

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



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
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[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,
- [F] ☐ Waivers are Attached

[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.

Print or Type Name

Signature

Title

Date

e-mail Address



CERTIFIED MAIL 7003 0500 0003 9295 2704

June 30, 2005

Mr. William Jones
New Mexico Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, NM 87505

**RE: Application for Administrative Approval
Downhole Commingling
Gallegos Gallup & Basin Dakota Pools
Nelson A No. 2
Section 9, T26N, R12W
San Juan County, New Mexico**

2005 JUL 5 PM 29

Dear Mr. Jones:

Merrion Oil & Gas (Merrion) requests administrative approval for downhole commingling of the Gallegos Gallup and the Basin Dakota in the subject wellbore. The following information is provided in support of this application.

I. History and Justification

The Nelson A No. 2 APD was approved May 18, 2005. It is an infill well to the Nelson A No. 1 that was plugged back to the Fruitland Coal in March 2005. We had planned to add the Gallup in that wellbore, but we had problems with a casing repair and abandoned the wellbore.

II. Proposed Spacing Units

Exhibit 1 is the C-102 plat for the Gallegos Gallup Pool with a 320 acre spacing unit in the north half of Section 9. Exhibit 2 is the C-102 plat for the Basin Dakota Pool with a 320 acre spacing unit in the north half of Section 9 as well. The Gallegos Gallup is an associated pool and will be considered a gas well with 320 acre spacing until it is tested and the GOR is determined.

III. Allocation Methodology

Exhibit 3 is the decline curve for the Nelson A1. The early data is the Gallup production prior to plugging back to the Fruitland Coal. There is no nearby Dakota production. We are in a bit of an exploratory mode for the Dakota in this area. Merrion has Dakota production to the east of this well. We would estimate that this well may be similar to the Blackrock C No. 1 and the Blackrock D No. 1 wells, and it may produce 60 MCFD from the Dakota. At this point we would estimate that the Dakota will initially produce about 60 MCFD with little or no oil, and the Gallup will produce about 300 MCFD and 2 BOPD assuming some depletion in the Gallup.

Merrion proposes to obtain stabilized production tests on each zone separately and use a fixed percentage to allocate future production to each zones. If subsequent data indicate the need, additional testing may be done in the future to adjust the allocation percentages.

IV. Reservoir Fluid Compatibility

Water analyses are not available for wells in the immediate area. However, the waters of the Gallegos Gallup and the Basin Dakota have been generally determined to be compatible across the basin based on other similar applications to the NMOCD.

V. Cross Flow Between Zones

The reservoir pressure of the Dakota is anticipated to be about 1700 psi. The Gallup pressure should be somewhat lower at about 1500 psi. Crossflow should not be a problem with this small pressure differential. If crossflow should occur during a shut in period, the Dakota gas would not harm the Gallup formation, and would quickly be recovered upon returning the well to production.

VI. Well Ownership Notification

The ownership of both zones is identical, so no notification is necessary.

VII. Summary

Projected reserves for either of the zones would be marginal in the economic justification of the project. Commingling the zones will maximize reserves and protect correlative rights. Therefore, we request your approval of this application.

If you have questions or need additional information, please call me at 505.324.5326.

Sincerely,



Connie S. Dinning
Production Engineer

Cc: Steve Hayden, Aztec NMOCD
BLM, Farmington Field Office

District I
1625 N. French Drive, Hobbs, NM 88240

District II
1301 W. Grand Avenue, 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-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Merrion Oil & Gas 610 Reilly Ave. Farmington, NM 87401
Operator Address

Nelson A 2 E.9, T26N, R12W San Juan
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 014634 Property Code API No. 30-045-32215 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Gallegos Gallup ASSOC		Basin Dakota
Pool Code	26980		71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4800' - 5090'		5800' - 5900'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	Not Required		Not Required
Oil Gravity or Gas BTU (Degree API or Gas BTU)	±40		±1250
Producing, Shut-In or New Zone	New Zone		New Zone
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Supporting Data from Nelson A1 Date: 1970's Rates: 300 MCFD, 2 BOPD	Date: Rates:	Supporting data from Blackrock C1: 27 MCFD, 0 BOPD, 4/03 & Blackrock D1, 27 MCFD, 0 BOPD 11/01 Date: Projected Initial Rate Rates: 60 MCFD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 100 % 83%	Oil Gas % %	Oil Gas 0 % 17%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐

Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐

Will commingling decrease the value of production? Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands
or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well: _____

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE Connie S. Dinning TITLE Production Engineer DATE June 30, 2005

TYPE OR PRINT NAME Connie S. Dinning TELEPHONE NO. (505) 324-5326

E-MAIL ADDRESS cdinning@merrion.bz

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

Form C - 102

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number	Pool Code 26980	Pool Name Gallegos Gallup
Property Code	Property Name NELSON A	Well Number 2
OGRD No. 014634	Operator Name MERRION OIL & GAS	Elevation 5985'

Surface Location

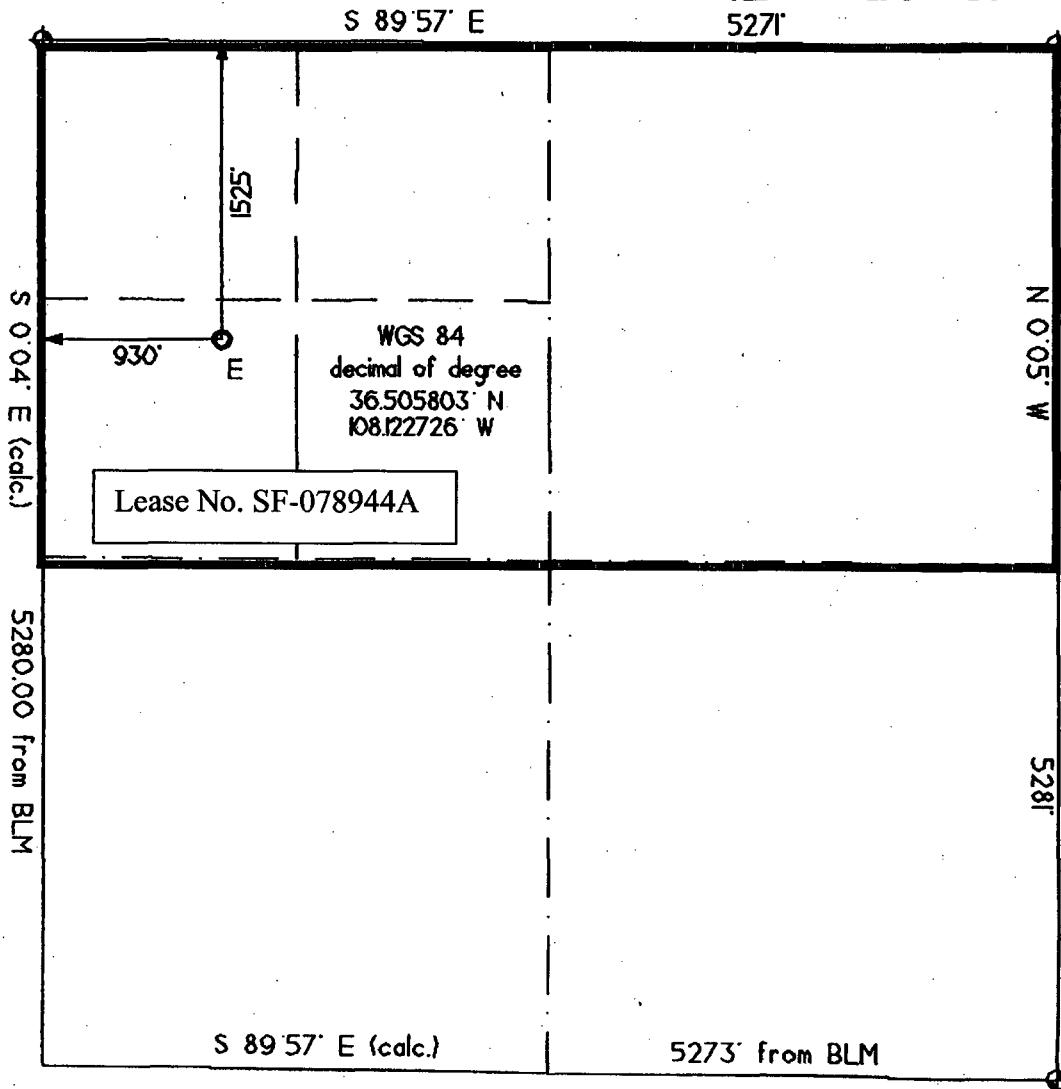
UL or Lot	Sec.	Twp.	Rge.	Lot Id.	Feet from >	North/South	Feet from >	East/West	County
E	9	26 N	12 W.		1525'	NORTH	930'	WEST	SAN JUAN

Bottom Hole Location If Different From Surface

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

Dedication 320	Joint ?	Consolidation	Order No.
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NO ALLOWABLE WILL 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.

