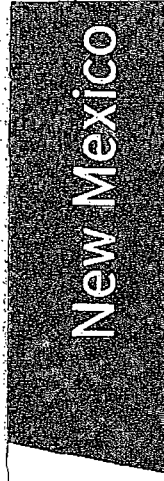


NMOCD Examiner Hearing September 16, 2010
Docket #3110 Case # 14541
Exhibit 7

2009-2010 Ernst & Young Overhead Rates



New Mexico

Drilling responses	Production responses	Wells	Depth	Monthly drilling well fixed overhead rates				Monthly producing well fixed overhead rates			
				Minimum	Average	Median	Maximum	Minimum	Average	Median	Maximum
Vertical	Vertical	23	0-5,000	\$2,000	\$5,625	\$4,500	\$15,037	\$300	\$551	\$477	\$957
			5,001-10,000	\$2,000	\$4,657	\$4,556	\$8,102	\$200	\$569	\$600	\$1,000
			10,001-15,000	\$3,000	\$6,514	\$7,042	\$8,500	\$300	\$661	\$601	\$1,074
			15,001-20,000	\$6,200	\$6,200	\$6,200	\$6,200	\$620	\$620	\$620	\$620
			Over 20,000	\$8,500	\$8,500	\$8,500	\$8,500	\$850	\$850	\$850	\$850
Horizontal	Horizontal	23	No depth limit	\$250	\$6,614	\$6,500	\$12,040	\$45	\$853	\$976	\$1,204
			Horizontal								

Merrion Proposed OH Rates = \$5000/mo for Drilling and \$500/mo for Producing

These are within the range of the average and median rates for shallow wells in
New Mexico