

Exhibit 8 - Fruitland Coal Prediction Model

Case #13770

September 14, 2006 Hearing

RE: Application of Benson-Montin-Greer Drilling Corp.
For Approval of a Pilot Project, Including an Exception
To Rules 4 and 7 of Special Rules and Regulations for
The Basin-Fruitland Coal Gas Pool, for the purpose of
Establishing a pilot program to determine commercial
Feasibility for Fruitland Coal Gas wells in Township 25
North, Range 2 West, N.M.P.M., Rio Arriba County,
New Mexico

Gavilan Area Fruitland Coal Project

Pro-Forma Economics

February 2006
George Sharpe – Merrion Oil & Gas

INTRODUCTION

Benson Montin Greer and Merrion Oil & Gas et. al. own 11,700 net acres in the Gavilan area of the southeastern San Juan Basin. Six wells have been drilled and one well recompleted to test the Pictured Cliffs and the Fruitland Coal across the leasehold on acreage farmed in from McElvain Oil & Gas. This report briefly summarizes an economic projection of full field development across our acreage position.

GAS IN PLACE

Logs across the area show the coal to be between 30 and 50 feet thick. Adsorption tests done on cuttings indicate an insitu gas content of 136 scf/ton dry ash free, or 79 scf/ton accounting for ash and moisture. Based on 40 feet of coal, the estimated gas-in-place is estimated to be 1.4 BCF per 160 ac, or approximately 100 BCF net to our leasehold.

PREDICTION MODEL

A model was developed that combines the darcy flow equations with coalbed methane material balance principles to predict the long term performance of an individual well under different spacing scenarios. The initial rates of a well are matched with the kh of the well and initial cleat water saturation. The gas desorption curve then drives the long term performance of the well as it is dewatered and begins to produce gas.

The 5 Fruitland Coal completions have tested at 5 to 40 MCFD and 40 to 80 BWPD. The initial rate was matched with a 40 foot thick coal, 10 md perm, and a 90% initial water saturation. Attachment 1 shows the model input data and the predicted results.

Long term predictions were made based on 2500 acre spacing, 160 acre spacing, and 80 acre spacing (see Attachment 1). On 2500 acre spacing (one well by itself), the well takes forever to dewater. On 160 acre spacing, the well is predicted to reach 100 MCFD within 2 years, peak at 200 MCFD in 6 years, and ultimately recover 800+ MMCF over its life. On 80 acre spacing, the dewatering time is cut in half, and the ultimate reserves per well is just under 500 MMCF. Based on this data, 80 acre spacing could be justified in this low permeability area to the NMOCD, and would ultimately be the best development plan from an economic standpoint.

FIELD DEVELOPMENT ECONOMICS

An economic model was built based on the 80 acre development scenario. Attachment 2 is the AFE detail report for the last well drilled, the Bunny Tracks #1, which cost \$394,000 to drill and complete. The economics assumed \$400M drilling and completion costs plus another \$30,000 for a combination gas-water line. While a pumping unit, separator, and tank is included in the drilling costs, in all likelihood, central facilities would be installed for a full field development project. In addition to these costs, the drilling costs on the first 5 wells were increased by \$200M each to account for the need to drill a water disposal well.

Operating costs were assumed to be \$1000/mo. for base costs plus \$.50/BW for water disposal and \$.25/mcf for gas compression. Again, both of those assume the eventual installation of central facilities. Gas price was held constant at \$6/mcf. Economics were run at a 100% WI and 75% NRI.

Attachment 3 is the individual economic run for a single well at the higher \$630,000 drilling cost. The well was projected to produce 475 MMCF of reserves and generate a 25 % rate of return at the higher costs.

Attachment 4 shows the pro-forma economics for the full field development. It was assumed 5 wells would be drilled in 2006, 12 in 2007, and 24 per year through 2012 for a total of 137 wells (more gross wells are available, but the group does not own 100% of all wells). The project costs total \$60 MM. The project is projected to generate a 39.5% ROR overall, \$152 MM of undiscounted value, and a \$55 MM 10% PV.

Attachment #1

CBM Tank Model Forecasting Tool

2/22/2006

Reservoir Data:

Thickness 40 ft
Average Bulk Density 1.4 gm/cc
Cleat Porosity 0.25%
Cleat Initial Water Saturation 90%
Cleat Irreducible Water Saturation 30%
Absolute Permeability 10 md
RelPerm Curves 1
Initial Pressure 500 psia
Temperature 105 F
Initial Gas In Place Per Well MMCF

RelPerm Curves as follows:

Use 1 for highest water to gas ratio
Use 2 for 2nd highest WGR
Use 3 for 3rd highest WGR
Use 4 for lowest WGR

Completion & Operating Data:

Wellbore Diameter 6.25 inches
Skin 0
Well Spacing 160 acres
Initial Flowing Bottomhole Pressure 30 psia
Flowing Bottomhole Pressure Decline 0% per month
Minimum Flowing Bottomhole Pressure 30 psia

Isotherm Data:

Langmuir Volume Measured (with ash) 224 scf/ton
Langmuir Pressure 807 psia
Ash Content 38%
Bulk Density 1.6 gm/cc

gm/cc scf/ton

1.2	373
1.4	299
1.6	224
1.8	149
2	75
2.2	0

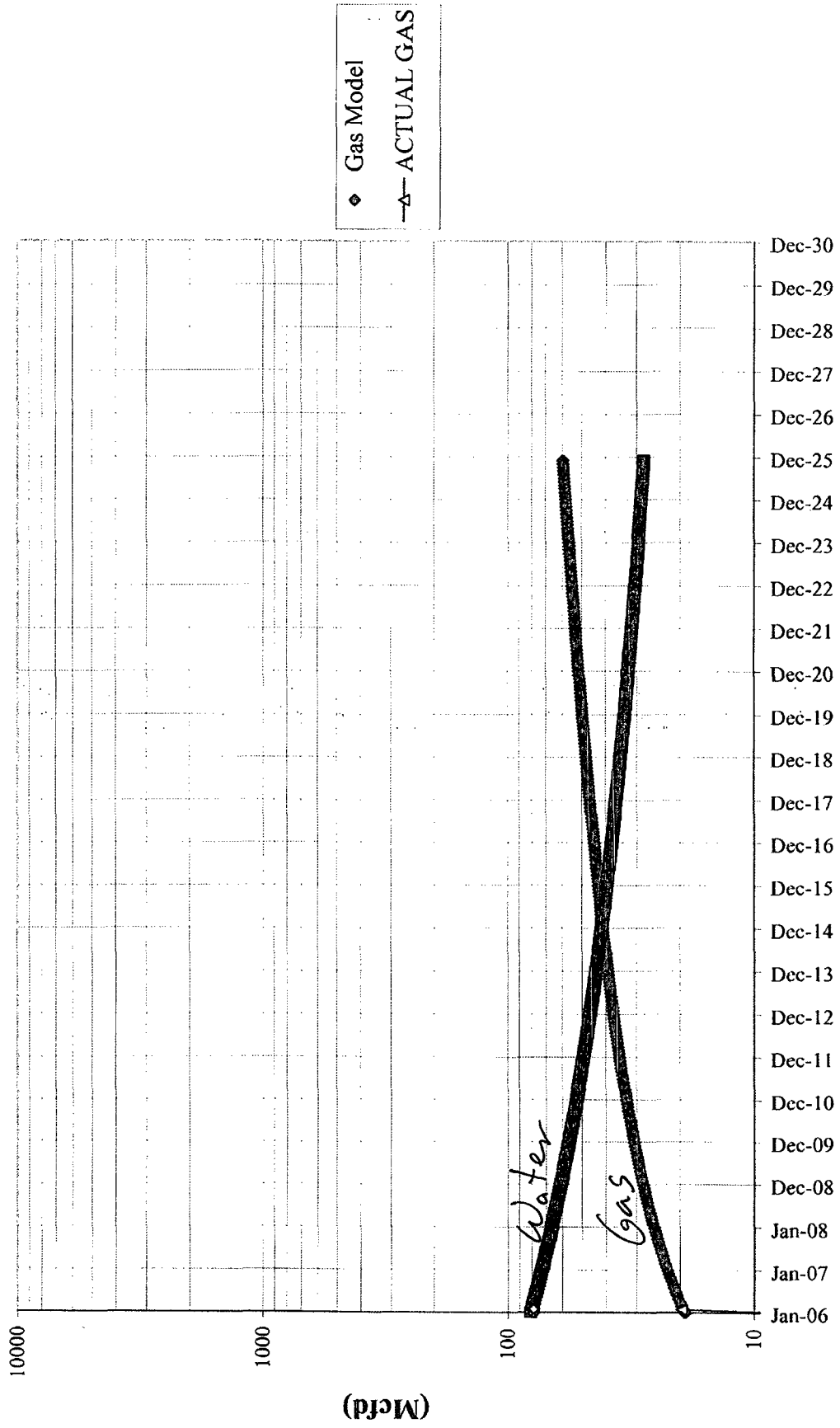
Assumed End Points:

Pure Coal Density 1.2 gm/cc
Assumed Ash Density 2.2
Calculated Ash Density

(W)