Signature

Printed Name Connie Dinning

Title Production Engineer

Date June 13, 2005

SURVEYOR CERTIFICATION

I hereby certify that the well location 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 rev. 03/30/05

Signature and Seal of Professional Surveyor



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

Form C - 102

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number	Pool Code 71599	Pool Name Basin Dakota
Property Code	Property Name NELSON A	Well Number 2
OGRD No. 014634	Operator Name MERRION OIL & GAS	Elevation 5985'

Surface Location

UL or Lot	Sec.	Twp.	Rge.	Lot Id.	Feet from >	North/South	Feet from >	East/West	County
E	9	26 N.	12 W.		1525'	NORTH	930'	WEST	SAN JUAN

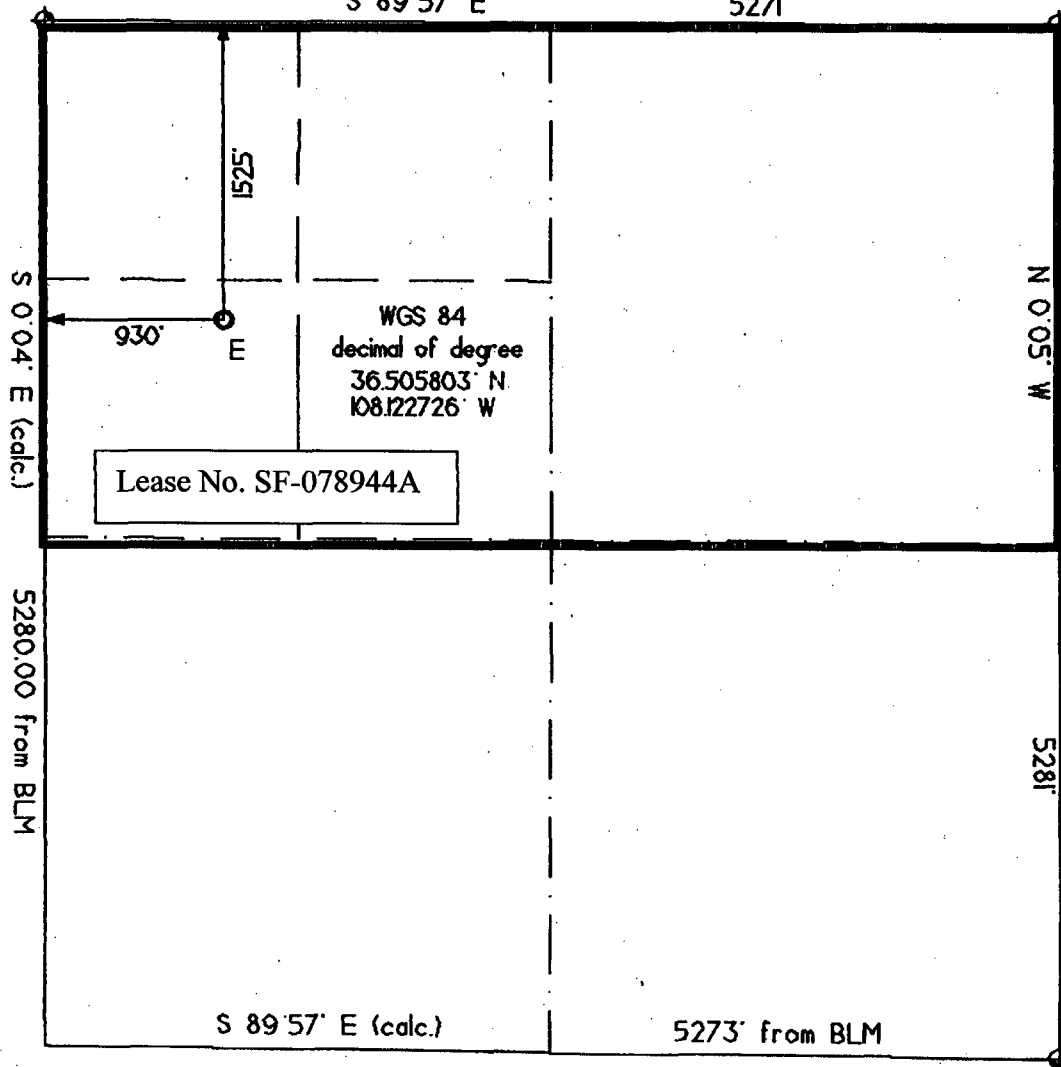
Bottom Hole Location if Different From Surface

