

Submit 1 Copy 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
October 13, 2009

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO.
30-045-34748

5. Indicate Type of Lease

STATE ☐ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
Glade Park

8. Well Number
2

9. OGRID Number
14634

10. Pool name or Wildcat
Basin FC/Kutz PC

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 K : 1561 feet from the North line and 2012 feet from the West line

Section 9 Township 29N Range 13W NMPM County San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
5326

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

OTHER: ☐

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

It is intended to commingle the subject well in the Kutz West Pictured Cliffs (Pool Code 79680) and the Basin Fruitland Coal (Pool Code 71629). The production will be commingled according to Oil Conservation Division Order Number R-11363. Commingling will not reduce the value of the production. The New Mexico State Land Office has been notified in writing of this application.

RCVD SEP 23 '10

Notification of the intent to commingle the subject well was sent to all interest owners via certified mail on 8/11/2010. No objections were received.

OIL CONS. DIV.
DIST. 3

Spud Date:

Rig Release Date:

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 9/15/10

Type or print name Philana Thompson E-mail address: pthompson@merrion.bz PHONE: 505-324-5336
Deputy Oil & Gas Inspector,
District #3

APPROVED BY: [Signature] TITLE Deputy Oil & Gas Inspector, District #3 DATE OCT 06 2010
Conditions of Approval (if any):

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 117058

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code 71629	3. Pool Name BASIN FRUITLAND COAL (GAS)
4. Property Code 37222	5. Property Name GLADE PARK	6. Well No. 002
7. OGRID No. 14634	8. Operator Name MERRION OIL & GAS CORP	9. Elevation 5326

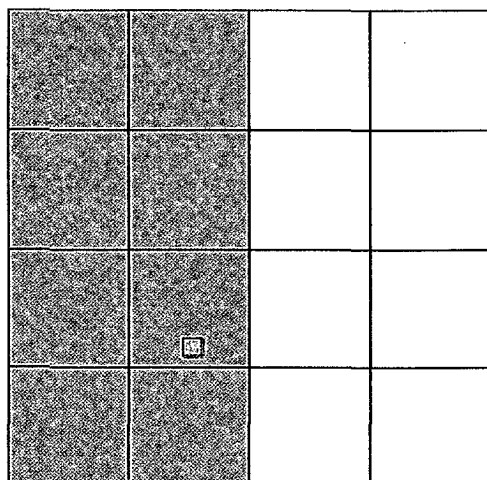
10. Surface Location

UL - Lot K	Section 9	Township 29N	Range 13W	Lot Idn	Feet From 1561	N/S Line S	Feet From 2012	E/W Line W	County 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 Forced Pooling			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

**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 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.

E-Signed By: *Michael Thompson*
Title: *Regulatory Compliance Spec*
Date: *8/5/10*

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.

Surveyed By: Gerald Huddleston
Date of Survey: 9/1/2008
Certificate Number: 6844

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 117058

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number	2. Pool Code 79680	3. Pool Name KUTZ PICTURED CLIFFS, WEST (GAS)
4. Property Code 37222	5. Property Name GLADE PARK	6. Well No. 002
7. OGRID No. 14634	8. Operator Name MERRION OIL & GAS CORP	9. Elevation 5326

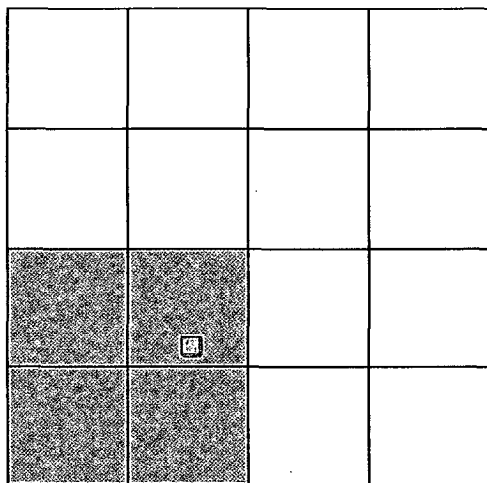
10. Surface Location

UL - Lot K	Section 9	Township 29N	Range 13W	Lot Idn	Feet From 1561	N/S Line S	Feet From 2012	E/W Line W	County 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 160.00	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

**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 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.

E-Signed By:

Title:

Date:

Malena Thompson
Regulatory Compl. Spec.
8/5/10

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.