FORECAST GAS & WATER RATES VS TIME

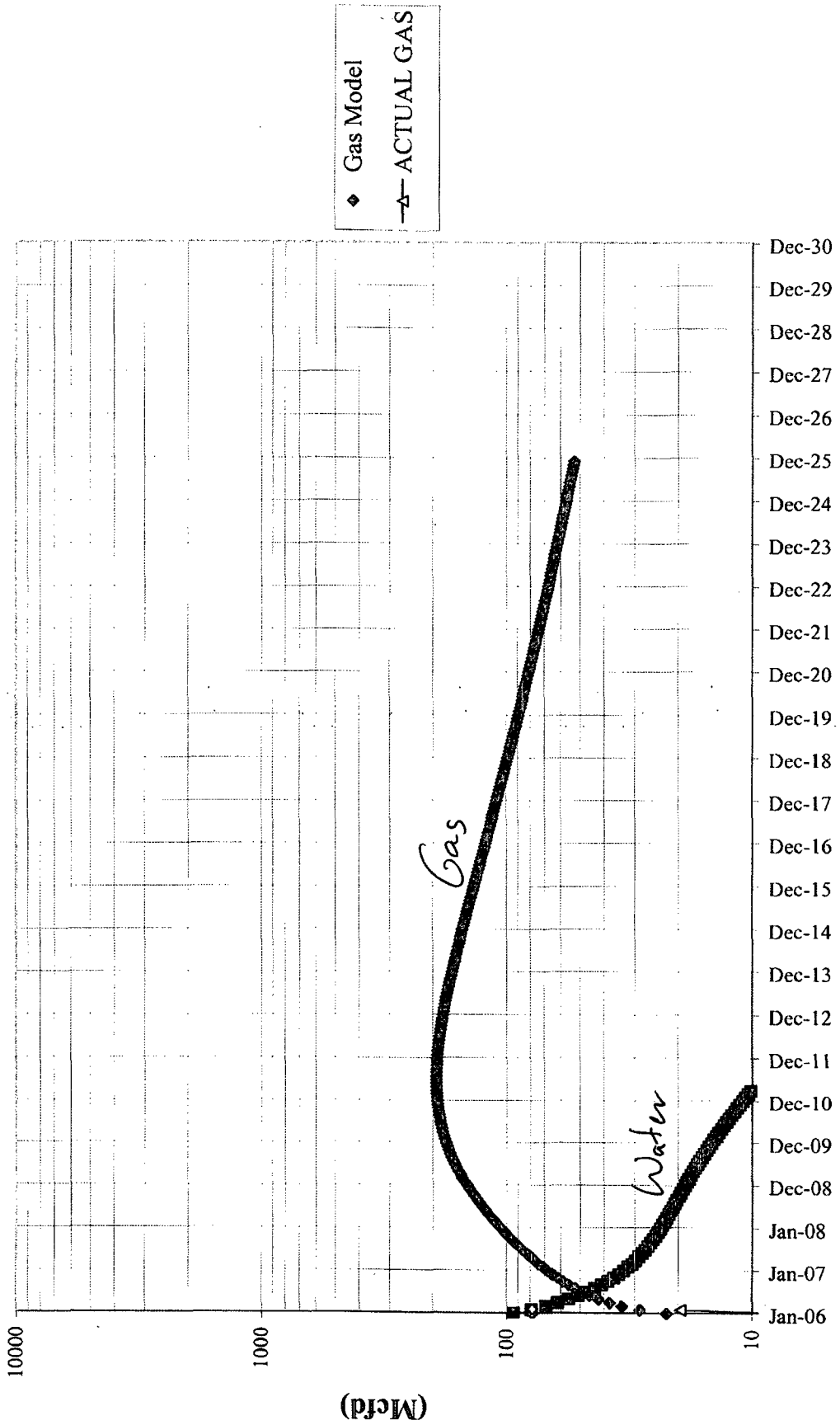
2500 Ac Spacing



(A)

