

UNITED STATES DEPARTMENT OF THE INTERIOR GEOLOGICAL SURVEY

(Other instructions on reverse side)

30-045-25931

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL [X] DEEPEN [] PLUG BACK []

b. TYPE OF WELL OIL WELL [] GAS WELL [X] OTHER [] SINGLE ZONE [X] MULTIPLE ZONE []

2. NAME OF OPERATOR Merrion Oil & Gas Corporation

3. ADDRESS OF OPERATOR P. O. Box 1017, Farmington, New Mexico 87401

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 1810' FSL & 1810' FEL At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 22 miles Southeast of Bloomfield

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. 830'

16. NO. OF ACRES IN LEASE 1120

17. NO. OF ACRES ASSIGNED TO THIS WELL 160

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 6,250'

19. PROPOSED DEPTH 6560'

20. ROTARY OR CABLE TOOLS Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6389' G.L. DRILLING OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS"

22. APPROX. DATE WORK WILL START Spring, 1984

23. PROPOSED CASING AND CEMENTING PROGRAM This action is subject to administrative appeal pursuant to 30 CFR 290.

Table with 4 columns: SIZE OF HOLE, SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH. Rows: 12-1/4" hole to 200', 7-7/8" hole to 6560'.

175 sx (360.5 cu. ft.) 785 sx. (950 cu. ft.) Casing Grade J-55.

(This is a re-application of a rescinded APD.)

Propose to drill 12-1/4" hole to 200'. Will set 200' 8-5/8" 20 #/ft surface casing w/175 sx 'B' 2% CACL2. Will drill 7-7/8" hole to 6,560 ft. Will run open hole logs. If appear productive will run new 4-1/2" 10.5 #/ft casing to TD and cement. 1st stage to cover Gallup and Dakota w/450 sx Class 'H' 2% gel. Will cement second stage to cover Mesaverde w/165 sx Class 'B' 2% D-79 followed by 50 sx 'H' 2% gel. Will cement third stage w/70 sx Class 'B' 2% D-79 followed by 50 sx Class 'H' 2% gel to cover Pictured Cliffs, Fruitland, Kirtland, and Ojo Alamo. Will perforate and frac as required. 10" 900 series double ram blowout preventers will be used on all drilling. 6" 900 series double ram blowout prevent will be used on completion.

ESTIMATED TOPS

Table with 2 columns: Location, Elevation. Rows: Ojo Alamo (1160), Kirtland (1280), Fruitland (1610), Pictured Cliffs (1880), Lewis Shale (2075), Mesaverde (3450), Mancos Shale (4560), Gallup (5360), Greenhorn (6225), Graneros Sand (6310).

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED [Signature] TITLE Operations Manager

(This space for Federal or State office use)

PERMIT NO. [RECEIVED] APPROVAL DATE

APPROVED BY [Signature] TITLE [Signature] DATE MAR 30 1984

OIL CON. DIV. DIST. 3

WMOCC

APPROVED AS AMENDED stamp with signature and date MAR 28 1984. AREA MANAGER FARMINGTON RESOURCE AREA.

