

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

001

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.
UTU-067532

6. If Indian, Allottee or Tribe Name
N/A

7. If Unit or CA Agreement, Name and No.
N/A

8. Lease Name and Well No.
CRAZY CHARLIE #1

9. API Well No.
43-015-30266

10. Field and Pool, or Exploratory
BUZZARD BENCH

11. Sec., T., R., M., or Blk. and Survey or Area
34-18s-7e SLM

12. County or Parish
EMERY

13. State
UT

1a. Type of Work: DRILL REENTER

1b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

2. Name of Operator
MERRION OIL & GAS CORPORATION

3a. Address **610 REILLY AVE.
FARMINGTON, NM 87401** 3b. Phone No. (include area code)
(505) 327-9801

4. Location of Well (Report location clearly and in accordance with any State requirements. *)
At surface **2205' FSL & 1985' FWL 489187 X 39.21171**
At proposed prod. zone **SAME NESW 4340070 Y -111.12524**

14. Distance in miles and direction from nearest town or post office*
6 AIR MILES W OF CASTLE DALE

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) **435'**

16. No. of Acres in lease **2,451.97**

17. Spacing Unit dedicated to this well
160 ACRES (SW4)

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. **3,348'**

19. Proposed Depth **3,045'**

20. BLM/BIA Bond No. on file
NM-0883

21. Elevations (Show whether DF, KDB, RT, GL, etc.) **6,540' GL**

22. Approximate date work will start*
UPON APPROVAL

23. Estimated duration
9 DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized officer.

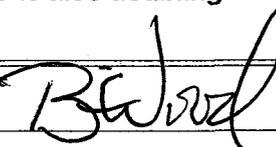
Comments

Archaeology report CASA 03-44 filed 4-28-03 & 8-29-03

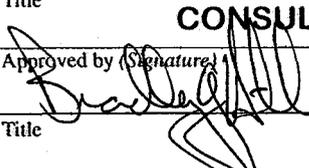
Request exception due to topography. The well is staked at 2205 FSL & 1985 FWL on a BLM lease. It is 125' too far north. A well could theoretically be staked at 2080 FS & 1985 FW. However, a location which was initially staked at 2170 FSL & 2040 FWL (which is also unorthodox), was rejected by BLM due to its 29' high cut. Merrion is requesting permission to drill at 2205 FSL & 1985 FWL 34-18s-7e. This is the only well existing or planned for this quarter section. Closest well is Merrion's Klinkhammer which is over 2,000' north. BLM is the lessor of all 8 adjacent quarter sections. Merrion is the lessee of all land within a minimum 655' radius and 6 of the 8 adjacent quarter sections.

This APD is also doubling as BLM right-of-way application (see PAGE 5).

cc:BLM, County, Dunn, UDOGM

25. Signature  Name (Printed/Typed) **BRIAN WOOD** Date **7-25-04**

Title **CONSULTANT** PHONE: 505 466-8120 FAX: 505 466-9682

Approved by (Signature)  Name (Printed/Typed) **BRADLEY G. HILL** Date **08-03-04**