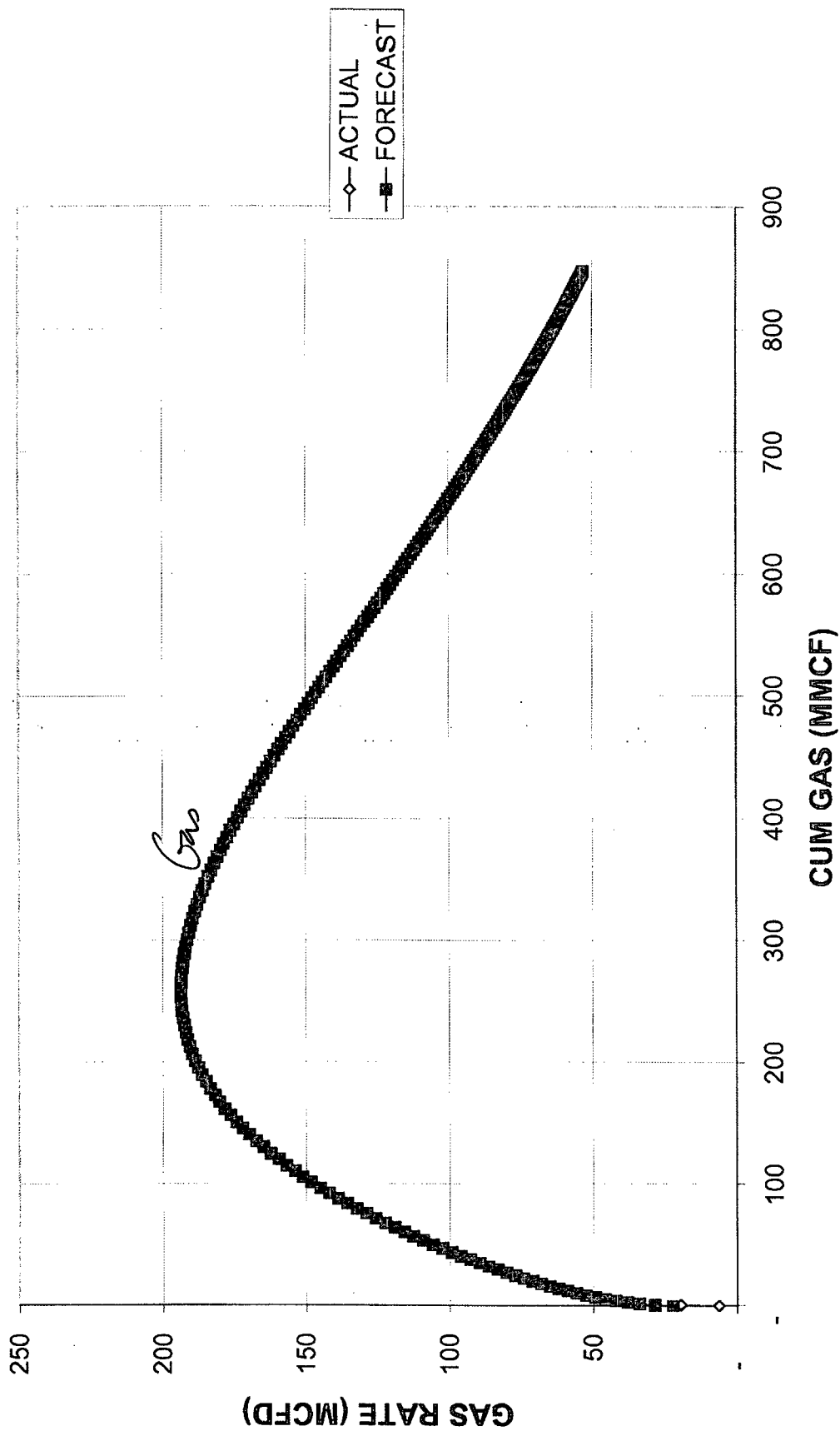
FORECAST GAS & WATER RATES VS TIME

160 Ac Spacing

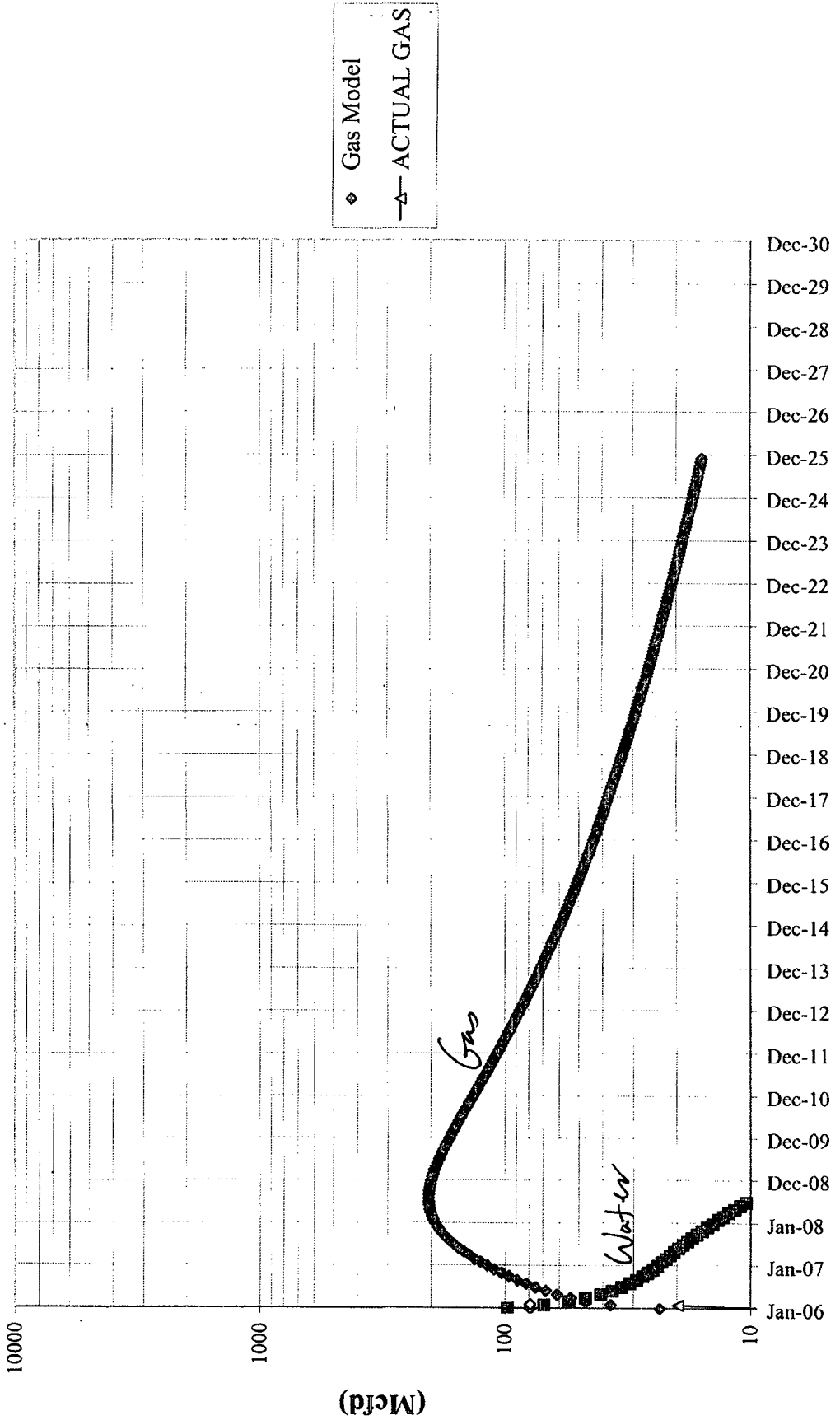


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