail as an interest owner per order number R-11363. Please notify Merrion Oil & Gas Corporation and the Oil Conservation Division within twenty (20) days if you have objections.

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

Signed  Philana Thompson Title Regulatory Compliance Spec. Date 12/1/2009

(This space for Federal or State Office use)

APPROVED BY _____ Title _____ Date _____

CONDITION OF APPROVAL, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

A W Ashley Estate C/O W. G. Henderson Ind. Exec. 6410-B Auburn Drive Austin, TX 78723	Alyssa Jane Walker 24052 Bessemer St Woodland Hills, CA 91367	Amelia M Sundberg 1915 Brown School Court Richmond, TX 77469
Anna Rebecca Ward Delkrug 15402 Stonehill Drive Houston, TX 77062	Archer Pearl Energy, LLC 112 E Pecan Street, Suite 500 San Antonio, TX 78206	Armenhaus, Inc. 10021 Friendship Circle Burton, TX 77835-5731
Atko Partners, Ltd 260 I-45, Suite A Huntsville, TX 77340	Barbara Leigh Farah P O Box 420837 Houston, TX 77242-0837	Barbara Reese Dinges 508 Ironwood Forest Dr Richmond, TX 77469
Bennett W Cervin 4259 Bordeaux Avenue Dallas, TX 75205	Boldrick Family Properties, LP P O Box 10648 Midland, TX 79702	BP America Production P O Box 277897 Atlanta, GA 30384-7897
Carol Ann Walker Cohen 4929 Beauchamp Ct San Diego, CA 92130	Carolyn Davant Fricke 113 Bowie St Port Lavaca, TX 77979-2606	Carolyn Stack 1406 Buttonwood Drive Fort Collins, CO 80525
Catherine Gray Reminick JPMorgan Chase Bank P O Box 99084 Ft. Worth, TX 76199-0084	Catherine Loise Coke Knight 5116 Silver Lake Drive Plano, TX 75093	Charles Russell Bell 4318 Innsbrook Place Sugar Land, TX 77479
Claudia Lundell Gilmer 1102 S Austin Ave, Suite 110-371 Georgetown, TX 78628	Constance Sue Coke Elms 4307 Bretton Bay Dallas, TX 75287	Cooksey Family Trust Robert A Cooksey, Trustee 4925 Greenville, Box 92 Dallas, TX 75206
Cornelia Davant Atwood P.O. Box 206 Blessing, TX 77419-0206	Craig S Saxer 464 Schoolhouse Lane Devon, PA 19332	Cynthia Gray Milani JPMorgan Chase Bank P O Box 99084 Ft. Worth, TX 76199-0084
D & S Partnership Stephen Coke, General Partner 5728 Northbrook Dr Plano, TX 75093	Dallas County Medical Society Alliance Foundation 5500 Swiss Ave Dallas, TX 75214	Dallas Womans Club Foundation 7000 Park Lane Dallas, TX 75225
David A Jennings 5950 Berkshire Lane Suite 600 Dallas, TX 75225	David Elbert Reese 2203 North Belmont Richmond, TX 77469	David Greer Morgan 3354 South Sutton Square Stafford, TX 77477

David H. Gray JPMorgan Chase Bank P O Box 99084 Ft. Worth, TX 76199-0084	David V Frederking Irrevocable Trus JPMorgan Chase Bank P O Box 99084 Fort Worth, TX 76199-0084	Donald E. Fagan 51 Villa Jardin San Antonio, TX 78230-2751
Dry Creek Reserve Company 8013 South Adams Way Littleton, CO 80122	E R Richardson Estate PO Box 309 Glorieta, NM 87535	Edward Charles Baumann 2410 Briarbrook Houston, TX 77042
Elizabeth Goodwin Reese 7800 Nairn Houston, TX 77074	ELSR, LP 8080 North Central Expressway Suite 1420, LB12 Dallas, TX 75206	Eugenia Davant Wilson P O Box 1160 Sulphur, LA 70663-1160
Eula M Johnston Trust Bank Of America, N.A. Trustee P.O. Box 840738 Dallas, TX 75284-0738	FHW Oil & Gas Ltd P O Box 221020 El Paso, TX 79913	Fondren Oil Company Three Riverway, Suite 120 Houston, TX 77056
Four Star Oil & Gas Company P O Box 731084 Dallas, TX 75273-1084	Frank D. Graham P.O. Box 7085 Dallas, TX 75209	Georgia M Smith 2339 Southgate Houston, TX 77030
Gladys Watford Trust Anne V Pogson, Trustee 12112 Talmay Drive Dallas, TX 75230	Glenda Earl Ake 5706 Hereford Lane Granbury, TX 76049	Grace Keller Ware 777 North Post Oak Rd, #1804 Houston, TX 77024-3826
Grayfore Partners, LP P O Box 98670 Lubbock, TX 79499-8670	Gretchen Kalb Moran Bank of Texas NA, Agent P O Box 1588 Tulsa, OK 74010-1588	Grover Bros Ltd Partnership C/O Robert Pulliam 6116 North Central Expressway, Suite 1000 Dallas, TX 75206
Grover Family LP P O Box 3666 Midland, TX 79702	Gugenheim Asset Trust Edward V Pollack Trustee 199 Fremont Street, 21st Floor San Francisco, CA 94105-6640	Guy David Ward 6022 Chickadee Circle Spring Hill, TN 37174
Gwinn McMahan Lewis Invest. Trust Tara Wynette Lewis, Trustee 3824 Cedar Springs Road, Suite 101-331 Dallas, TX 75219	Harold Dee Carter P O Box 12766 Dallas, TX 75225	Harry D Porter Trust U/A Bank Of America, NA Trustee P O Box 840738 Dallas, TX 75284-0738
Heather M Kalb Bank of Texas NA, Agent P O Box 1588 Tulsa, OK 74010-1588	Henry C Hess 4019 Cinnamon Fern Ct Houston, TX 77059	J D Hancock 4339 Versalles Avenue Dallas, TX 75205