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

Dedication 320	Joint ?	Consolidation	Order No.
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NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

S 89°57' E 5271'



OPERATOR CERTIFICATION

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

Signature

[Signature]

Printed Name Connie Dinning

Title Production Engineer

Date June 13, 2005

SURVEYOR CERTIFICATION

I hereby certify that the well location 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 rev: 03/30/05

Signature and Seal of Professional Surveyor



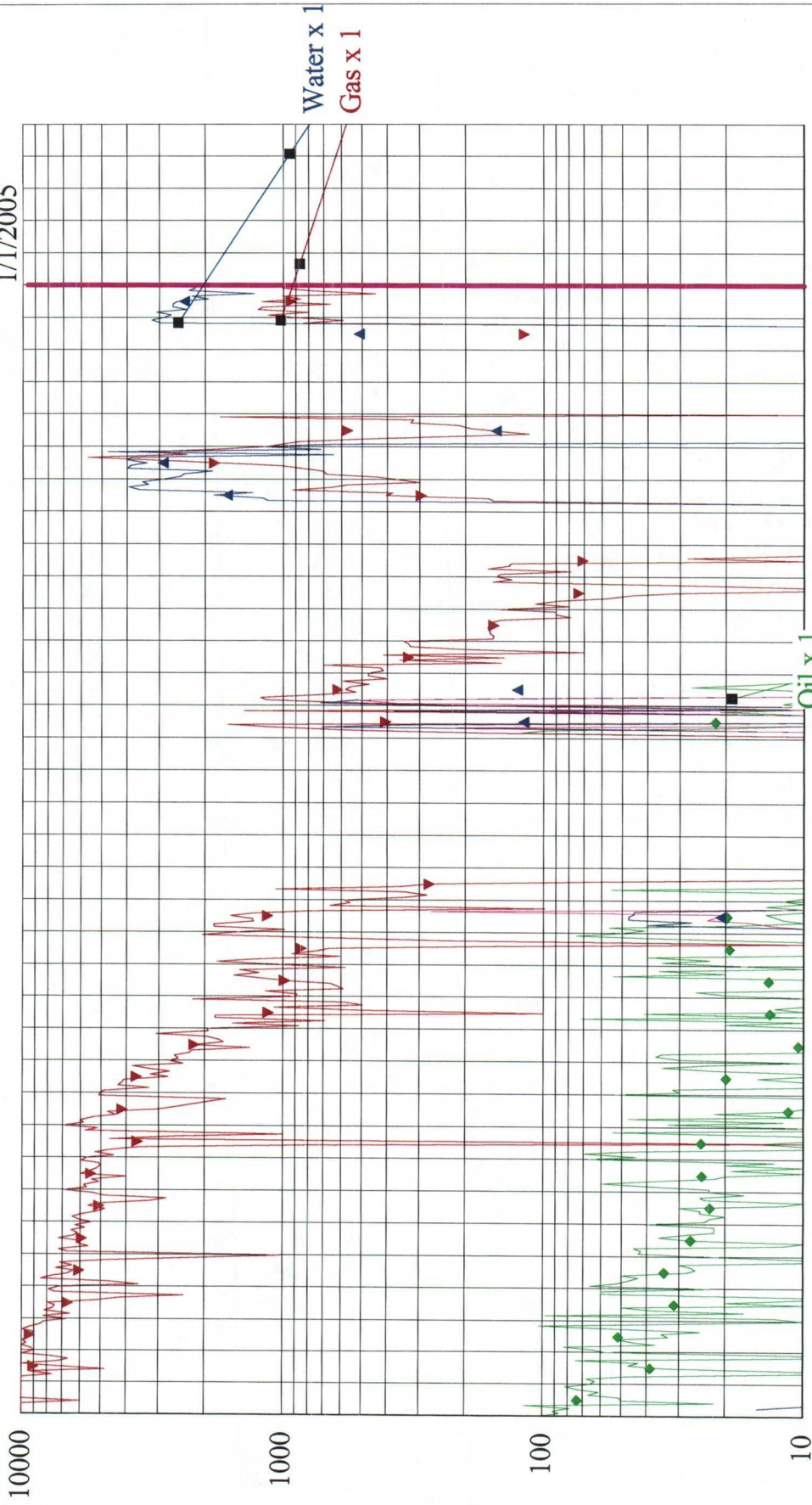
**SUPPORTING DATA FOR C-103
NELSON A NO. 2 COMMINGLE
BASIN DAKOTA (71599) AND GALLEGOS GALLUP (26980)**