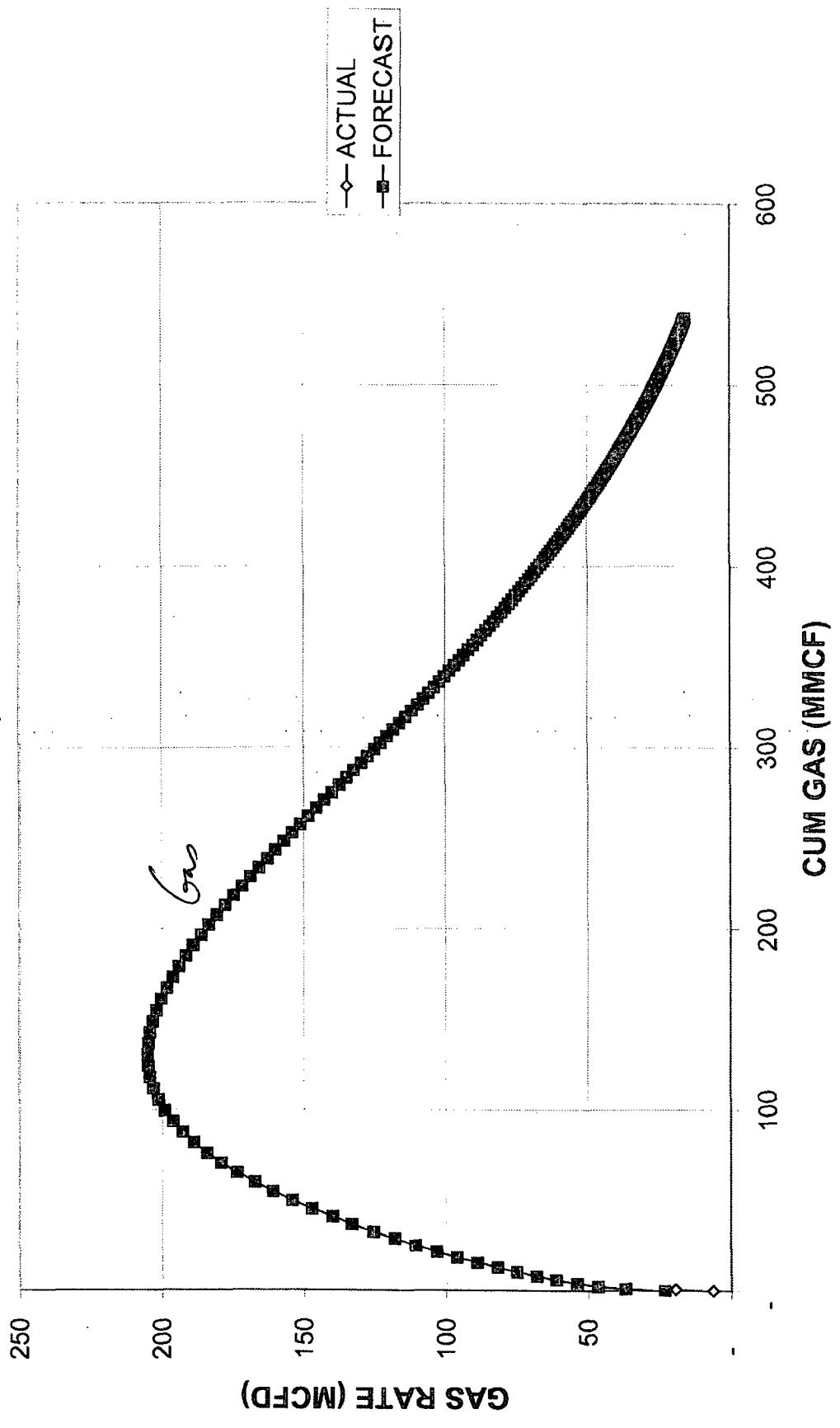
PREDICTED RATE VS CUM 160 Acre Spacing



FORECAST GAS & WATER RATES VS TIME
80 Ac Spacing



PREDICTED RATE VS CUM 80 Acre Spacing



(8)

AFE Report (Gross)

