District I

PO Box 1980, Hobbs, NM 88241-1980

District II

811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico Energy, Minerals & Natural Resources Department

> OIL CONSERVATION DIVISION 2040 South Pacheco

> > Santa Fe, NM 87505



Form C-101

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 6 Copies

Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER. UGBACK, OR ADD A ZONE

¹ Operator Name and Address.

Merrion Oil & Gas Corporation

610 Reilly Avenue

Farmington, New Mexico 87401

² OGRID Number 014634

³ API Number

4 Property Code

⁵ Property Name

U-Da-Well

⁶ Well No.

2

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
В,	2	T31N	R8W		1055′	North	2221'	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	
		° Propos	ed Pool 1				10 Propos	sed Pool 2		
Basin Fruitland (71629)										

11 Work Type Code	¹² Well Type Code	13 Cable/Rotary	¹⁴ Lease Type Code	15 Ground Level Elevation
N	<u> </u>	R	S	6710'
16 Multiple	17 Proposed Depth	18 Formation	19 Contractor	²⁰ Spud Date
N	3920' RKB	Fruitland Coal	Not Chosen	As soon as rig available

²¹ Proposed Casing and Cement Program

	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
14¾"	10¾"	40.5 lb.	~240' RKB	170 sx	Surface
97"	7 5 "	26.4 lb.	~3400' RKB	679 sx	Surface
6 3 "	5½"	15.5 lb.	~3920' RKB	Uncemented	-

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 will conduct the well drilling phase by drilling a 14½" hole with spud mud to a depth of approximately 240 feet. After setting 10% surface casing will install blowout preventers, wait on cement and pressure test surface shoe to 600 psi prior to drill out. Will drill a 9% hole with conventional mud into the Fruitland formation to a depth of approximately 3400 feet. After setting 7% intermediate casing, we will drill a 63" hole with air through the Fruitland Coal formation into the top of the Pictured Cliffs to a total depth (td) of ±3920 feet KB. After drilling to td, we will run logs. The completion will be by cavitation. Finally, we will run a 5½" pre-perforated uncemented liner to 3920 feet to maintain wellbore integrity. Blowout preventers will be double ram, 3000 psi working pressure. (Wellbore schematic attached)

Formation tops: Ojo Alamo 2542', Kirtland 2642', Fruitland 3130', Pictured Cliffs 3762'.

²³ I hereby certify that the information given my knowledge and belief	above is true and complete to the best of	OIL CONSERVATION DIVISION				
Signature:		Approved by:				
Printed name: Connie 5. Dinning	<u> </u>	Tide: DEPUTY ON & GAS INSTRUCTOR, DIST. 63				
Title: Production Engineer		Approval Date: C 1 1 2002 Expiration Pre: C 1 1 2003				
Date: December 2, 2002	Phone: 327-9801	Conditions of Approval : Attached □				

State of New Mexico
Energy. Minerals & Mining Resources Department

OL CONSERVATION DIVISION 2040 South Pacheco Santa Fe. NM 87505 Form C - 102

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

30.045-31280		Pool Code 71629		Basin Fruitland Coal		
Property Code 24 56 5		•	ry Nome Vell Com	Well Number 2		
OGRID No.		Operator Name				
014634		MERRION (OL & GAS	6 <i>7</i> 10°		

Surface Location

UL or Lot	Sec.	Twp.	Rge.	Let lan	Feet from>	North/South	Feet from>	East/West	County
В	2	31 N.	8 W.	nwne	1055	NORTH	2221	East	SAN JUAN

Battom Hole Location If Different From Surface

UL or Lot	Sec.	Тир.	Rgs.	Lat lah	Feet from>	North/South	Feet from>	East/West	County
Dedication 320 Ac	J.	oint ?	Consolido	tion			Orde	er No.	