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

1. The Basin Dakota and Gallegos Gallup have been pre-approved for commingling by Order No. R-11363.
2. The well is a new drill through the Dakota. Proposed Dakota perfs are from 5800' – 5900', at various depths. Proposed Gallup perfs are from 4800' – 5090', at various depths. We plan to complete both zones and downhole commingle the two intervals pursuant to the attached procedure.
3. The nearest Gallup production was from the Nelson A1. It made about 300 MCFD and about 2 BOPD through the 1970's. There is no Dakota production nearby. We are estimating that the Dakota will make about 60 MCFD based on producing from Dakota wells to the east. However, the Dakota may not be productive in this well. We will complete a production test on the Dakota prior to the Gallup completion. A constant percentage will be used to allocate production between the zones after the initial test.
4. The commingling will increase, not reduce, the value of the remaining production because the economics of drilling a well based on either formation alone would be marginal.
5. Ownership of the Dakota and Gallup are identical.
6. A copy of this application will be sent to the Bureau of Land Management attached to a sundry notice.

Nelson A 1 (1 - 100%), PC

Effective Date
1/1/2005



7071 7273 7475 7677 7879 8081 8283 8485 8687 8889 9091 9293 9495 9697 9899 0001 0203 0405 0607 0809 10

15104526N12W09F00GP

Nelson A 1 (1 - 100%)

OLD

PC

San Juan, NM

[3455953]

Gallegos GLP

9F 26N 12W

Cumulative:

Remaining:

Ultimate:

Oil (bbl)

14,748

0

14,748

Gas (mcf)

2,297,013

0

2,297,013

Water (bbl)