J Paul Davis
1404 Siegfried, Box 10
Victoria, TX 77901-7857

James E. Davant, DVM
P.O. Box 695
Blessing, TX 77419-0695

James L Fashing
2431 Memphis Street
El Paso, TX 79930

James R Leeton Jr
San Juan Royalty Jv-90
P O Box 10561
Midland, TX 79702

Jean Ashley Ward Carter
14622 Underwood Creek Way
Houston, TX 77062

Jeremy S Davis
7539 Brompton Blvd.
Houston, TX 77025

Jerry J Andrew
408 Longwoods
Houston, TX 77024

Jessica Jones Stanley
13121 Delphinus Walk
Austin, TX 78732

John Bernard Morgan
11519 Powder Mill Trail
Austin, TX 78750

John Hunter Jones
2023 Rue de St Tropez
Austin, TX 78746

John L. Gray
JPMorgan Chase Bank
P O Box 99084
Ft. Worth, TX 76199-0084

Jon Ervin Kalb
2207 Sunny Slope Drive
Austin, TX 78703-1726

JPT Family JV #1
JPMorgan Chase Bank
P O Box 99084
Fort Worth, TX 76199-0084

Kathryn Bray Richards
450 West 7th Street
Unit 807
Tulsa, OK 74119

Kathryn Davant Dodson
111 McGuire Cv
Clarksdale, MS 38614-9708

Kathryn Davant Higgins
111 Cabana Drive
Victoria, TX 77901-3704

Kennedy Minerals Ltd
500 West Texas, Suite 655
Midland, TX 79701

L Doris Williams Trust
John G Heard, Sr, Trustee
P O Box 20606
Houston, TX 77225-0606

Laura A Gunn
13408 Vista Del Prado
San Antonio, TX 78216-2227

Laura Gugenheim Trust
Bank Of America Na Trustee
P O Box 840738
Dallas, TX 75284-0738

Laura Lee Matlock
1406 Buttonwood Drive
Fort Collins, CO 80525

Linda Lundell Lindsey
PO Box 631565
Nacogdoches, TX 75963

Lindsay Production & Royaltie Ltd
112 E Pecan St, Suite 500
San Antonio, TX 78205

Louis G. Mehr
1907 Tarpley Court
Katy, TX 77493

Lynn D Hill
6730 Kearney
Richmond, TX 77469

MAP 92-96 MGD
P O Box 268984
Oklahoma City, OK 73126-8984

MAP Holdings
P O Box 268947
Oklahoma City, OK 73126-8984

Map2001-Net
101 N Robinson Ave, Suite 1000
Oklahoma City, OK 73102

Margaret Frederking Irrevocable
JPMorgan Chase Bank
P O Box 99084
Fort Worth, TX 76199-0084

Marian N Harwell
112 East Pecan, Suite 500
San Antonio, TX 78205

Marilyn L Hess
4019 Cinnamon Fern Court
Houston, TX 77059

Mary Kathryn Dunnam Ladewig
1373 Woodbrook Lane
Southlake, TX 76092

Mimi Ann Morgan Quinn
434 County Road 42
Sandy Point, TX 77583

Nordan Trust
112 E. Pecan, Suite 500
San Antonio, TX 78205-1569

Patsy R. Mehr
P O Box 515
La Vernia, TX 78121

Pinion Resources, Inc
203 Jackson Street
Denver, CO 80206

R E Beamon III
2603 Augusta
Suite 1050
Houston, TX 77057

Richard A Groenendyke Jr.
2545 E 30th St
Tulsa, OK 74114

Robert Walter Lundell
2450 Fondren #304
Houston, TX 77063

Sally Walker Anderson
3710 River Farm Drive
Westlake Village, CA 91361

~~Marion R Alexander Marital Trust
C/O JPMorgan Chase Bank Trust Minerals
Section #1001802
P O Box 99084
Fort Worth, TX 76199-0084~~

Michael Charles Morgan
1111 Laurel Green
Missouri City, TX 77459

Minerals Mgmt Svc - Federal
Minerals Revenue Management
P O Box 5810
Denver, CO 80217-5810

Northstar Production & Land LLC
P O Box 2454
Midland, TX 79702-2454

Peggy K Davis
206 S Allen
Edna, TX 77957

Presbyterian Hospital Of Dallas
8200 Walnut Hill Ln
Dallas, TX 75231-4426

Ralph A. Brenner & Dorothy E. Brenn
The Brenner Revocable Living Trust
124 Wildwood Drive
Prescott, AZ 86305

Richard A Jennings
P O Box 3759
Midland, TX 79702

Rogers Family Trust
P O Box 12825
El Paso, TX 79913

Sherrill A Koken
C/O Susan C Saxer
546 N Wayne Ave
Wayne, PA 19087

Mary Doll Ingram Management Trust
Meredith Ingram Gartner Trustee
483 North Post Oak Lane
Houston, TX 77024

Michelle D Alexander
714 E 16th St
Dalhart, TX 79022

Ned Sayford Thompson
P O Box 235
Pollok, TX 75969

Pamela Gray Baldwin
JPMorgan Chase Bank
P O Box 99084
Ft Worth, TX 76199-0084

Penelope H & John R Butler
4605 Post Oak Place, Suite 107
Houston, TX 77027

Priscilla Hess Watson &
John S Watson
6200 Briar Rose
Houston, TX 77057

Raybourne Thompson Jr
6022 Crab Orchard Rd
Houston, TX 77057-1448

Richard D Frederking Family Trust
JPMorgan Chase Bank
P O Box 99084
Fort Worth, TX 76199-0084

Rogers Gibbard Trust
C/O Susan Rogers Eveland
3630 River Oaks Court
Tyler, TX 75707-1658

~~Steve Coldwell, Trustee
U/W/O Laurence C. Kelly, C/O Coldwell, Sclafani
& Co
3239 North Verdugo Road
Glendale, CA 91208-1622~~

Marion R Alexander Marital Trust
C/O JPMorgan Chase Bank Trust Minerals
Section #1001802
P O Box 99084
Fort Worth, TX 76199-0084

Steve Coldwell, Trustee
U/W/O Laurence C. Kelly, C/O Coldwell, Sclafani
& Co
3239 North Verdugo Road
Glendale, CA 91208-1633

Susan C Saxer
546 N Wayne Ave
Wayne, PA 19087

Susan R Hess Baumann
2410 Brairbrook
Houston, TX 77042

The Betty T Johnston Marital Trust
245 Commerce Green Blvd Ste 280
Sugar Land, TX 77478