Title **ENVIRONMENTAL SCIENTIST III**

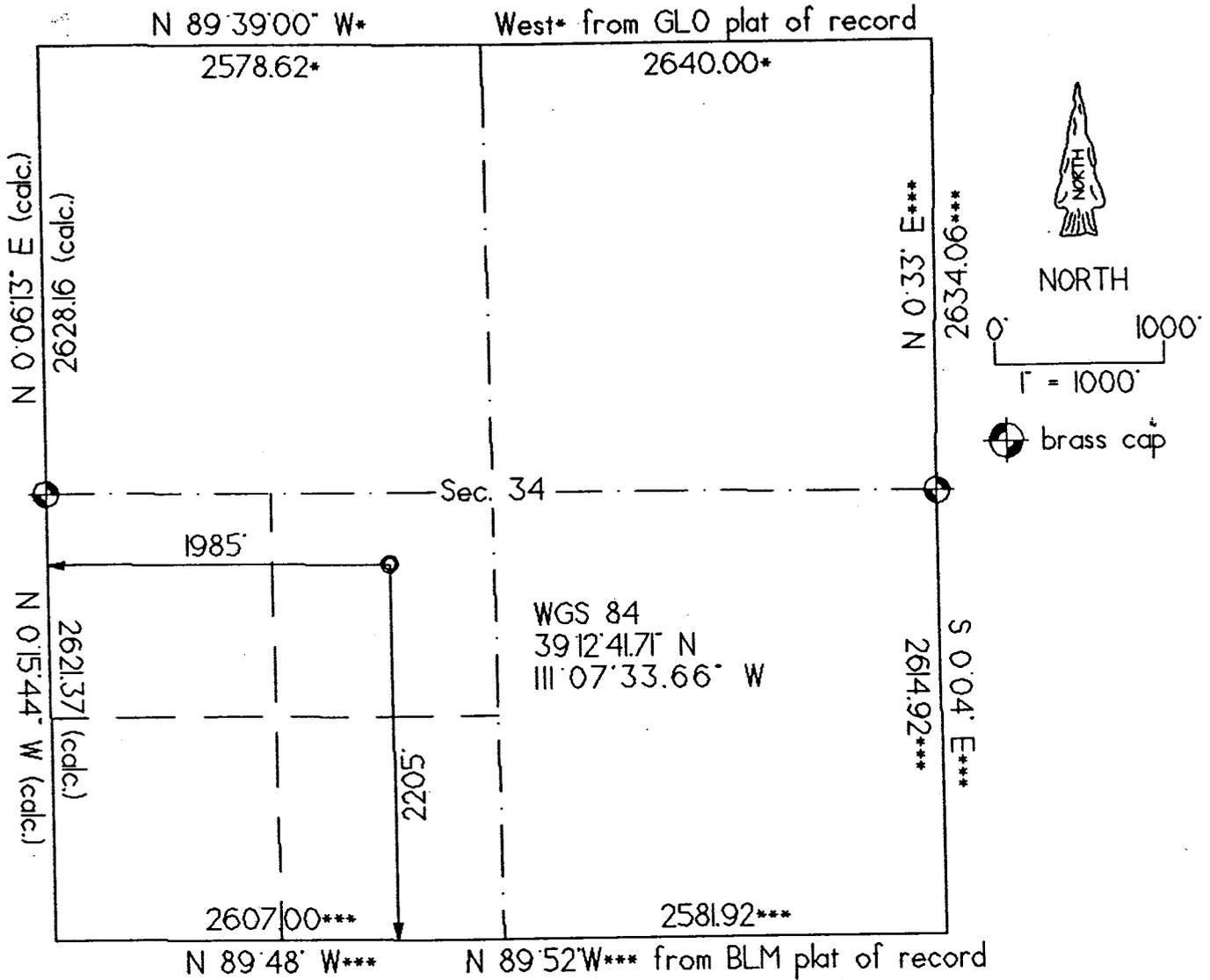
Federal Approval of this Action is Necessary

RECEIVED
JUL 29 2004

Application approval does not warrant or certify the the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Well Location Plat



Well Location Description

MERRION OIL & GAS CORPORATION
 Crazy Charlie #1
 2205' FSL & 1985' FWL
 Section 34, T.18 S., R.7 E., SLM
 Emery County, UT
 6540' grd. el. (from GPS)



rev: 17 JULY 2003

Gerald G. Huddleston, LS

The above is true and correct to my knowledge and belief.

Merrion Oil & Gas Corporation
 Crazy Charlie #1
 2205' FSL & 1985' FWL
 Sec. 34, T. 18 S., R. 7 E.
 Emery County, Utah

Drilling Program

1. Formation Name	<u>Depth from GL</u>	<u>Depth from KB</u>	<u>Elevation</u>
Mancos Shale	0'	12'	+6,540'
Emery Sandstone	1,097'	1,109'	+5,443'
Blue Gate Shale	2,615'	2,627'	+3,925'
Ferron Sandstone	2,897'	2,909'	+3,553'
Total Depth	3,045'	3,057'	+3,495'

(All depths are based on an ungraded ground level of 6,540')

2. NOTABLE ZONES

Ferron is the goal. No other oil or gas zones are expected. Ferron coal zones are the only anticipated water zones.

3. PRESSURE CONTROL (Also see "5." on PAGE 2)

A 2,000 psi double ram BOP with 2,000 psi choke manifold will be used from bottom of surface casing to TD. (A typical 2,000 psi BOP is on Page 3. Actual model will not be known until the bid is let.) After surface and intermediate casing are each cemented for 8 hours, will nipple up BOP and test each to \approx 1,500 psi for 15 minutes each. Tests will be recorded in the driller's log. BOPs will be inspected and operated daily.

