

PO Box 1980, Hobbs, NM 88241-1980

Energy, Minerals & Natural Resources Department

Revised October 18, 1994

District II

Instructions on back

811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION

Submit to Appropriate District Office

District III

2040 South Pacheco

State Lease - 6 Copies

1000 Rio Brazos Rd., Aztec, NM 87410

Santa Fe, NM 87505

Fee Lease - 5 Copies

District IV

2040 South Pacheco, Santa Fe, NM 87505



AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, 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 30 - 0 45 - 31 224 |
| ⁴ Property Code 7825 | ⁵ Property Name Osborn | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| F | 22 | 30N | 12W | senw | 2595 | North | 1840 | West | 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 |
|---|---------|----------|-------|---------|-------------------------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |
| ⁹ Proposed Pool Basin Fruitland | | | | | ¹⁰ Proposed Pool 2 | | | | |

| | | | | |
|-----------------------------------|--|---|---|---|
| ¹¹ Work Type Code N | ¹² Well Type Code G | ¹³ Cable/Rotary Rotary | ¹⁴ Lease Type Code F | ¹⁵ Ground Level Elevation 5538' |
| ¹⁶ Multiple No | ¹⁷ Proposed Depth 2000' KB | ¹⁸ Formation Fruitland Coal | ¹⁹ Contractor L&B Speed Drill | ²⁰ Spud Date As Soon As Permitted |

²¹ Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|---------------------|---------------|--------------------|---------------|
| 8-3/4" | 7" J55 | 20 ppf or heavier | ~120' KB | ~30 sx (35 cuft) | Surface |
| 6-1/4" | 4-1/2" J55 | 10.5 ppf or heavier | ~2000' KB | ~148 sx (251 cuft) | Surface |
| | | | | | |
| | | | | | |
| | | | | | |

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 Oil & Gas proposes to drill 8³/₄" hole with native mud to approx. 120' KB and set 7" 20# (or heavier) J55 surface casing, cement to surface with ~30 sx 'B' w/ 2% CaCl₂ (35 ft³). Will drill 6¹/₄" hole to TD @ approx. 2000' KB with low solids non-dispersed gel mud system. Run open hole surveys. If appears productive, will set 4¹/₂" 10.5 ppf (or heavier) J55 production casing from TD to surface. Will cement with 86 sx 'B' w/ 2% SMS (177 ft³) and tail in with 63 sx 'B' (74 ft³) cement to fill from total depth to surface. Top of cement should circulate to surface (will adjust volumes based upon caliper log). If cement does not reach surface, a temperature log or cement bond log will be run to determine top of cement.

Will test Fruitland Coal through perforated casing. Will fracture stimulate and put on for production test.

Drilling operations below surface casing will be conducted with a bag type BOP in place, minimum working pressure 1000 psig.

Surface ownership is fee. Surface use agreement is complete.

Formation tops: Nacimiento - Surface, Ojo Alamo - 280', Kirtland - 395', Fruitland - 1380', Fruitland Coal - 1700', Pictured Cliffs - 1735'.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name:

Connie S. Dinning

Title:

Production Engineer

Date:

October 3, 2002

Phone: 505-327-9801

OIL CONSERVATION DIVISION

Approved by:

Title:

DEPUTY OIL & GAS INSPECTOR DIST. #3

Approval Date:

OCT - 4 2002

Expiration Date:

OCT - 4 2003

Conditions of Approval:

Attached ☐

WILL OIL FOR infill order

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

Form C - 102

☐ AMENDED REPORT

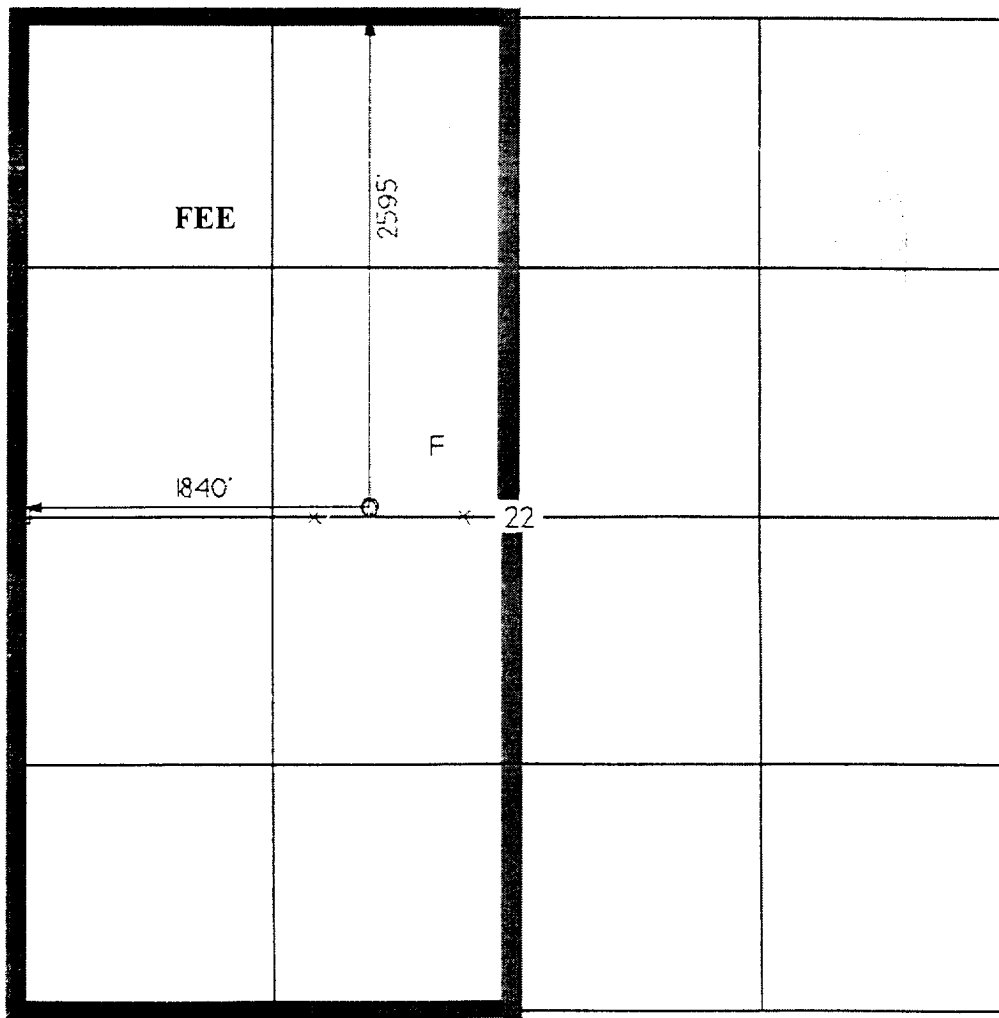
WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------------|---|--|
| APA Number 30045-31224 | Pool Code 71629 | Pool Name Basin Fruitland Coal |
| Property Code 1825 | Property Name OSBORN | Well Number 2 |
| OGRD No. 014634 | Operator Name MERRION OIL & GAS | Elevation 5538' |

| Surface Location | | | | | | | | | |
|-----------------------|-------------------|---------------------|---------------------|-------------------------|--------------------------|-----------------------------|--------------------------|--------------------------|---------------------------|
| UL or Lot F | Sec. 22 | Twp. 30 N | Rge. 12 W | Lot Ltr. senw | Feet from 2595 | North/South NORTH | Feet from 1840 | East/West WEST | County SAN JUAN |

| Bottom Hole Location If Different From Surface | | | | | | | | | |
|--|---------|---------------|------|-----------|-----------|-------------|-----------|-----------|--------|
| UL or Lot | Sec. | Twp. | Rge. | Lot Ltr. | Feet from | North/South | Feet from | East/West | County |
| Dedication 320 Ac | Joint ? | Consolidation | | Order No. | | | | | |

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 S. Dinning | |
| Title Production Engineer | |
| Date October 3, 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 | |
| Signature and Seal of Professional Surveyor | |