The Donald McClure Waite Trust
126 Park Ave
Casselberry, FL 32707

Thomas E Dunnam III
14618 Reigh Count
San Antonio, TX 78248-1139

Thomas V McMahan
P.O. Box 497
Houston, TX 77001

Timothy Winston Ward
2626 Sedgeway Lane
Carrollton, TX 75006

Tom E Johnson LP
P O Box 1688
Midland, TX 79702-1688

Tourmaline Exploration Company
2403 Tenderfoot Drive
Larkspur, CO 80118

University Of Nebraska
3835 Holdrege
Lincoln, NE 68583

V A Johnston, Ltd
P O Box 825
Ralls, TX 79357

Valerie Hundley
1306 Morton League Rd
Richmond, TX 77469-1373

Waters S. Davis, III
JPMorgan Chase Bank
P O Box 99084
Ft. Worth, TX 76199-0084

Wayne K Ware
4227 Wyndam Hill Drive
Suwanee, GA 30024

William Louis Davant
P O Box 214
Blessing, TX 77419

William W Bramlett &
Julianne Bramlett
1776 Woodstead Ct #205
Spring, TX 77380

Windom Royalties LLC
P O Box 660082
Dallas, TX 75226-0082

XTO Energy Inc (Rev)
135 S LaSalle Street
Dept 4849
Chicago, IL 60674-4849

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. 30-045-34608 306
5. Indicate Type of Lease Federal STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. Fed SF-078899
7. Lease Name or Unit Agreement Name Blackrock C
8. Well Number 1E
9. OGRID Number 014634
10. Pool name or Wildcat Basin Dakota/Gallegos Gallup

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 Gas Well Other

2. Name of Operator
Merrion Oil & Gas Corporation

3. Address of Operator
610 Reilly Ave, Farmington, NM 87401

4. Well Location
 Unit Letter F : 760 feet from the south line and 1618 feet from the west line
 Section 21 Township 26N Range 11W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
6208' GL

Pit or Below-grade Tank Application or Closure

Pit type Depth to Groundwater Distance from nearest fresh water well Distance from nearest surface water

Pit Liner Thickness: 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.

Merrion Oil and Gas proposes to downhole commingle the production from the Basin Dakota and the Gallegos Gallup in accordance with the attached support documentation. These pools are pre-approved for DHC by order #R-11363

RCVD JUN 10 '08
 OIL CONS. DIV.
 DIST. 3

DHC 2858AZ

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 Investment Engineer DATE 5/21/08

Type or print name Connie Dinning E-mail address: cdinning@merrion.bz Telephone No. 505.324.5326

For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 3 DATE JUN 10 2008

Conditions of Approval (if any):

**ATTACHMENT TO C-103
BLACKROCK C NO. 1E DOWNHOLE COMMINGLE
FOR PREAPPROVED POOLS
BASIN DAKOTA (71599) AND GALLEGOS GALLUP (26980)**

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

- i. The Basin Dakota and Gallegos Gallup have been pre-approved for commingling by Order No. R-11363.
- ii. Pool Names: Basin Dakota and Gallegos Gallup
- iii. The Dakota perms are from 5957' – 6026', at various depths. The Gallup perms are from 4966' – 5215', at various depths.
- iv. Production allocation will be a percentage of production from each formation based on well test data summarized below:

Pool	Gas MCFD	% Gas	Oil BOPD	% Oil	Water BWPD	% Water
Gallegos						
Gallup	202	48%	0	50%	222	44%
Basin Dakota	222	52%	0	50%	288	56%
	424		0		510	

- v. The commingling will increase, not reduce, the value of the remaining production because the economics of drilling this well based on either formation alone would have been marginal. None of the reserves from either formation would have been recovered at this time without the ability to commingle.
- vi. Ownership of the Dakota and Gallup are identical.
- vii. A copy of this application has been sent to the Bureau of Land Management attached to a sundry notice. There are no state lands in this spacing unit.

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 30-045-34306		² Pool Code 26980		³ Pool Name Gallegos Gallup	
⁴ Property Code 030962		⁵ Property Name Blackrock C			⁶ Well Number 1E
⁷ OGRID No. 14634		⁸ Operator Name Merrion Oil & Gas			⁹ Elevation 6208'

¹⁰ Surface Location

UL or lot no. N	Section 21	Township 26N	Range 11W	Lot Idn sesw	Feet from the 760'	North/South line south	Feet from the 1618'	East/West line west	County San Juan
---------------------------	----------------------	------------------------	---------------------	------------------------	------------------------------	----------------------------------	-------------------------------	-------------------------------	---------------------------

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 Blackrock C No. 1E 1618' 760'	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 May 19, 2008 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> <i>Original by Gerald Huddleston</i> Date of Survey Signature and Seal of Professional Surveyor		
	Certificate Number 6844		

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Sundry Notices and Reports on Wells

RECEIVED

JAN 25 2010

Bureau of Land Management
Farmington Field Office

1. Type of Well:

Oil Well Gas Well Other:

2. Name of Operator:

Merrion Oil & Gas Corp

3. Address & Phone No. of Operator:

610 Reilly Ave Farmington, NM 87401 505-324-5300

4. Location of Well, Footage, Sec., T, R, M:

Unit M (SWSW) 680' FSL & 1680' FWL, Sec. 21, T26N, R11W, NMPM

5. Lease Number:

SF-078899

6. If Indian, All. Or Tribe Name:

NA

7. Unit Agreement Name:

8. Well Name & Number:

Jazz Com #2 / Blackrock C1

9. API Well No.:

30-045-32115 / 3004534300

10. Field and Pool:

Basin FC / Basin OK / Gallo

11. County and State:

San Juan County, NM

12. CHECK APPROPRIATE BOX TO INDICATE NATURE OF NOTICE, REPORT, OTHER DATA

Type of Submission:

- Notice of Intent
- Subsequent Report
- Final Abandonment

Type of Action:

- | | | |
|---|--|--|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Recomplete |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> New Construction | <input type="checkbox"/> Temp Abandon |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> Plug & Abandon | <input type="checkbox"/> Water Disposal |
| <input type="checkbox"/> Change of Plans | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Shut-off |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Deepen | <input type="checkbox"/> Reclamation | <input checked="" type="checkbox"/> Other: Surface Commingle |

13. Describe Proposed or Completed Operation:

Merrion Oil & Gas intends to surface commingle of natural gas produced from the list of attached wells. These wells are located in: T26N, R11W in San Juan County, NM. Lease number for the proposed commingled wells is NMSF-078899.