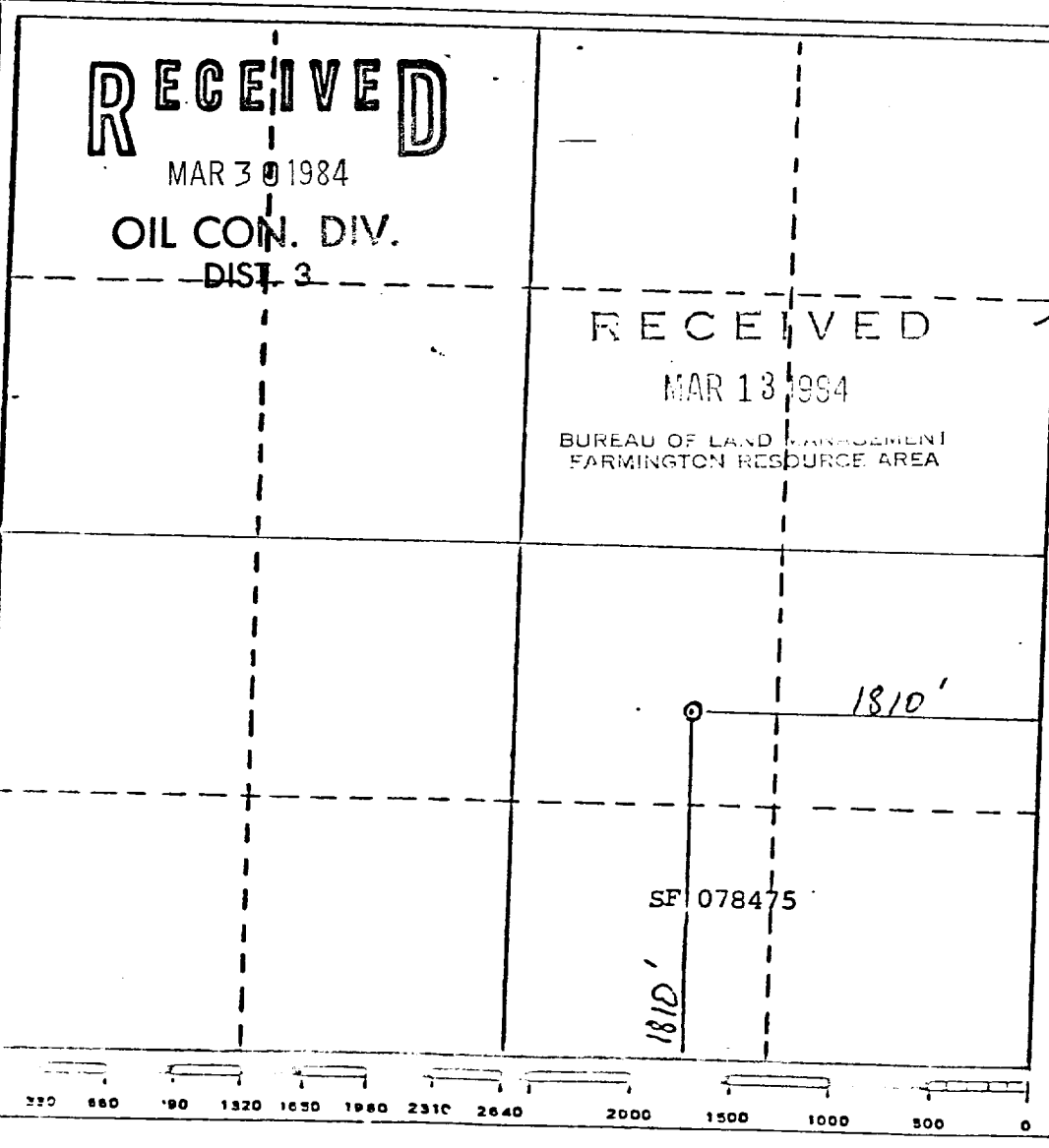
All distances must be from the outer boundaries of the Section.

Operator Merrion Oil & Gas Corp.		Lease Stevenson		Well No. 2	
Unit Letter J	Section 7	Township 25N	Range 8W	County San Juan	

Actual Footage Location of Well:
1810 feet from the **South** line and **1810** feet from the **East** line
 Ground Level Elev. **6389** Producing Formation **Dakota** Pool **Dufers Point Gallup Dakota** Dedicated Acreage: **160** Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?
 Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

[Signature]
 Name
Steve S. Dunn
 Position
Operations Manager
 Company
Merrion Oil & Gas Corp.
 Date
3/9/84

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 knowledge and belief.

Date Surveyed
March 3, 1984
 Registered Professional Engineer and/or Land Surveyor
[Signature]
Fred B. Kern, Jr.
 Certificate No.
3950
 B. KERR, II.