Attachment #2

WHP: 99100
 AFE: 02644
 Status: ACTIV

Merrion Oil & Gas
 Bunny Tracks 1/Drill FC/PC

02/01/2006

AFE Category	Description	Budget	Actual Amount	Variance	Current Month Amount	Comment
Prospect: Bunny Tracks 1/Drill FC/PC						
Objective: DRLG		Operator: Merrion Oil & Gas				
Beginning Date: 06/01/2005		Completion Date:		Remarks: Bunny Tracks 1/Drill FC/PC		
Equipment - Drilling						
51.213	Float Equipment	5,000.00	0.00	5,000.00	0.00	
51.402	Wellhead Equipment	4,500.00	1,689.53	2,810.47	0.00	
51.417	Casing	27,600.00	0.00	27,600.00	0.00	
Equipment - Drilling Totals		37,100.00	1,689.53	35,410.47	0.00	
Equipment - Facilities Construction						
57.219	Contract Services	900.00	0.00	900.00	0.00	
57.220	Trucking	3,000.00	0.00	3,000.00	0.00	
57.225	Company Supervision	2,500.00	0.00	2,500.00	0.00	
57.231	Surveying & Permitting	15,800.00	0.00	15,800.00	0.00	
Equipment - Facilities Construction Totals		22,200.00	0.00	22,200.00	0.00	
Equipment-Completion/Subsurface						
52.402	Wellhead Equipment	0.00	664.43	(664.43)	0.00	Generated on Batch
52.508	Sucker Rods	5,600.00	0.00	5,600.00	0.00	
52.509	Artificial Lift	2,800.00	0.00	2,800.00	0.00	
52.517	Tubing	11,100.00	0.00	11,100.00	0.00	
Equipment-Completion/Subsurface Totals		19,500.00	664.43	18,835.57	0.00	
Equipment-Completion/Surface						
55.402	Wellhead Equipment	0.00	85.11	(85.11)	0.00	Generated on Batch
55.405	Flowlines & Fittings	7,200.00	200.09	6,999.91	0.00	
55.509	Artificial Lift	17,000.00	0.00	17,000.00	0.00	
55.511	Metering Equipment	1,650.00	0.00	1,650.00	0.00	
55.558	Tanks, Separation Equipment, et	12,000.00	0.00	12,000.00	0.00	
55.567	Miscellaneous Surface Equipme	1,500.00	0.00	1,500.00	0.00	
Equipment-Completion/Surface Totals		39,350.00	285.20	39,064.80	0.00	
Intangible Costs - Drilling						
10.200	Surveying & Permitting	6,000.00	0.00	6,000.00	0.00	
10.201	Surface Damages & R.O.W.	6,000.00	0.00	6,000.00	0.00	
10.202	Locations & Roads	6,500.00	10,533.40	(4,033.40)	0.00	
10.205	Drilling . Rig	48,800.00	98,219.04	(49,419.04)	0.00	
10.206	Fuel, Lubricant, & Power	11,000.00	0.00	11,000.00	0.00	
10.207	Water & Mud Materials	8,000.00	7,357.48	642.52	0.00	
10.208	Bits	8,000.00	0.00	8,000.00	0.00	
10.209	Casing Crews	4,000.00	4,849.88	(849.88)	0.00	
10.211	Logging . Open Hole & Mud	9,700.00	10,162.83	(462.83)	0.00	
10.212	Cementing	22,500.00	17,372.37	5,127.63	0.00	
10.216	Inspection Services	0.00	862.24	(862.24)	0.00	Generated on Batch
10.218	Tool & Equipment Rental	0.00	11,104.65	(11,104.65)	0.00	Generated on Batch
10.219	Contract Labor	0.00	3,620.65	(3,620.65)	0.00	Generated on Batch
10.220	Trucking	20,500.00	22,863.96	(2,363.96)	0.00	
10.223	Admin Overhead	800.00	1,567.35	(767.35)	0.00	
10.225	Company Supervision/ Geologist	1,500.00	2,145.70	(645.70)	0.00	
10.228	Contract Supervision/Geologist	3,500.00	4,360.65	(860.65)	0.00	
10.324	Miscellaneous I.D.C.	19,600.00	0.00	19,600.00	0.00	
Intangible Costs - Drilling Totals		176,400.00	195,020.20	(18,620.20)	0.00	

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AFE Report (Gross)

Corp: 99100
 AFE: 02644
 Status: ACTIV

Merrion Oil & Gas
 Bunny Tracks 1/Drill FC/PC

02/01/2006

AFE Category	Description	Budget	Actual Amount	Variance	Current Month Amount	Comment
Intangible Costs - Completion						
20.202	Locations & Roads	3,000.00	0.00	3,000.00	0.00	
20.206	Fuel, Lubricant, & Power	0.00	3,245.51	(3,245.51)	0.00	Generated on Batch
20.207	Water & Mud Materials	4,500.00	1,699.01	2,800.99	0.00	
20.208	Bits	2,000.00	0.00	2,000.00	0.00	
20.214	Perforating & Wireline	6,500.00	6,616.21	(116.21)	0.00	
20.218	Tool & Equipment Rental	8,500.00	9,182.05	(682.05)	0.00	
20.219	Contract Labor	0.00	7,822.29	(7,822.29)	0.00	Generated on Batch
20.220	Trucking	1,000.00	12,773.02	(11,773.02)	0.00	
20.225	Company Supervision	1,500.00	1,308.66	191.34	0.00	
20.228	Contract Supervision	4,200.00	3,861.82	338.18	0.00	
20.315	Stimulation	70,000.00	129,650.89	(59,650.89)	0.00	
20.324	Miscellaneous I.C.C.	2,300.00	0.00	2,300.00	0.00	
20.611	Completion Rig	16,800.00	20,559.15	(3,759.15)	0.00	
Intangible Costs - Completion Totals		120,300.00	196,718.61	(76,418.61)	0.00	
Total Well Costs		414,850.00	394,377.97	20,472.03	0.00	

Afe = 02644 Bunny
 Tracks 1/Drill FC/PC
 Current Month =
 '02/01/2006 12:00:00AM'

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Gavilan Area Fruitland Coal Project
 80 Ac Spacing Development

Year	Well Cnt	Gross Oil bbl	Net Oil bbl	Gas mcf	Price \$/bbl	Oil Revenue \$	Gas Price \$/mcf	Gas Revenue \$
2006	1	0	0	16,202	0.00	0	6,000	97,210
2007	1	0	0	57,431	0.00	0	6,000	258,439
2008	1	0	0	72,445	0.00	0	6,000	326,002
2009	1	0	0	64,044	0.00	0	6,000	288,197
2010	1	0	0	51,645	0.00	0	6,000	232,405
2011	1	0	0	41,870	0.00	0	6,000	188,416
2012	1	0	0	33,945	0.00	0	6,000	152,754
2013	1	0	0	27,520	0.00	0	6,000	123,841
2014	1	0	0	22,311	0.00	0	6,000	100,401
2015	1	0	0	18,088	0.00	0	6,000	81,398
2016	1	0	0	14,665	0.00	0	6,000	65,991
2017	1	0	0	11,889	0.00	0	6,000	53,501
2018	1	0	0	9,639	0.00	0	6,000	43,374
2019	1	0	0	7,814	0.00	0	6,000	35,165
2020	1	0	0	6,335	0.00	0	6,000	28,509
Remaining:		0	0	12,162	0.00	0	6,000	54,727
Totals:		0	0	473,407	0.00	0	6,000	2,130,331