Allocation & methodology is attached. Approval will extend economic life of the federal leases through reduction of tie-in costs, and reduction of meter servicing charges.

Please see attached required documentation per BLM guidelines

SEE ATTACHED DOCUMENTS OF APPROVAL

FEB 11 2010

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

Signed Philana Thompson Philana Thompson Title Regulatory Compliance Spec. Date 1/25/2010

(This space for Federal or State Office use)

APPROVED BY [Signature] Title Reg. Spec. Date 2/9/10

CONDITION OF APPROVAL, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

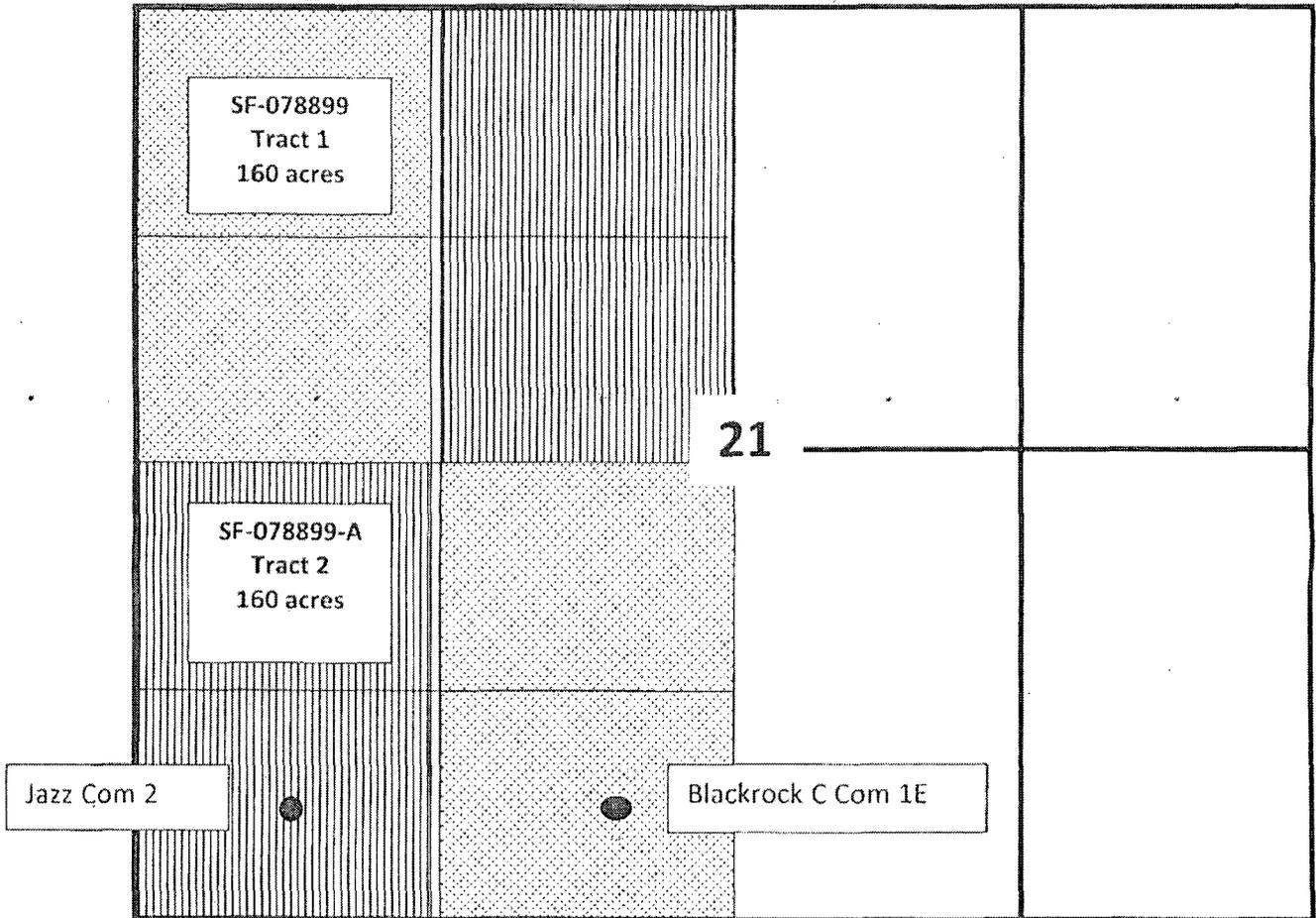
Merrion Oil & Gas Corporation

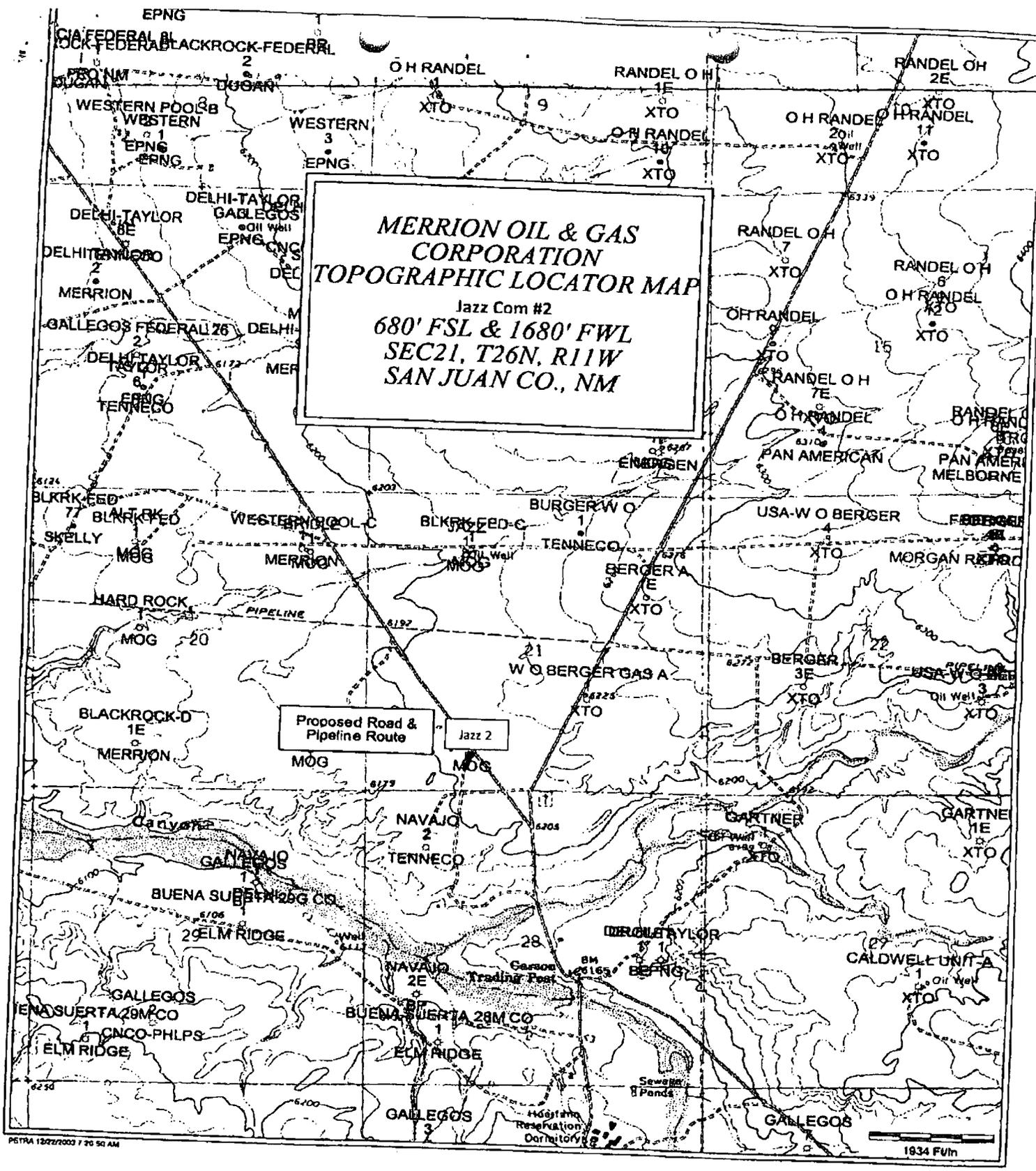
Well_Name: JAZZ COM # 002
API #: 3004532115
Location: M-21-26N-11W , 680 FSL, 1680 FWL
Lat:36.4681576152 **Long:**-108.012538674
County: San Juan
Land Type: Federal
Lease: NMSF-078899
Well Type: Gas
Spud Date:8/27/2006
Elevation GL: 6206 **Depth TVD:** 1549
Formation: Basin Fruitland Coal
Total acreage: 320

Well_Name: Blackrock C # 001E
API #: 3004534306
Location: N-21-26N-11W , 680 FSL, 1680 FWL
Lat:36.4683758601 **Long:**-108.012748369