Surveyed By: Gerald Huddleston

Date of Survey: 9/1/2008

Certificate Number: 6844

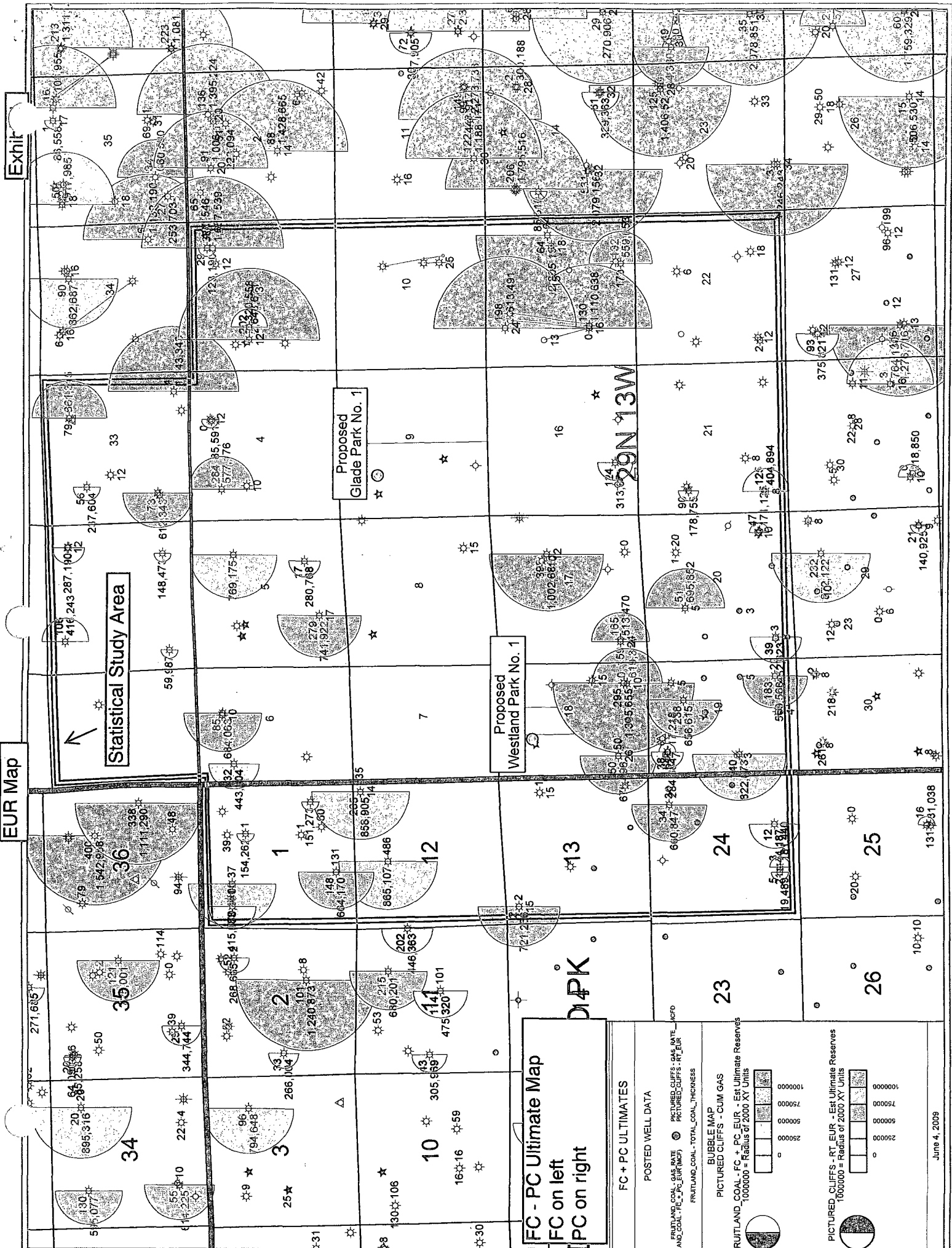
**Production Allocation Methodology
Commingling of Basin Fruitland Coal Pool
And West Kutz Pictured Cliffs Pool
Glade Park 1 & 2 Wells
W/2 Section 9, T29N, R16W
San Juan County, New Mexico**

It is recommended that production be allocated between the Basin Fruitland Coal Pool and the West Kutz Pictured Cliffs Pool for the subject wells based on the performance of nearby offset wells. Exhibit 1 is an Estimate Ultimate Recovery (EUR) map of a 23 section study area surrounding the subject lands. Pictured Cliffs (PC) EUR's are represented by semi-circles on the right, and Fruitland Coal EUR's are represented by semi-circles on the left of each well symbol. As can be seen from the map, while EUR's in the area vary for both formations, in general, the PC and the Fruitland Coal are statistically similar in their performance.

Type curves were made of all the currently producing wells in the 23 section study area. The Fruitland Coal type curve is shown in Figure 2 while the PC type curve is shown in Figure 3. Again, except for a slight dewatering period for the Fruitland Coal, the performance of the two zones is relatively similar. Based on the type curve, an "average" Fruitland Coal completion in the area is estimated to have an ultimate recovery of 657 MMCF and 61.4 MBbls of water, while an "average" PC completion is projected to have an ultimate recovery of 859 MMCF and 88.6 MBbls of water.