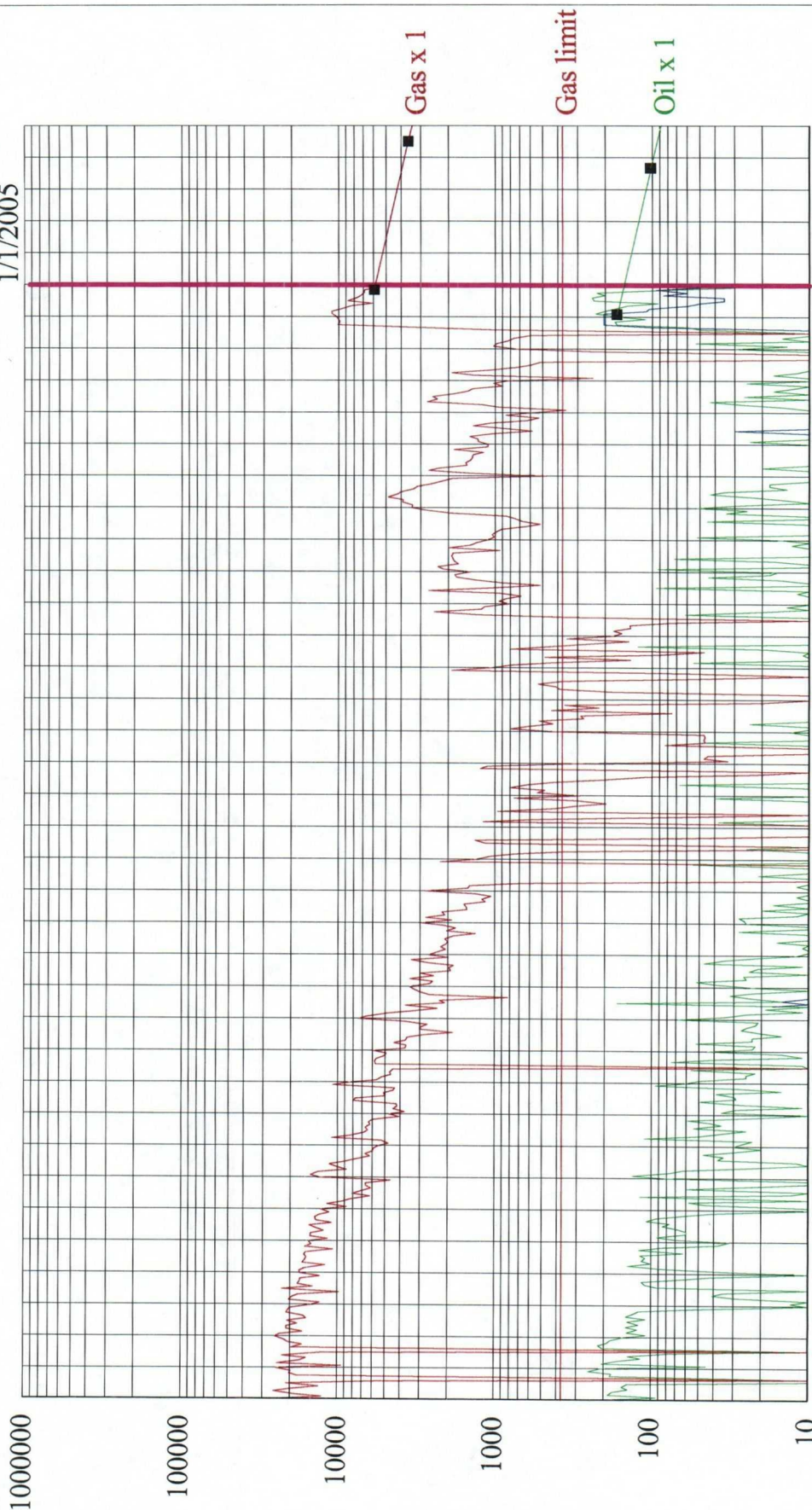
94,889

0

94,889

Blackrock C1 (1 - 100%), DK/GLP

Effective Date
1/1/2005



7071727374757677787980818283848586878889909192939495969798990001020304050607080910

2300430450578071599
Blackrock C1 (1 - 100%)
OLD
DK/GLP
San Juan, NM

[0]
Basin
21 26N 11W

Cumulative:
Remaining:
Ultimate:

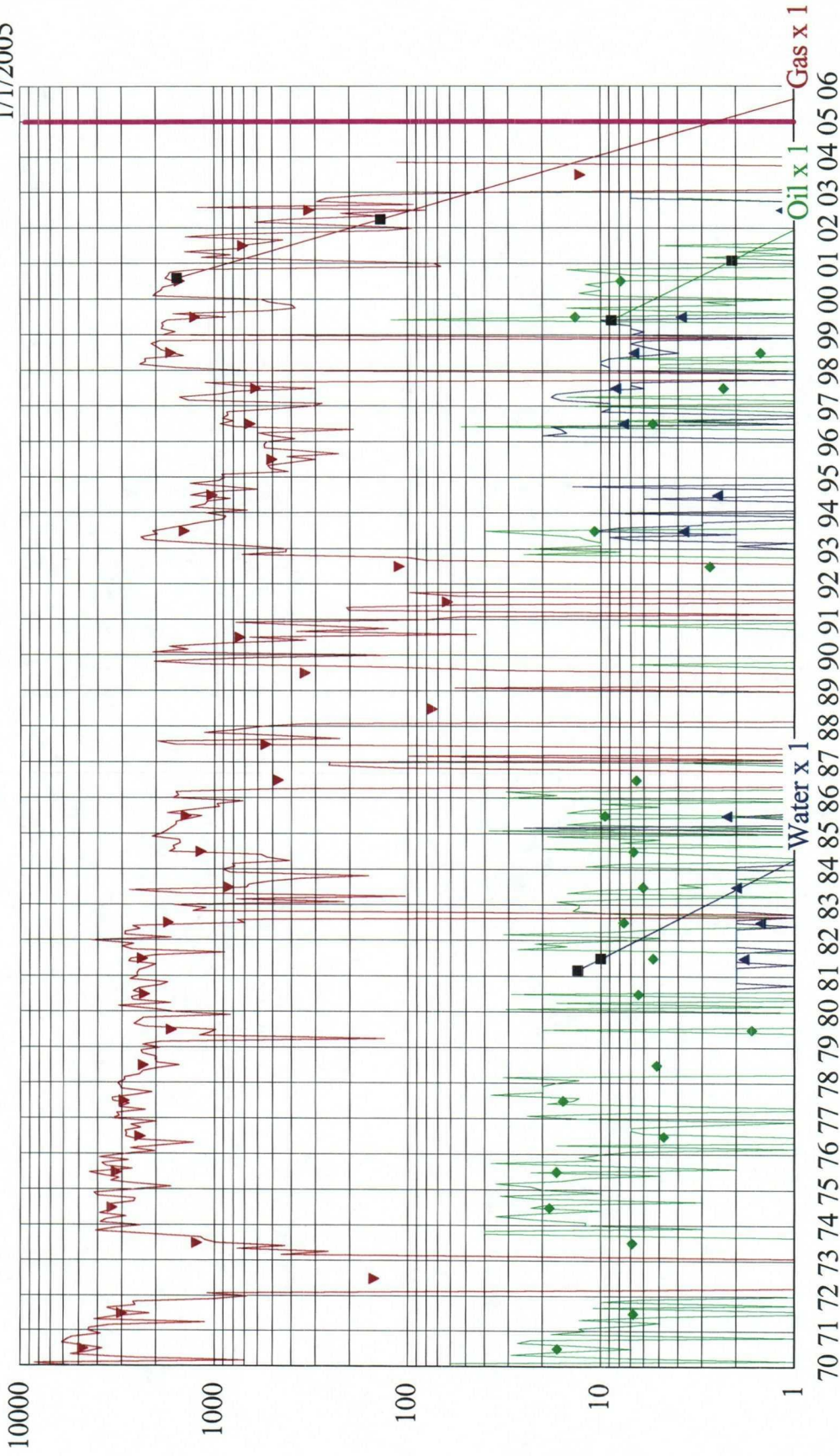
Oil (bbl)
41,632
15,683
57,315

Gas (mcf)
4,375,716
603,918
4,979,634

Water (bbl)
1,996
480
2,476

Blackrock D1 (1 - 100%), Basin DK

Effective Date
1/1/2005



25104526N11W20C00DK
Blackrock D1 (1 - 100%)
OLD
Basin DK
San Juan, NM

[3455776]
Basin DK
20C 26N 11W

Cumulative:
Remaining:
Ultimate:

Oil (bbl)
15,343
0
15,343

Gas (mcf)
2,316,873
0
2,316,873

Water (bbl)
518
0
518

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. 30-045-32215
5. Indicate Type of Lease Federal STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. NA
7. Lease Name or Unit Agreement Name Nelson A
8. Well Number 2
9. OGRID Number 14634
10. Pool name or Wildcat Basin Dakota/Gallegos Gallup
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5985' GL

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

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

4. Well Location
Unit Letter E : 1525 feet from the north line and 930 feet from the west line
Section 9 Township 26N Range 12W NMPM County San Juan

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 & Gas proposes to complete the subject well in the Basin Dakota and the Gallegos Gallup and downhole commingle the production according to the attached procedure. Please note that the procedure is fairly general, as the well has not been drilled. Supporting commingling data is also attached.

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 Production Engineer DATE 6/30/05

Type or print name Connie S. Dinning E-mail address: cdinning@merrion.bz Telephone No. (505)324-5326
For State Use Only

APPROVED BY: _____ TITLE _____ DATE _____
Conditions of Approval (if any): _____

MERRION OIL & GAS CORPORATION

COMPLETION PROCEDURE

June 30, 2005

Well:	Nelson A2	Field:	Gallegos Gallup/B Dakota
Location:	1525' fnl & 930' fwl (sw nw) Sec 9, T26N, R12W, NMPM San Juan County, New Mexico	Elevation:	5998' RKB 5985' GL
By:	Connie Dinning	Lease:	SF-078944-A
		AFE No.:	20514

Procedure: (Note: This procedure will be adjusted on site based upon actual conditions)

Prior to move-in

1. Clean up location, install tubing head.

Drill out

1. Move in, rig up pulling unit with reverse equipment.
2. Set rental water storage/ test tank.
3. PU & tally casing scraper, 6 1/4" bit, 2 3/8" tubing in hole.
4. RIH, clean out to liner top @ 3950' KB. Drill out cement if necessary.
5. Continue clean out to float collar @ ±6070' w/ 3 1/8" bit.
6. RU acid truck. Load hole, pressure test casing to 4000 psig for 15 minutes
7. Roll hole w/ 5 bbl gel plug and clean 2% KCl water.
8. Spot 100 gal 15% Hcl acid w/ inhibitor, iron sequestering agent and de-emulsifying surfactant from over Dakota. Pull up hole and swab fluid level to liner top at 3950'.