County: San Juan
Land Type: Federal
Lease: NMSF-078899
Well Type: Gas
Spud Date:1/16/2008
Elevation GL: 6208 **Depth TVD:** 6300
Formation: Basin Dakota & Gallegos Gallup (DHC 2888AZ)
Total acreage: 320 & 80

Exhibit "A"
Plat of Communitized Area Covering
W½ of Section 21
Township 26 North, Range 11 West NMPM
Blackrock C Com 1E, Gallup, Communitization Agreement NM-121043
Jazz Com 2, Fruitland Coal, Communitization Agreement 117728

Blackrock C 1E, Dakota, CA# NMNM 73583





MERRION OIL & GAS CORPORATION
TOPOGRAPHIC LOCATOR MAP
 Jazz Com #2
 680' FSL & 1680' FWL
 SEC 21, T26N, R11W
 SAN JUAN CO., NM

Proposed Road & Pipeline Route

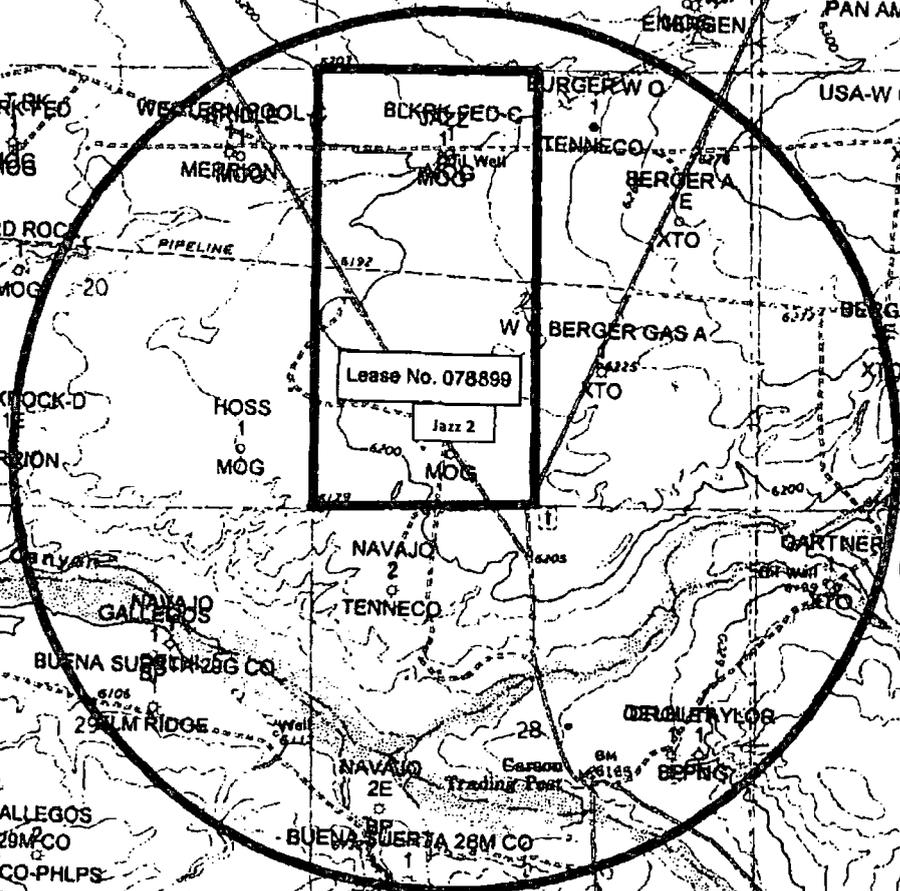
Jazz 2

MERRION OIL & GAS CORPORATION

LEASE LOCATOR MAP

Jazz Com #2

680' FSL & 1680' FWL
SEC 21, T26N, R11W



Lease No. 078899

Jazz 2

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 106035

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-32115	2. Pool Code 71629	3. Pool Name BASIN FRUITLAND COAL (GAS)
4. Property Code 35829	5. Property Name JAZZ COM	6. Well No. 002
7. OGRID No. 14634	8. Operator Name MERRION OIL & GAS CORP	9. Elevation 6206