Because of the difficulty in obtaining accurate production tests during the dewatering period on the coal, and because of the inaccuracy of using these tests for allocation over the life of a well, it is recommended that production be split between the Fruitland Coal and the PC based on the "average" ultimates from the type curves. On that basis, the following allocation is recommended:

<u>Formation</u>	<u>Gas Allocation</u>	<u>Water Allocation</u>
Fruitland Coal	43.3%	40.1%
Pictured Cliffs	56.7%	59.9%



Date: 2/6/2010
Time: 10:02 AM

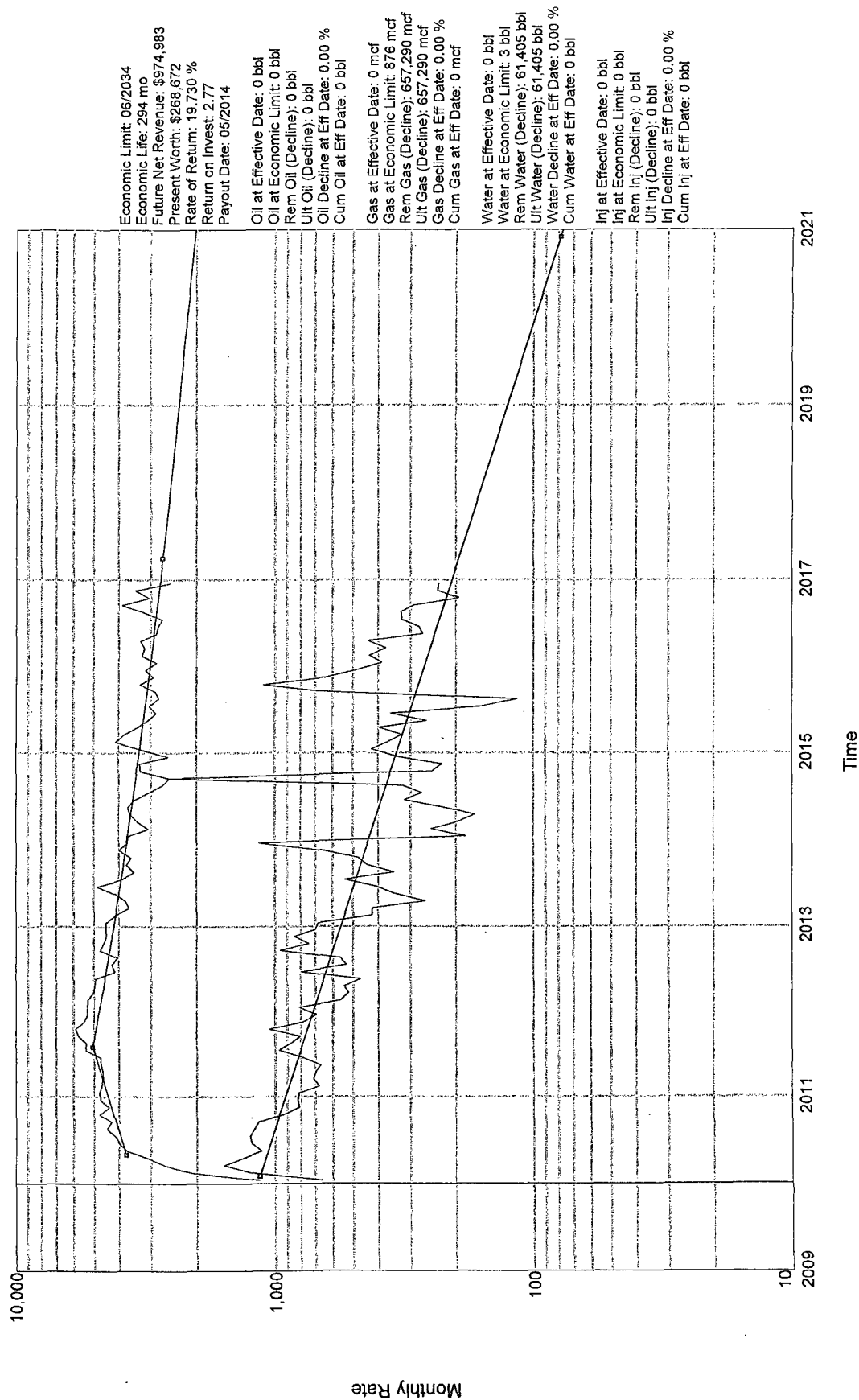
Fruitland Coal Type Curve

Rate/Time Graph

Lease Name: Fruitland Coal Type Curve - 43 wells ()
County, ST.:
Location: 0-0-0

Operator:
Field Name:

Fruitland Coal Type Curve - 43 wells -



Date: 2/6/2010
Time: 10:01 AM

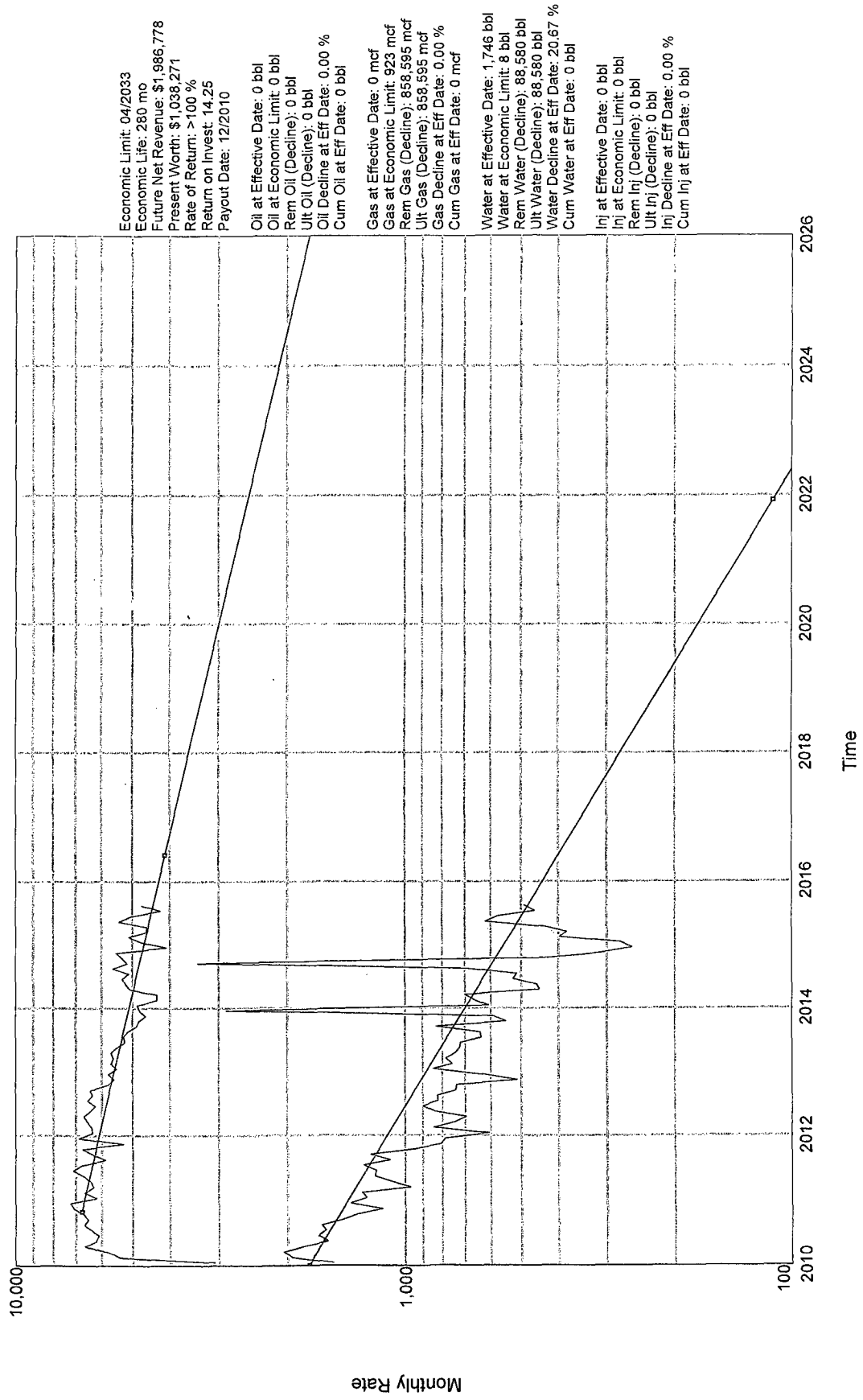
Pictured Cliffs Type Curve

Rate/Time Graph

Lease Name: Pictured Cliffs Recent Type Curve ()
County, ST: ,
Location: 0-0-0

Operator:
Field Name:

Pictured Cliffs Recent Type Curve -



MERRION OIL & GAS CORPORATION

WELLBORE SCHEMATIC

Glade Park No. 2

Proposed Wellbore Configuration

Location: 1561' fsl & 2012' fwl (ne sw)
Sec 9, T29N, R13W, NMPM
San Juan County, New Mexico

Date: Revised August 10, 2010

Elevation: 5326' GL
5331' RKB

Prepared by: John Thompson