4. CASING & CEMENTING

<u>Hole Size</u>	<u>O. D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>\approx Setting Depth</u>
12-1/4"	8-5/8"	24	J-55	L T & C	New	250'
7-7/8"	5-1/2"	15.5	J-55	L T & C	New	3,045'

Merrion Oil & Gas Corporation
Crazy Charlie #1
2205' FSL & 1985' FWL
Sec. 34, T. 18 S., R. 7 E.
Emery County, Utah

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Will place centralizer on each joint of surface casing. Surface casing will be circulated to surface with ≈ 245 sacks Class B or Class H + 3% CaCl_2 . Weight = 15.6 pounds per gallon. Yield = 1.18 cubic feet per sack. Excess: >100%.

Will cement production casing to the surface. Will install float collar with float on top of the shoe joint of the production casing. Lead with ≈ 20 barrels gel water followed by ≈ 10 barrels for a spacer followed by ≈ 200 sacks Premium Plus with additives (= 2.63 cubic feet per sack & 12 pounds per gallon). Lead additives will include 8% bentonite (light weight additive), 10% Cal-seal 60 (accelerator), and 1/4 pound per sack cellophane. Tail with ≈ 100 sacks Premium Plus with additives (= 1.58 cubic feet per sack & 14.2 pounds per gallon). Tail additives will include 1% CaCl_2 (accelerator), 10% Cal-seal 60 (accelerator), and 1/4 pound per sack cellophane. Volumes calculated at 25% excess. Exact volumes will be determined from caliper log. All slurries will include lost circulation additives.

Cement names are Halliburton trade names. If unavailable, then an equivalent cement or additive will be used.

5. MUD PROGRAM

Will drill surface hole with fresh water gel. Will air drill production hole with 2,400 scfm air/mist. Lost circulation material will be on location.

6. DATA GATHERING

Starting with production hole, will run SS surveys with azimuth every 500'. If build rate is $\geq 1^\circ$ per 100', then SS surveys will be run at 100' intervals. Will also run SS survey at TD. No cores or drill stem tests are planned at this time. Will run caliper, Gamma Ray/Collar log, and Compensated Neutron log.

Merrion Oil & Gas Corporation
Crazy Charlie #1
2205' FSL & 1985' FWL
Sec. 34, T. 18 S., R. 7 E.
Emery County, Utah

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7. DOWN HOLE CONDITIONS

Maximum anticipated bottom hole pressure is \approx 1,000 psi. No hydrogen sulfide, abnormal pressures, nor abnormal temperatures are expected. Lost circulation is expected.

8. MISCELLANEOUS

Projected spud date is upon approval. It will take \approx 5 days to drill the well and \approx 4 days to complete the well.

Will complete well by moving in frac tanks. Tanks will be filled with 2% KCl. Will install frac valve and pressure test casing to \approx 4,000 psi. Will run Gamma Ray/Collar log (and Compensated Neutron log if no open hole logs) and then perforate. Will stimulate and allow well to flow. Run 2-3/8" tubing with notched collar on bottom and seating nipple on top of the bottom joint. Clean hole with air or nitrogen.

Merrion Oil & Gas Corporation
Crazy Charlie #1
2205' FSL & 1985' FWL
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Surface Use Plan

1. EXISTING ROADS & DIRECTIONS (See PAGES 10, 11, & 14)

From the junction of U-57 and U-10 south of Castle Dale ...
Go North 2.2 miles on U-57
Then turn left and go Southwest 0.5 miles on County Road 510
Then turn right and go West 1.2 miles on County Road 511
Then turn left and go South and West 0.7 miles to a big junction
Then turn right and go Northwest 3.1 miles
On the East side of Merrion's Klinkhammer ...
Turn left and go South 3,229.03' cross country to the proposed pad

APD is doubling as a BLM right-of-way application for the portion of the road in E2NW4 34-18s-7e. Dimensions are 50' x 2,854.61' (=3.28 acres).

