

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

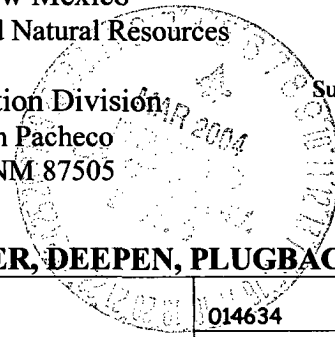
State of New Mexico
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Form C-101
Revised March 17, 1999

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE



¹ Operator Name and Address Merrion Oil & Gas Corporation		² OGRID Number 014634
³ Property Code 33575		³ API Number 30-045-32213
⁵ Property Name Moncrief		⁶ Well No. 1R

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
O	16	26N	11W		880'	South	1900'	East	San Juan

⁸ Proposed 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
⁹ Proposed Pool 1 Gallegos Gallup					¹⁰ Proposed Pool 2 Basin Dakota				

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 6270'
¹⁶ Multiple Yes	¹⁷ Proposed Depth 6275'	¹⁸ Formation Dakota	¹⁹ Contractor Not Chosen	²⁰ Spud Date When Permitted

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4"	9 5/8"	32.3 ppf	240'	~127 sx	Surface
8 3/4"	7"	23 ppf	4350'	~524 sx	Surface
6 1/4"	4 1/2" Liner	10.5 ppf	6275'	~139 sx	Liner top @ 4250'

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Merrion proposes to drill 12 1/4" hole with spud mud to ~240' and set 9 5/8" 32.3# J55 surface casing, cement to surface with ~127 sx (150 cuft) (100% excess). Will drill 8 3/4" hole to ~4350' KB with low solids non-dispersed mud system. May run open-hole surveys. Will set 7" 23 ppf J55 intermediate casing from ~4350' KB to surface and cement in one stage. Will cement with 10 bbls of mud cleaner, 5 bbls of H₂O, followed by ~416 sx (888 cuft) Premium Lite and tail in with ~108 sx (159 cuft) (60% excess) Type III cement to fill from total depth to surface. Top of Cement should circulate to surface (will adjust volumes based upon caliper log if available). If cement does not reach surface, a temperature log or cement bond log will be run to determine top of cement.

Will wait on cement minimum of 12 hours. Will rig up air equipment and air drill out with 6 1/2" bit to total depth ~ 6275' KB through Gallup and Dakota intervals. Will circulate hole clean and test for natural inflows. Will run open-hole surveys. Will run a 4 1/2" 10.5ppf J55 production liner from ~4150' KB to TD @ 6275' KB. Will cement with 10 bbls conditioning spacer, 5 bbl fresh water spacer followed by ~139 sx (274 cuft) (60% excess) of Premium Lite to bring cement above liner hanger.

Will test Dakota and Gallup through perforated casing. Will fracture stimulate and put on for production as a commingled producer. Drilling operations below surface casing will be conducted with a double ram BOP with a rotating head for air drilling in place, minimum working pressure 2000 psig.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature:	OIL CONSERVATION DIVISION	
	Approved by:	
Printed name: Steven S. Dunn	Title: DEPUTY OIL & GAS INSPECTOR, DIST. #1	
Title: Drilling & Production Manager	Approval Date: MAR - 5 2004	Expiration Date: MAR - 5 2005
Date: March 7, 2004	Phone: 505.327.9801	Conditions of Approval: Attached <input type="checkbox"/>

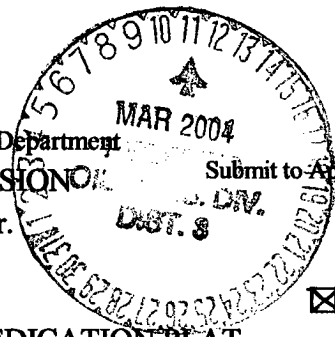
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1220 S. St. Francis Dr., Santa Fe, NM 87505

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 30-045-32213		² Pool Code 71599	³ Pool Name Basin Dakota
⁴ Property Code 33575	⁵ Property Name Moncrief		⁶ Well Number 1R
⁷ OGRID No. 014634	⁸ Operator Name Merrion Oil & Gas Corporation		⁹ Elevation 5990'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	16	26N	11W		880'	South	1900'	East	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 320.00	¹³ Joint or Infill Y	¹⁴ Consolidation Code C	¹⁵ 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

<p>¹⁶</p> <p>S 89°43'E 2637'</p> <p>N 0.0°08'W</p> <p>5242'</p> <p>S 89°59'W</p>	<p>E-9895</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Steven S. Dunn</i></p> <p>Signature</p> <p>Steven S. Dunn Printed Name Drilling & Production Manager sdunn@merrion.bz Title and E-mail Address</p> <p>3-9-04 Date</p>
	<p>E-9989</p> <p>WGS 84 36°28'59.04"N 108°00'24.09"W</p> <p>1900'</p> <p>880'</p> <p>VB-0542</p> <p>5263'</p>	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>01/26/04 Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p>GERALD G. HUDDLESTON NEW MEXICO 6844 REGISTERED LAND SURVEYOR</p> <p>Certificate Number</p>

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-32213		² Pool Code 26980	³ Pool Name Gallegos Gallup
⁴ Property Code 33575	⁵ Property Name Moncrief		⁶ Well Number 1R
⁷ OGRID No. 014634	⁸ Operator Name Merrion Oil & Gas Corporation		⁹ Elevation 5990'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
O	16	26N	11W		880'	South	1900'	East	San Juan

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 80.00	¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ 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

<p>16</p> <p>S 89°43'E</p> <p>2637'</p> <p>2637' N 89°56'W</p> <p>N 0.0°08' W</p> <p>5242'</p>	<p>16</p> <p>E-9989</p> <p>WGS 84 36°28'59.04"N 108°00'24.09"W</p> <p>1900'</p> <p>880'</p>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>[Signature]</i></p> <p>Signature</p> <p>Steven S. Dunn</p> <p>Printed Name</p> <p>Drilling & Production Manager</p> <p>sdunn@merrion.bz</p> <p>Title and E-mail Address</p> <p>3-9-04</p> <p>Date</p>
		<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>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.</p> <p>01/26/04</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p>GERALD G. HUDDLESTON NEW MEXICO 6844 REGISTERED LAND SURVEYOR</p> <p>Certificate Number</p>

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5263'