323,04

NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

. 29	E-1195-11 163.04 Acres	U Da Well Com 2	26/2
V-5331 40 Acres	U Da Well 1	E-3707-13 120 Acres	,olc3
N 142. E			N 2.24. E
N 89	16. M	5147'	:

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 S. Dinning

Tirle Production Engineer

Date December 2, 2002

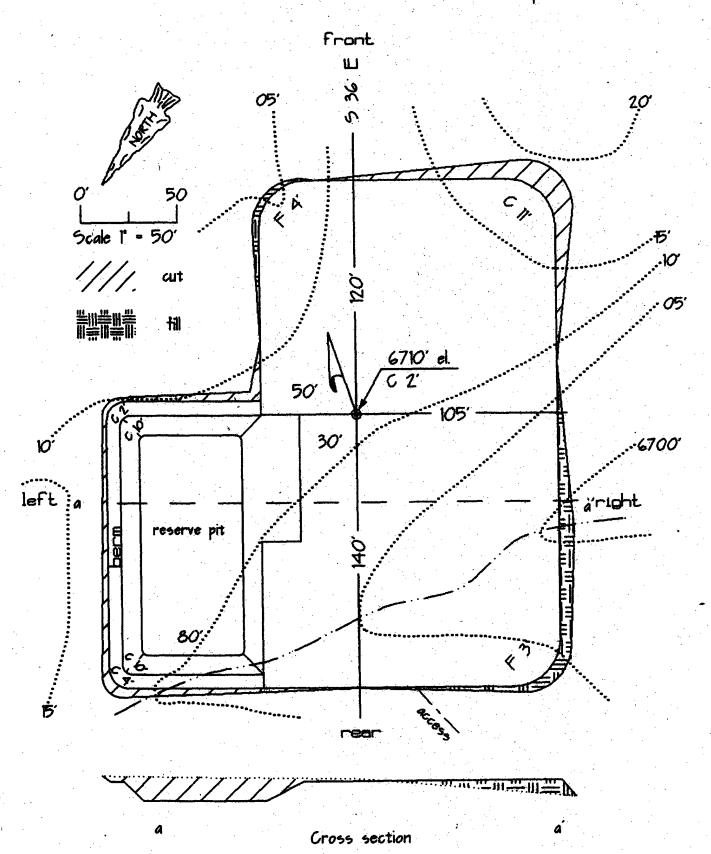
SURVEYOR CERTIFICATION

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



U Da Well Com #2 well pad & section



Merrion Oil & Gas Corporation Wellbore Schematic

U-Da-Well No. 2

Proposed Wellbore Configuration

Location: 1055' fnl & 2221' fel (nw ne)
Sec 2, T31N, R8W, NMPM
San Juan Co, New Mexico
Prepared: 11/27/02

Elevation: 6,710' GL 6,723' RKB

0,, 40

By: Connie Dinning

San Jose - Surface Nacimiento - 1282' Ojo Alamo - 2542' Kirtland - 2642' Fruitland - 3130' Fruitland Coal -3430' KB Pictured Cliffs - 3762'

Top of Cmt @ Surface on Both Casing Strings

Bit Size - 14 3/4"

10 3/4", 40.5# Surface Csg @ 240' KB w/ 170sx (200 cu ft)

Bit Size 9-7/8"

Rod String: 148 ea 3/4" guided sucker rods 1 ea 2"X1-1/4"X10'X14' RHAC rod pump Pump size to be determined after flow test

2-7/8" eue J55 Tubing @ ~3750' KB, notched collar on bottom, SN @ ~3719' KB, 1/2" gas hole in mud anchor @ ~ 3721' KB

Liner top @ +/-3300' KB

Intermediate Casing 7 5/8", 26.4# @ 3400' KB w/ 679 sx (1168 cu ft)

Perf liner w/ 4 jspf, 0.72" OD, 90° phasing as follows:

Exact perf depths to be determined after open hole logs are run

5 1/2" Flush-Joint Liner @ ~3920' KB (Uncemented)

PBTD @ 3880' KB TD @ 3920'KB