

Merrion Oil & Gas Corporation

Authority for Expenditure (AFE)

Drilling Well Cost Estimate

(REVISION #2)

AFE No. 93031 AFE Type: 1

Lease: Shelby Federal

Well No: 1E

Accounting Well No.

Project: Drill an Infill Dakota Well

Field: Basin Dakota

Location: 800'Int & 2030'Int (norw)

Lease No: SF-079298-C

TD: 7,823 ft

Sec 24, T27N, R7W

Spacing: 320 acres

Operator: Merrion Oil & Gas

County: Rio Arriba State: NM

Prospect: Basin

By: Steve Dunn

Division of Interest:	Owner Share of		EPO Interest		APO Interest	
	Dry Hole	Completed	WI	NRI	WI	NRI
1) Merrion Oil & Gas Corporation	\$206,210	\$379,870	83.250000%	87.120310%	83.250000%	87.120310%
2) Doris Henderson	\$9,289	\$17,111	3.750000%	3.093750%	3.750000%	3.093750%
3) T. Greg Merrion	\$5,728	\$10,552	2.312500%	1.884450%	2.312500%	1.884450%
4) Steven S. Dunn	\$5,728	\$10,552	2.312500%	1.884450%	2.312500%	1.884450%
5) S. Mima Revocable Trust	\$4,644	\$8,558	1.875000%	1.546880%	1.875000%	1.546880%
6) H. Bucher	\$4,644	\$8,558	1.875000%	1.546880%	1.875000%	1.546880%
7) Mike K. Merrion	\$4,582	\$8,442	1.850000%	1.491560%	1.850000%	1.491560%
8) George F. Sharpe	\$3,437	\$6,331	1.387500%	1.118670%	1.387500%	1.118670%
9) Carl C. Merlatt	\$2,291	\$4,221	0.925000%	0.745780%	0.925000%	0.745780%
10) Paul W. Long	\$1,146	\$2,110	0.462500%	0.372890%	0.462500%	0.372890%
11) Overrides			ORRI	6.734380%	ORRI	6.734380%
12) United States of America			Royalty	12.500000%	Royalty	12.500000%
Total	\$247,700	\$456,300	100.000000%	100.000000%	100.000000%	100.000000%

Intangibles - Drilling (1605)

				Dry Hole	Completed
203 Location Construction, anchors				4,500	4,500
220 Surveying and Archaeology				1,500	1,500
207 Title Opinion				500	500
201 Drilling Rig	...Footage cost	7,823ft @	\$15.10 per foot.....	118,100	118,100
202	...Daywork	2 days @	\$4,850 per day.....	9,700	9,700
211	Trucking	Rig move round trip		0	0
210 Drill Bits				0	0
204 Cement & Cementing	...Surface.....			2,500	2,500
204	...Production.....			8,000	20,000
208 Engineer.....		2 days @	\$500 per day.....	1,000	1,000
208 Company Supervision.....		10 days @	\$400 per day.....	4,000	4,000
208 Onsite Geologist.....		2 days @	\$500 per day.....	1,000	1,000
206 Mudlogger.....		9 days @	\$350 per day.....	3,200	3,200
206 Open hole logs.....				7,000	7,000
205 Drill stem test.....				0	0
205 Coring services.....				0	0
210 Miscellaneous rentals.....				2,500	2,500
211 Trucking:	...Haul water.....			10,000	10,000
211	...Haul casing.....			750	3,450
211	...Haul mud.....			5,000	5,000
212 Drilling mud.....				25,000	25,000
213 Administrative & General Expense.....				4,250	4,250
County tax.....	5.94%			12,100	13,000
Contingency.....	10%			20,400	21,900
Total Intangibles - Drilling				\$241,000	\$258,100

NMOCD Examiner Hearing
December 16, 1993
Application of Merrion Oil & Gas
Case No.: 10888
Exhibit: 9

AFE No. 93031	AFE Type: 1	Lease: Shelby Federal	Well No: 1E
Location: 800'Int & 2030'Int (nenw)		Lease No: SF-079298-C	Field: Basin Dakota
Sec 24, T27N, R7W		Spacing: 320 acres	TD: 7,823ft
County: Rio Arriba	State: NM	Prospect: Basin	Operator: Merriam Oil & Gas

Intangibles - Completion (1610)

301 Completion Rig.....	10 days @	\$1,450 per day.....	0	14,500
311 Water (Includes trucking).....			0	5,000
304 Stimulation.....			0	50,000
303 Perforating & Logging.....			0	5,000
309 Equipment Installation (Roustabout labor, etc).....			0	3,000
309 Flow lineconstruction.....	0 feet @	\$0.00 per foot.....	0	0
309 Fuel lineconstruction.....	0 feet @	\$0.00 per foot.....	0	0
308 Company Supervision	7 days @	\$400 per day.....	0	2,800
308	3 days @	\$400 per day.....	0	1,200
308	0 days @	\$400 per day.....	0	0
308 Location cleanup.....			3,000	1,000
310 Bit & Scraper.....			0	1,000
310 Tool, bkg & equipment Rental.....			0	4,500
311 Trucking.....			0	2,000
310 Tank & Miscellaneous rentals.....			0	1,500
County tax	5.94%		200	5,400
Contingency.....	5%		200	5,400
Total Intangibles - Completion			\$3,400	\$102,300
Total Intangibles - Drilling & Completion			\$244,400	\$360,400

Tangibles - Drilling & Completion (1640)

802 Casing..... Surface...	8 5/8", 24.0 lb/ft good used	240 feet @	\$8.75 per foot.....	2,100	2,100
806	Product.. 4 1/2", 10.5 & 11.6 lb/ft good	7,823 feet @	\$3.80 per foot.....	0	29,700
811 Tubing.....	2 3/8" 4.7lb/ft EUE.....	7,823 feet @	\$1.95 per foot.....	0	15,300
851 Flowline	2 7/8" Used.....	300 feet @	\$0.85 per foot.....	0	300
651 Fuel line	1"	0 feet @	\$0.00 per foot.....	0	0
827 Sucker Rods.....		0 feet @	\$0.00 per foot.....	0	0
820 Wellhead equipment.....				700	3,500
815 Float equipment.....				300	5,000
836 Pumping Unit & bottom hole equipment.....				0	0
841 Tanks & Treater.....				0	16,000
860 Fittings, valves.....				0	3,500
865 Meter Run (El Paso).....				0	13,500
County tax	5.94%			200	4,500
896 Miscellaneous.....				0	2,500
Total Tangibles			\$3,300	\$95,900	
Total Estimated Cost			\$247,700	\$456,300	

Approved: _____

Merriam Oil & Gas Corporation

Date: _____

11-30-93

Approved: _____

Partner

Date: _____