2. ROAD TO BE BUILT OR UPGRADED (See PAGES 11 & 14)

No upgrading is needed for the existing road. The new road will be crowned and ditched with a $\approx 14'$ wide running surface. Maximum disturbed width will be 50'. Maximum cut or fill will be $\approx 15'$. Maximum grade will be $\approx 18\%$. Three 72" (each = 28.3 square feet) x 50' culverts will be installed. One will be installed at PI 8, one at PI 3, and one at PI 2. Culvert size is based on a Talbot formula runoff coefficient of 1 (mountainous country) and two 48" (12.6 square feet/culvert x 2 = 25.2 square feet) culverts over a mile downstream in County Road 511. All other crossings will be low water style. Silt fences (straw rolls or geotextile fabric) will be installed below fill slopes. No fence is crossed.

Merrion Oil & Gas Corporation
Crazy Charlie #1
2205' FSL & 1985' FWL
Sec. 34, T. 18 S., R. 7 E.
Emery County, Utah

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3. EXISTING WELLS (See PAGE 11)

There are four existing gas wells within a 1 mile radius. There are no oil, water, injection, or disposal wells within a mile.

4. PROPOSED PRODUCTION FACILITIES (See PAGE 14)

A 2 phase separator, 100 barrel water tank, meter run, and pump will be installed on the pad. All surface equipment will be painted a flat dark olive green color. A surface ≈ 3 " O. D. polyethylene gas pipeline will parallel the new road for 3,229.03' to tie into Merrion's Klinkhammer gas pipeline. It will be buried beside each culvert.

5. WATER SUPPLY

Water will be trucked from Neilson Construction Company east of Huntington in 19-17s-9e (water right #93-300)

6. CONSTRUCTION MATERIALS & METHODS

Trees, topsoil, brush, and rocks will be stockpiled north and east of the pad. A diversion ditch will be cut south and west of the pad. The reserve pit will be lined with minimum 12 mil plastic. The northeast corner of the pad will be rounded to reduce fill.

7. WASTE DISPOSAL

The reserve pit will be fenced 4' high on 3 sides with 4 strands of barbed wire or woven wire topped with barbed wire. The fourth side will be fenced

Merrion Oil & Gas Corporation
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2205' FSL & 1985' FWL
Sec. 34, T. 18 S., R. 7 E.
Emery County, Utah

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once the rig moves off hole. The fence will be kept in good repair while the pit dries. No fluids will be discharged in the flare pit.

All trash will be placed in a trash cage. When full, it will be hauled to a state approved landfill. There will be no trash burning or disposal of trash in the reserve pit. Chemical toilets will be used for human waste. Their contents will be disposed of in state approved facilities.

No oil will be allowed on the reserve pit. Any oil which accumulates on the pit will be pumped or skimmed off and hauled to a state approved recycle facility. Once dry, the reserve pit contents will be buried in place. The pit will be back filled sufficiently deep so that no liner is exposed.

8. ANCILLARY FACILITIES

There will be no airstrip or formal camp. Camper trailers will be on site for the company man, roughnecks, mud logger, tool pusher, etc.

9. WELL SITE LAYOUT

See PAGES 12 and 13 for depictions of the well pad, cross sections, cut and fill diagrams, reserve pit, burn pit, access road onto the pad, parking, living facilities, and rig orientation.

10. RECLAMATION

After completing drilling, the well site and immediate area will be cleared of all debris and material not needed for production.

Reclamation will start when the reserve pit is dry. At least 2' of cover will be placed on the reserve pit. All areas not needed for production will be back

Merrion Oil & Gas Corporation
Crazy Charlie #1
2205' FSL & 1985' FWL
Sec. 34, T. 18 S., R. 7 E.
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filled, contoured to match natural contours, and reserved topsoil and brush evenly spread. If the well is a producer, then enough topsoil will be kept aside to reclaim the rest of the pad. Disturbed areas will be ripped, harrowed, or scarified before seeding.

All reclaimed areas will be broadcast seeded in late fall or winter with seed mix specified by BLM. Seeded areas will be left rough and lightly harrowed or drug with a chain after seeding.

11. SURFACE OWNER

All construction is on BLM.

12. OTHER INFORMATION

Closest hospital is an hour drive north in Price. The Castleview Hospital is at 300 North Hospital Drive. Phone number is (435) 637-4800.