Perf & Frac Dakota

1. RU wireline. Run GR-Correlation log from PBTD @ 6070' to top of Gallup @ 4800' or minimum run depth, whichever is greater.
2. Perforate Dakota w/ .34" holes, total 20 shots, per Compensated Neutron Log as follows:

5800' – 5900' ? spf 20 holes **Example, to be determined**

3. MIRU stimulation company. RIH w/ RCP on 2 3/8" tubing. Set RCP @ ±5700'. Break down and ball off w/ 500 gal 15% HCl w/ inhibitor, iron sequestering agent and de-emulsifying surfactant and 30 ball sealers.
4. Run WL junk basket to recover ball sealers.
5. Unload hole w/ N₂ in preparation for frac.
6. Frac the Dakota w/ 70Q N₂ foam w/ low residue 20# crosslink gelled fluid and 20/40 Ottawa sand as per frac schedule.
7. RD frac company, open well to flowback tank. Flow back overnight.

Put on to Production:

1. RIH w/ 2 3/8" tubing and CO w/ hydrostatic bailer if necessary. Run 2 3/8" production tubing w/ SN on bottom to ~5950'KB.
2. ND BOPs. NUWH.
3. Flow test well 48 hrs. to establish Dakota production for commingling allocation.

Perf & Frac Gallup:

1. MIRU pulling unit. TOH w/ 2 3/8" tbg.
2. RIH w/ RCP and RBP on 2 3/8" tubing, set RBP @ ±5750' and RCP @ ± 5700'. Dump 5' sand on top of RBP.

3. Load hole w/ 2% KCl and pressure test to 4000 psi. Release RCP, pull up and swab fluid level down to $\pm 3200'$.
4. TOH w/ tbg and RCP.
5. Perforate Gallup w/ .34" holes, 1 spf, total 26 shots, per Compensated Neutron Log as follows:

5103', 5107', 5120', 5125', 5133', 5161', 5214' **Example, to be determined**

6. THI w/ RCP on tbg and set @ $\pm 4750'$.
7. MIRU stimulation company. Break down and ball off w/ 500 gal 15% HCl w/ inhibitor, iron sequestering agent and de-emulsifying surfactant and ball sealers.
8. Run WL junk basket to recover ball sealers.
9. Frac the Gallup w/ 70Q N₂ foam w/ low residue 20# crosslink gelled fluid and 20/40 Brady sand as per frac schedule.
10. RD frac company, open well to flowback tank. Flow back overnight

Put on to Production:

1. RIH w/ 2 $\frac{3}{8}$ " tubing and CO to RBP @ 5750'.
2. RIH w/ retrieving head and latch onto RBP. TOH, LD RBP.
3. Run 2 $\frac{3}{8}$ " production tubing w/ SN, PS and MA to $\pm 5950'$ KB. Check for fill, and CO to PBTD @ 6070'.
4. RIH w/ 1 $\frac{1}{4}$ " insert pump and rods.
5. RDMOL. Put well on to production and report daily.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS
*Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.*

5. Lease Serial No.
SF-78899

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
Blackrock D No. 1R

9. API Well No.
30-045-32217

10. Field and Pool, or Exploratory Area
Gallegos Gallup/Basin Dakota

11. County or Parish, State
San Juan

SUBMIT IN TRIPLICATE – Other Instructions on reverse side.

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other _____

2. Name of Operator

Merrion Oil & Gas Corporation

3a. Address

610 Reilly Avenue, Farmington, NM 87401

3b. Phone No. (include area code)

505.324.5300

4b. Location of Well (Footage, Sec. T., R., M., or Survey Description)

880' fml & 1235' fwl

Sec 20, T26N, R12W

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Report	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug & Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Downhole Commingle</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Merrion Oil and Gas proposes to downhole commingle production from the Gallegos Gallup and the Basin Dakota formations in the subject wellbore as per the attached general procedure. The well has not yet been drilled, so the the exact completion details are not available at the present time. A state downhole commingling application is attached.

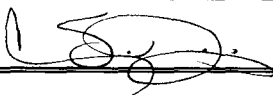
14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Connie S. Dinning

Title **Production Engineer**

Signature



Date **June 30, 2005**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office