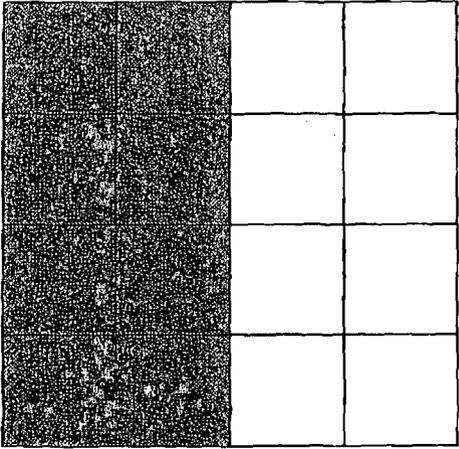
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
M	21	26N	11W		680	S	1680	W	SAN JUAN

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00		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

 <p style="text-align: center;">Lease NMSF-078899</p>	<p style="text-align: center;">OPERATOR CERTIFICATION</p> <p><i>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.</i></p> <p>E-Signed By: <i>Phyllis Thompson</i> Title: <i>Regulatory Compliance</i> Date: <i>12/1/09</i></p> <hr/> <p style="text-align: center;">SURVEYOR CERTIFICATION</p> <p><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></p> <p>Surveyed By: Gerald Huddleston Date of Survey: 8/31/2003 Certificate Number: 6844</p>
--	--

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 & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

2007 MAY 7 AM 9:34
RECEIVED
070 FARMINGTON NM

Form C - 102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

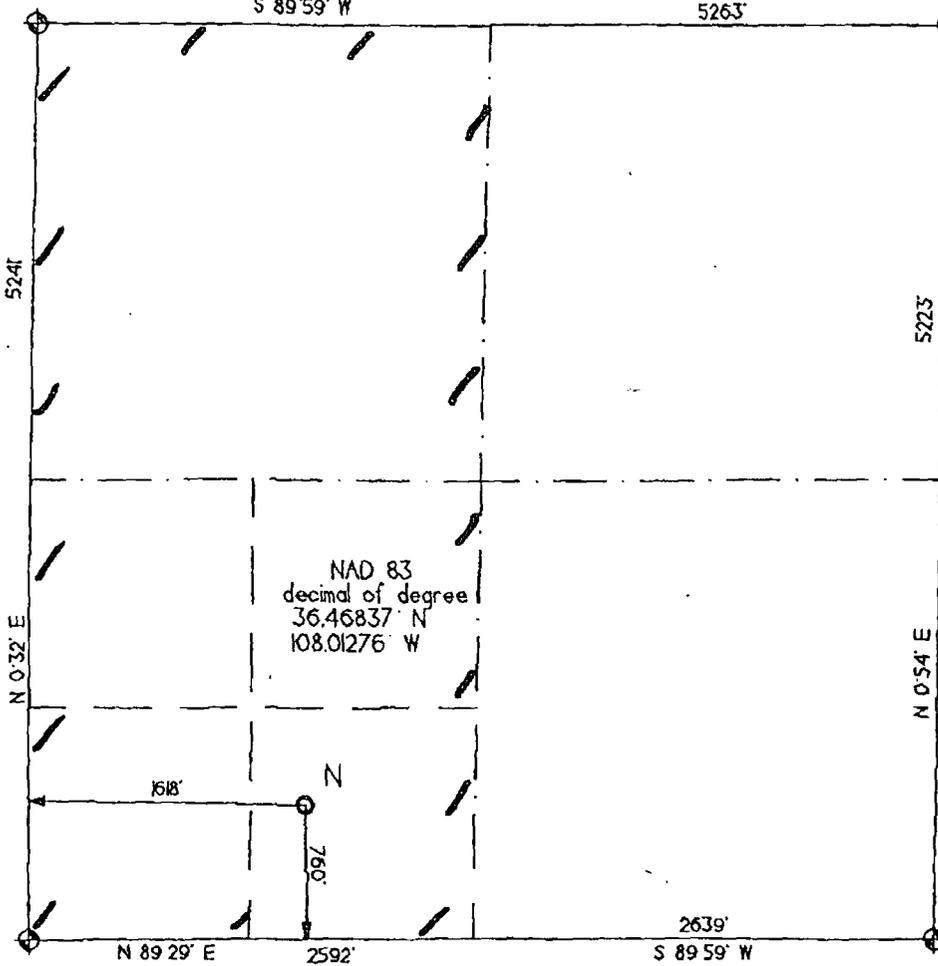
APA Number 30-045-34306		Pool Code 71599	Pool Name BASIN DAKOTA
Property Code 30962	Property Name Blackrock C		Well Number IE
OGRD No. 014634	Operator Name MERRION OIL & GAS CORPORATION		Elevation 6208'

Surface Location									
UL or Lot	Sec.	Twp.	Rge.	Lot Lch.	Feet from	North/South	Feet from	East/West	County
.N	21	26 N.	. II W.		760'	South	1618'	West	San Juan

Bottom Hole Location If Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Lch.	Feet from	North/South	Feet from	East/West	County

Dedicated Acres 320	Joint or Infill	Consolidation Code C	Order No.
-------------------------------	-----------------	--------------------------------	-----------

No derrick will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



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 bottom hole location 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 pool agreement or a compulsory pooling order heretofore entered by the division.

