

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. 30-045-30922
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No. N/A
7. Lease Name or Unit Agreement Name Pretty Lady 30-11-34
8. Well Number 1
9. OGRID Number 014634
10. Pool name or Wildcat Basin Mesa Verde SWD

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 SWD

2. Name of Operator
Merrion Oil & Gas Corp.

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

4. Well Location
 Unit Letter G ; 1760 feet from the North line and 1475 feet from the East line
 Section 34 Township 30N Range 11W NMPM San Juan County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
5789' GL

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

<p>NOTICE OF INTENTION TO:</p> <p>PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/></p> <p>TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/></p> <p>PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/></p> <p>OTHER: Perform Step Rate Test <input checked="" type="checkbox"/></p>	<p>SUBSEQUENT REPORT OF:</p> <p>REMEDIAL WORK <input type="checkbox"/> ALTERING CASING <input type="checkbox"/></p> <p>COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/></p> <p>CASING/CEMENT JOB <input type="checkbox"/></p> <p>OTHER: <input type="checkbox"/></p>
---	--

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 and Gas proposes to perform a step rate test on the above well on 28-DEC-2006. Test will be performed per attached procedure and NMOCD requirements.

RCVD DEC 19 '06
 OIL CONS. DIV.
 DIST. 3

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 Tyson S. Foutz TITLE Petroleum Engineer DATE 19-DEC-2006

Type or print name Tyson S. Foutz E-mail address: tyfoutz@merrion.bz Telephone No. 505.320.5300

For State Use Only

APPROVED BY: H. Villanueva TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 3 DATE DEC 19 2006

Conditions of Approval (if any):

2

Well Information			
Well	Pretty Lady 30-11-34 #1	Field	Basin Dakota
Location	1760' fsl & 1475' fel (nw se) S34, T30N, R11W, NMPM San Juan Co. New Mexico	Elevations	5789' GL 5802' RKB
AFE	02798	Engineer	Tyson Foutz (505.320.6275)
Date	19 December 2006	Lease	Fee
Surface Casing	13 ³ / ₈ " 48# H-40 ST&C @ 433' KB	Intermediate Casing	9 ⁵ / ₈ " 47#/53.5# P-110 LT&C @ 8104' KB
Tubing	5 ¹ / ₂ " 15.5# J-55 ST&C @ 3685' KB	Packer	9 ⁵ / ₈ " Arrow Set RCP set at 3700' KB. EOT @ 3792 KB.
Perforations	3762' - 3830', 4 spf (272 holes), 0.34" EHD	Stimulation	Slickwater frac w/ 102380 lbs. 20/40 Brady sand. ISIP = 1206 psi.

Prior to MIRU

1. Spot 10 400 bbl frac tanks and fill with produced water.
2. Filter Water to 5 μ

Set BHP gauges

1. MIRU slickline unit with lubricator
2. RIH w/ dual pressure gauges and hang at perforations

Conduct step rate test

1. MIRU KPPS
2. Install pressure gauges on 9⁵/₈" casing side outlet valve and Braden head
3. Install pressure sensor at wellhead
4. Install dual flowmeters in pump line
5. Pump through tree to confirm flowmeter redundancy
6. Install chokes downstream from pump ahead of flowmeters to regulate injection rate
7. Test Lines to 2500 psi.
8. Open well and record ISIP
9. Begin injecting according to following rate schedule

Injection Rate (bbl/min)	Step time (min)	Volume Requirement (bbl)
0.5	30	15
1.0	30	30
1.5	30	45
2	30	60
2.5	30	75
3	30	90
3.5	30	105

4	30	120
4.5	30	135
5	30	150
5.5	30	165
6	30	180
6.5	30	195
7	30	210
7.5	30	225
8	30	240
8.5	30	255
9	30	270
9.5	30	285
10	30	300

Total water requirement = 3150 bbl

10. Record ISIP, 5, 10, 15 min SITP

11. RDMOL

12. Pull BHP gauges