Year	Taxes \$	Operating Expenses \$	Net Oper Income \$	Costs \$	Cash Flow \$	Cumulative Cash Flow \$	Disc 10.00% Cash Flow \$	Cum Disc Cash Flow \$
2006	8,846	27,665	60,699	630,000	-569,301	-569,301	-569,301	-568,583
2007	23,518	29,582	205,339	0	205,339	-363,962	176,465	-392,118
2008	29,666	31,168	265,168	0	265,168	-98,794	208,198	-183,920
2009	26,226	28,357	233,614	0	233,614	134,820	167,055	-16,865
2010	21,149	25,025	186,231	0	186,231	321,051	121,056	104,191
2011	17,146	22,505	148,766	0	148,766	469,817	87,914	192,104
2012	13,901	20,499	118,355	0	118,355	588,172	63,586	255,690
2013	11,270	18,884	93,688	0	93,688	681,860	45,760	301,450
2014	9,137	17,579	73,686	0	73,686	755,545	32,720	334,171
2015	7,407	16,523	57,468	0	57,468	813,013	23,201	357,371
2016	6,005	15,666	44,320	0	44,320	857,333	16,268	373,639
2017	4,869	14,972	33,660	0	33,660	890,993	11,233	384,872
2018	3,947	14,410	25,018	0	25,018	916,011	7,592	392,464
2019	3,200	13,954	18,011	0	18,011	934,022	4,970	397,434
2020	2,594	13,584	12,331	0	12,331	946,353	3,095	400,529
Remaining:	4,980	37,040	12,706	0	12,706	959,059	2,785	403,314
Totals:	193,860	347,411	1,589,059	630,000	959,059		403,314	

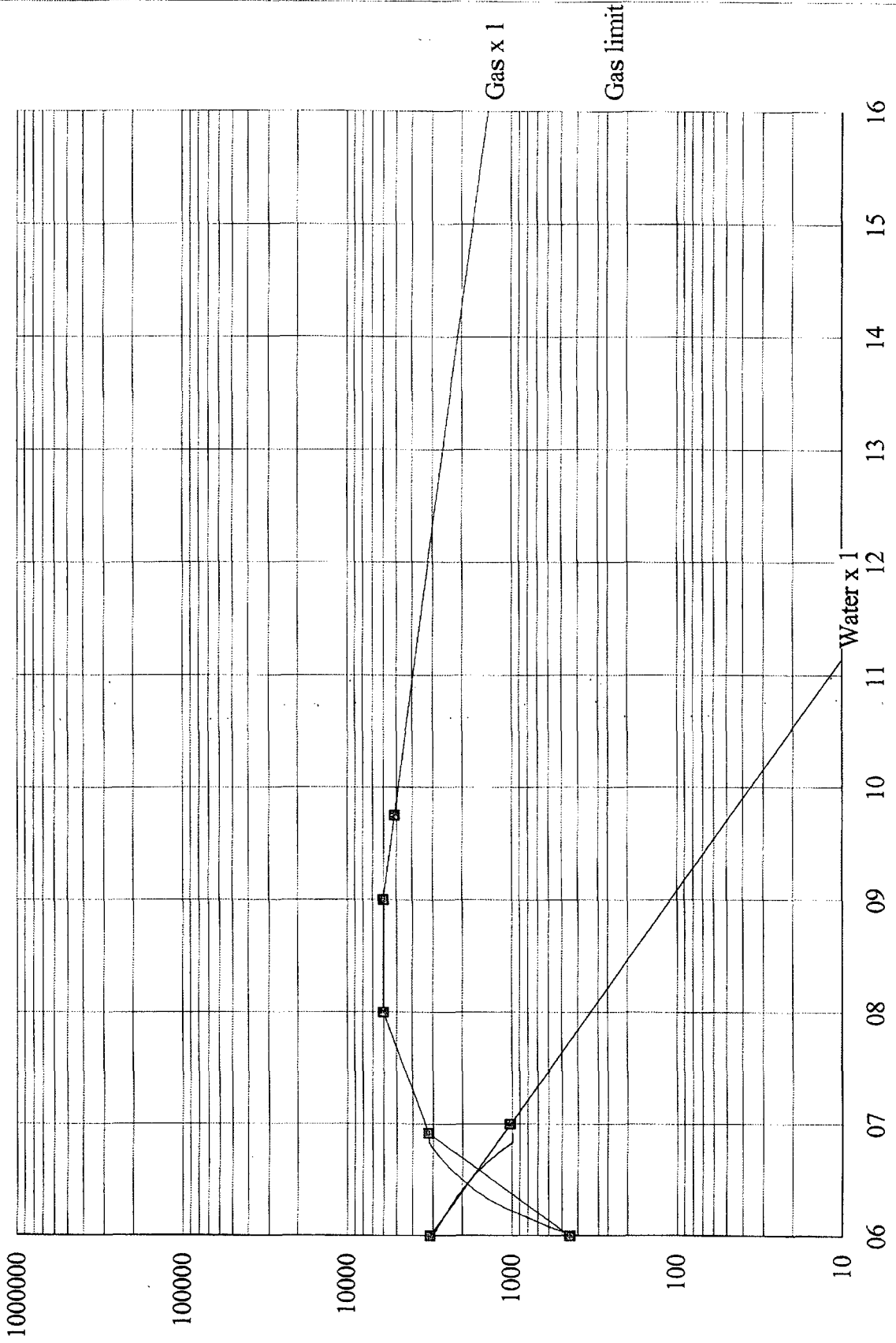
Discount %	Value \$	W1	Tangible	Intangible	RI Oil	RI Gas	Reversion
0.00	959,059	1,000,000,000	1,000,000,000	1,000,000,000	0.75000000	0.75000000	01/2006
6.00	579,247						
8.00	485,375						
10.00	403,314						
12.00	331,136						
14.00	267,301						
16.00	210,545						
18.00	159,839						
20.00	114,343						
25.00	19,031						