Date **MAY 5, 2007**

Signature *Brian Wood*

Printed Name **BRIAN WOOD**

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 **Feb. - 02.05.07**

Signature and Seal of Professional Surveyor



Certificate Number **6844**

2007 MAY 7 AM 9:34

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 8820
District III
1000 Rio Brazos Rd., Aztec, NM 8740
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pochecho
Santa Fe, NM 87505

Form C - 102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

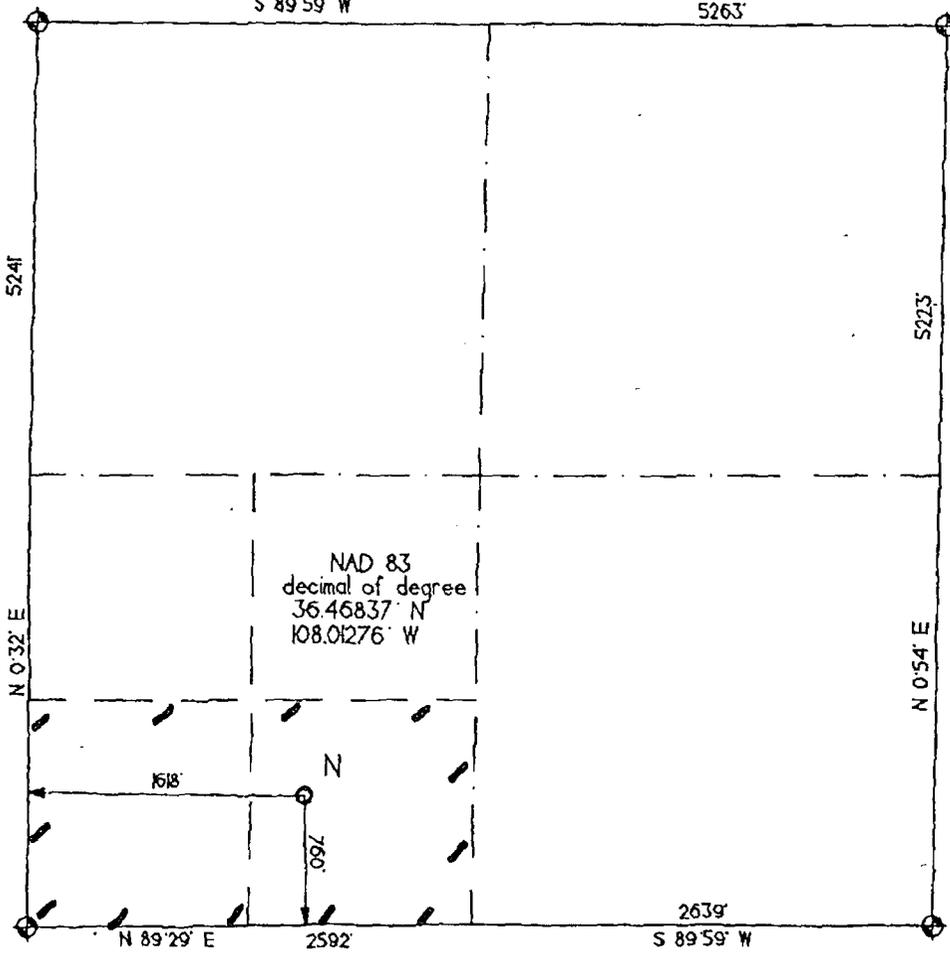
APA Number 30-045-31306	Pool Code 26980	Pool Name GALLEGOS GALLUP (ASSOC.)
Property Code 30962	Property Name Blackrock C	Well Number IE
OGRD No. 014634	Operator Name MERRION OIL & GAS CORPORATION	Elevation 6208'

Surface Location									
UL or Lot	Sec.	Twp.	Rge.	Lot Lth.	Feet from	North/South	Feet from	East/West	County
N	21	26 N.	11 W.		760'	South	1618'	West	San Juan

Bottom Hole Location If Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Lth.	Feet from	North/South	Feet from	East/West	County

Dedicated Acres 80	Joint or Infill	Consolidation Code C	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.



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 bottom hole location 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 pool agreement or a compulsory pooling order heretofore entered by the division.

Date: **MAY 5, 2007**

Signature: *Brian Wood*

Printed Name: **BRIAN WOOD**

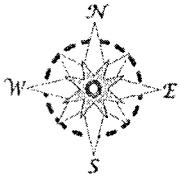
SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of survey: **FW-020507**