13. REPRESENTATION

Anyone having questions concerning the APD should contact:

Brian Wood
Permits West, Inc.
37 Verano Loop
Santa Fe, NM 87508
(505) 466-8120 FAX: (505) 466-9682 Mobile: (505) 699-2276

The field representative during drilling and production will be:

Merrion Oil & Gas Corporation
Crazy Charlie #1
2205' FSL & 1985' FWL
Sec. 34, T. 18 S., R. 7 E.
Emery County, Utah

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John Thompson
Merrion Oil & Gas Corporation
610 Reilly Ave.
Farmington, NM 87401
(505) 327-9801 FAX (505) 326-5900 Mobile: (505) 320-1748

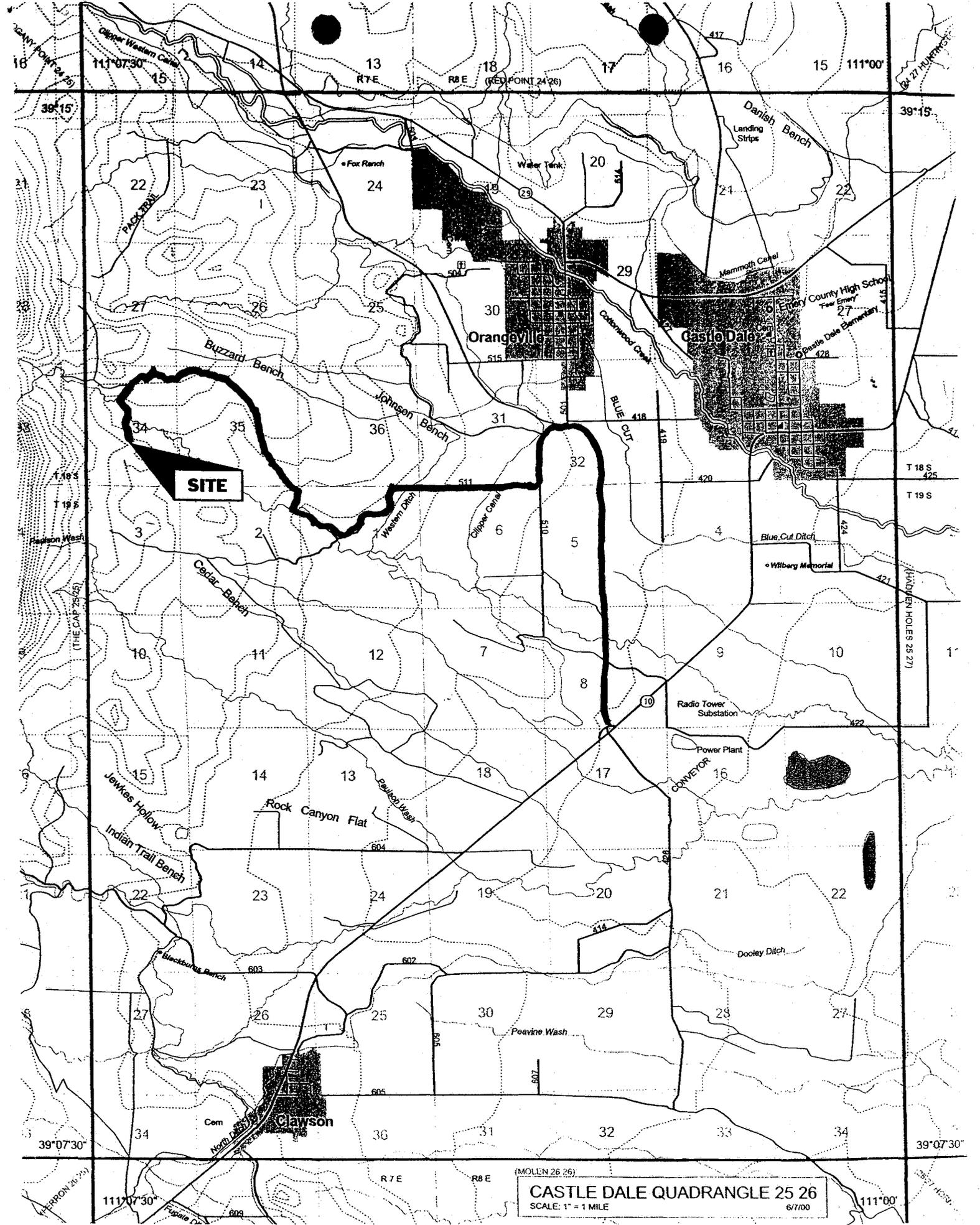
I hereby certify Merrion Oil & Gas Corporation has the necessary consents from the proper lease and unit interest owners to conduct lease and unit operations in conjunction with this APD. Bond (NM-0883) coverage *per* 43 CFR 3104 for lease activities is being provided by Merrion Oil & Gas Corporation.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Merrion Oil & Gas Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U. S. C. 1001 for the filing of a false statement.