Attachment #3
 Individual Well

80ac2006-1 (Well #1 - 100%)
 Operator
 Basin Fri Coal
 RIO ARRIBA, NM
 Risked 100.00%. Proved, Developed, Producing



80ac2006-1 (Well #1 - 100%), Basin Frt Coal



Gavilan Area Fruitland Coal Project
80 Ac Spacing Development

Year	Well Cnt	Gross Oil bbl	Net Oil bbl	Gross Gas mcf	Net Gas mcf	Oil Price \$/bbl	Gas Price \$/mcf	Oil Revenue \$	Gas Revenue \$
2006	137	0	0	113,879	85,409	0.00	6.000	0	512,454
2007	137	0	0	558,116	418,587	0.00	6.000	0	2,511,521
2008	137	0	0	1,581,583	1,186,187	0.00	6.000	0	7,117,122
2009	137	0	0	3,098,085	2,323,564	0.00	6.000	0	13,941,384
2010	137	0	0	4,673,957	3,505,468	0.00	6.000	0	21,032,806
2011	137	0	0	6,013,352	4,510,014	0.00	6.000	0	27,060,086
2012	137	0	0	7,084,182	5,313,137	0.00	6.000	0	31,878,820
2013	137	0	0	7,443,391	5,582,543	0.00	6.000	0	33,495,259
2014	137	0	0	6,776,594	5,082,445	0.00	6.000	0	30,494,672
2015	137	0	0	5,614,784	4,211,088	0.00	6.000	0	25,266,530
2016	137	0	0	4,545,413	3,409,060	0.00	6.000	0	20,454,359
2017	137	0	0	3,685,081	2,763,811	0.00	6.000	0	16,582,864
2018	137	0	0	2,987,588	2,240,691	0.00	6.000	0	13,444,146
2019	137	0	0	2,422,113	1,816,585	0.00	6.000	0	10,899,508
2020	137	0	0	1,963,668	1,472,751	0.00	6.000	0	8,836,506
Remaining:		0	0	6,359,488	4,769,616	0.00	6.000	0	28,617,696
Totals:		0	0	64,921,273	48,690,955	0.00	6.000	0	292,145,732

Year	Operating Expenses \$	Taxes \$	Net Oper Income \$	Costs \$	Cumulative Cash Flow \$	Disc 10.00% Cash Flow \$	Cumulative Cash Flow \$
2006	1,741,722	46,633	-1,275,902	3,150,000	-4,425,902	-4,343,594	-4,343,594
2007	1,958,683	228,548	324,290	5,160,000	-4,835,710	-4,194,677	-8,538,271
2008	2,365,570	647,658	4,103,894	10,320,000	-6,216,106	-4,915,011	-13,453,282
2009	2,792,511	1,268,666	9,880,207	10,320,000	-439,793	-352,391	-13,805,674
2010	3,202,147	1,913,985	15,916,674	10,320,000	5,596,674	3,599,653	-10,206,021
2011	3,542,130	2,462,468	21,055,488	10,320,000	10,735,488	6,308,965	-3,897,055
2012	3,775,655	2,900,973	25,202,192	10,320,000	14,882,192	7,963,080	4,066,025
2013	3,619,670	3,048,068	26,827,520	0	26,827,520	13,080,664	17,146,689
2014	3,375,773	2,775,015	24,343,884	0	24,343,884	10,803,618	27,950,307
2015	3,060,025	2,299,254	19,907,251	0	19,907,251	8,035,388	35,985,695
2016	2,784,393	1,861,347	15,808,619	0	15,808,619	5,800,967	41,786,662
2017	2,566,594	1,509,041	12,507,229	0	12,507,229	4,172,487	45,959,149
2018	2,391,331	1,223,417	9,829,398	0	9,829,398	2,981,219	48,940,368
2019	2,249,670	991,855	7,657,982	0	7,657,982	2,111,654	51,052,022
2020	2,134,964	804,122	5,897,420	0	5,897,420	1,478,508	52,530,530
Remaining:	12,151,895	2,604,210	13,861,591	0	13,861,591	2,733,618	55,264,148
Totals:	53,712,733	26,585,261	211,847,737	59,910,000	151,937,737	55,264,148	

Discount %	Value \$
0.00	151,937,737
6.00	81,973,779
8.00	67,233,409
10.00	55,264,148
12.00	45,478,685
14.00	37,429,743
16.00	30,770,631
18.00	25,232,056
20.00	20,603,801
25.00	11,999,472

Effective Date: 01/2006
 Payout Date: 12/2011
 Economic Limit: 10/2029
 ROR: 39.45%
 ROI: 3.54

SUMMARY - Risked

Attachment #4
 Full Development Pro-Forma

SUMMARY