Signature and Seal of Registered Surveyor: *Gerald Wood*

GERALD WOOD
NEW MEXICO
REGISTERED 1980 SURVEYOR
6844

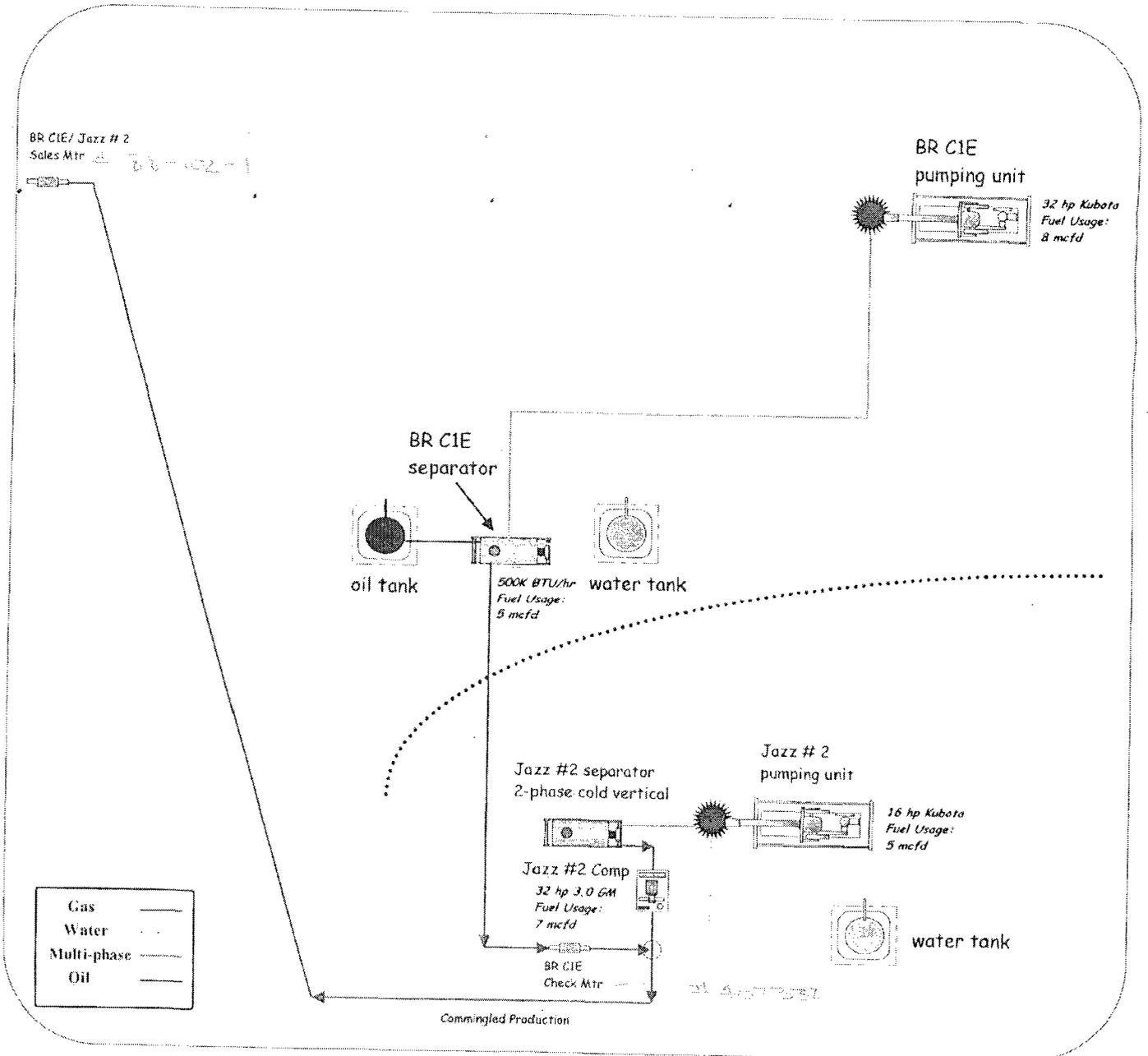
Certificate Number: **6844**



MERRION OIL & GAS SITE FACILITY LAYOUT

Jazz Com 2 & Blackrock C # 1E

Location: 680' fsl & 1680' fwl
S21 T26N R11W
San Juan County, NM



Estimated Monthly Production (ref. #4)

Well:	Formation(s):	Gas BTU	Monthly Production (est)
Blackrock C # 1E	Gallup/ Dakota	1144	1750 mcfm
Jazz # 2	Fruitland Coal	987	650 mcfm

Proposed Production Volume Allocation Method (ref. #5)

The allocation of the gas back from the sales meter will be based on the check meter volume for the Blackrock C # 1E. The production volumes will be allocated as follows:

A - Blackrock C # 1E Volume

B - Jazz # 2 Volume

C - Fuel used on lease

D - Blackrock C # 1E/ Jazz # 2 CPD sales meter Volume

E - Blackrock C # 1E check meter volume

$$A = E + C$$

$$B = (D - E) + C$$

Fuel for equipment is calculated based on the equipment in use at each well. One of the wells will have a combined cold separator that uses no fuel and a pumping unit. The fuel use for the equipment is calculated as follows:

Pumping Units:

$$16 \text{ hp} * 10 \text{ SCF/hphr} * 24 \text{ hrs/day} \quad \text{(based on 1,100 BTU/SCF per}$$

Practical Petroleum Engineer's
Handbook by Zaba & Doherty)

$$= \sim 3840 \text{ SCFD}$$

$$\text{Approximately 4 MCFD (16 hp)} \quad (\sim 120 \text{ MCFM})$$

$$\text{Approximately 8 MCFD (32 Hp)} \quad (\sim 240 \text{ MCFM})$$

Compressor:

$$\frac{32 \text{ BHP} * 9,000 \text{ BTU/BHP/hr} * 24 \text{ hr}}{1,000 \text{ BTU/SCF}}$$

$$= 6,912 \text{ SCF}$$

$$\sim 6.912 \text{ MCFD} * 30 \text{ days/month} \quad (\sim 207 \text{ MCFM})$$

Separator:

$$\frac{500,000 \text{ BTU/hr} * 25\% \text{ on line} * 24 \text{ hrs}}{1000 \text{ BTU/SCF} * 70\% \text{ eff.}}$$

$$= 4,285 \text{ SCF}$$

$$\text{Approximately 4.3 MCFD} \quad (\sim 130 \text{ MCFM})$$

Proposed Sales Volume/BTU Allocation Method (ref. #5/#6)

The allocation of the gas back from the sales meter will be based on the check meter volume for the Blackrock C # 1E. The sales volumes will be allocated as follows:

A - Blackrock C # 1E Volume

B - Jazz # 2 Volume

C - Fuel used on lease

D - Blackrock C # 1E/ Jazz # 2 CPD sales meter Volume

E - Blackrock C # 1E check meter volume

Volume:

$$A = E$$

$$B = D - E$$

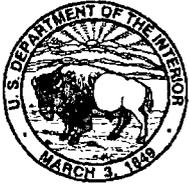
BTU Value:

$$\text{Blackrock C \# 1E (BTU)} = A * (\text{BRC1E BTU value})$$

$$\text{Jazz \# 2 (BTU)} = B * (\text{Jazz2 BTU value})$$

Individual well BTU values will to be determined in accordance w/ BLM regulations

(Onshore Order No. 5)



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:

CONDITIONS OF APPROVAL FOR OFF-LEASE MEASUREMENT AND SURFACE COMMINGLING OF OIL AND GAS

- Liquid hydrocarbons produced at the CDP must be allocated back to each well in proportion to the well's allocated gas production. Fuel used at the CDP must also be allocated back to each contributing well in proportion to each well's allocated gas production.
- Allocation must be made on an MMBTU basis. BTU measurements must be taken from each well prior to commingling gas production.
- Measurement of gas at the CDP must be conducted in accordance with the requirements outlined in Onshore Order No. 3, Site security, Onshore Order No. 4, Oil Measurement, Onshore Order No. 5, Gas Measurement and NM NTL 2008-01, Standards for the Use of Electronic Flow Computers.
- In Order to prevent waste and conserve natural gas, periodic review of each well's venting procedures must be conducted in accordance with the requirements outlined in NTL-ADO-93-1.
- No other wells can be added to this system of measurement and sales without the prior approval of this office.
- Contact this office in the event of any lost hydrocarbons between the wells and the CDP.