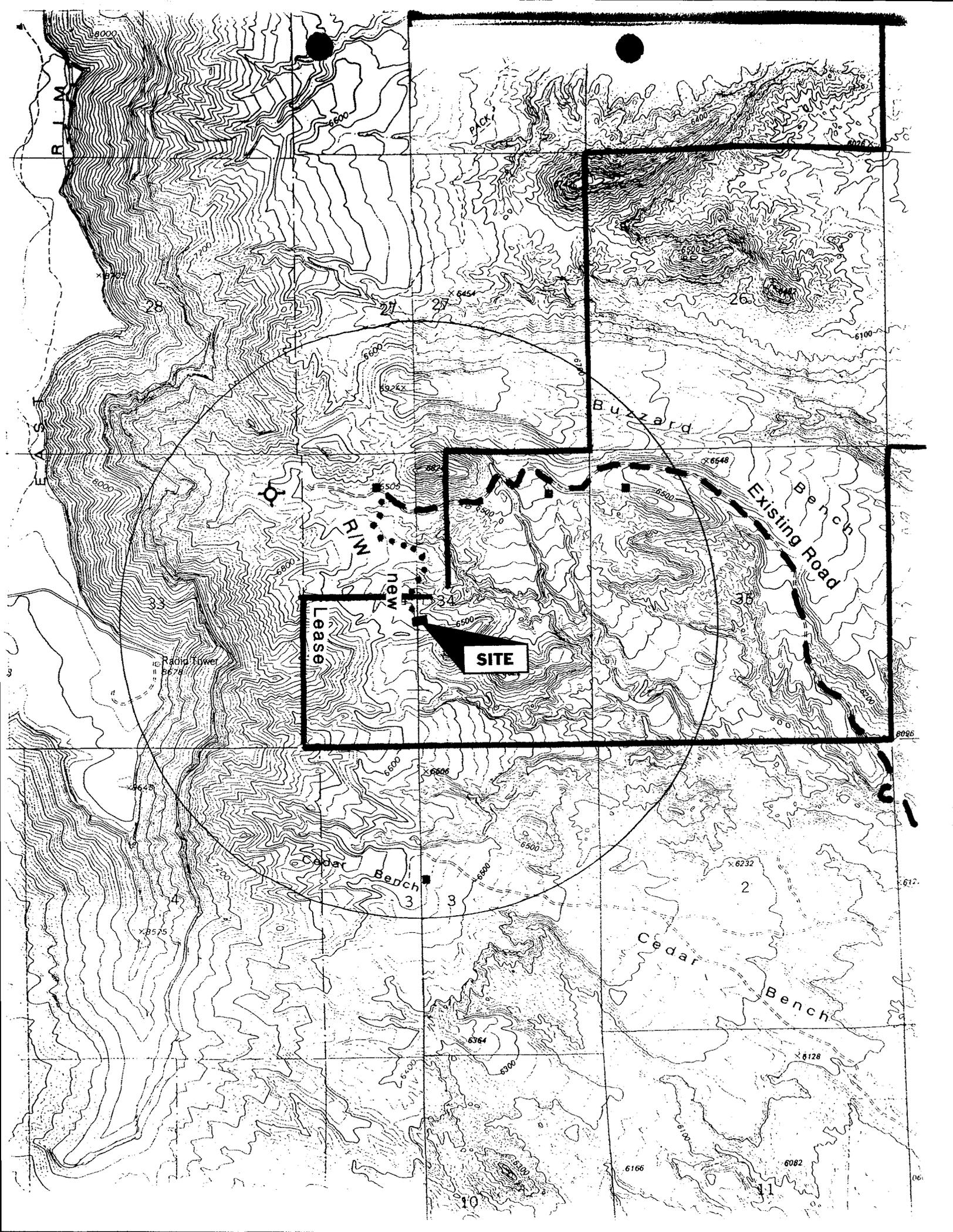
Brian Wood, Consultant

July 25, 2004

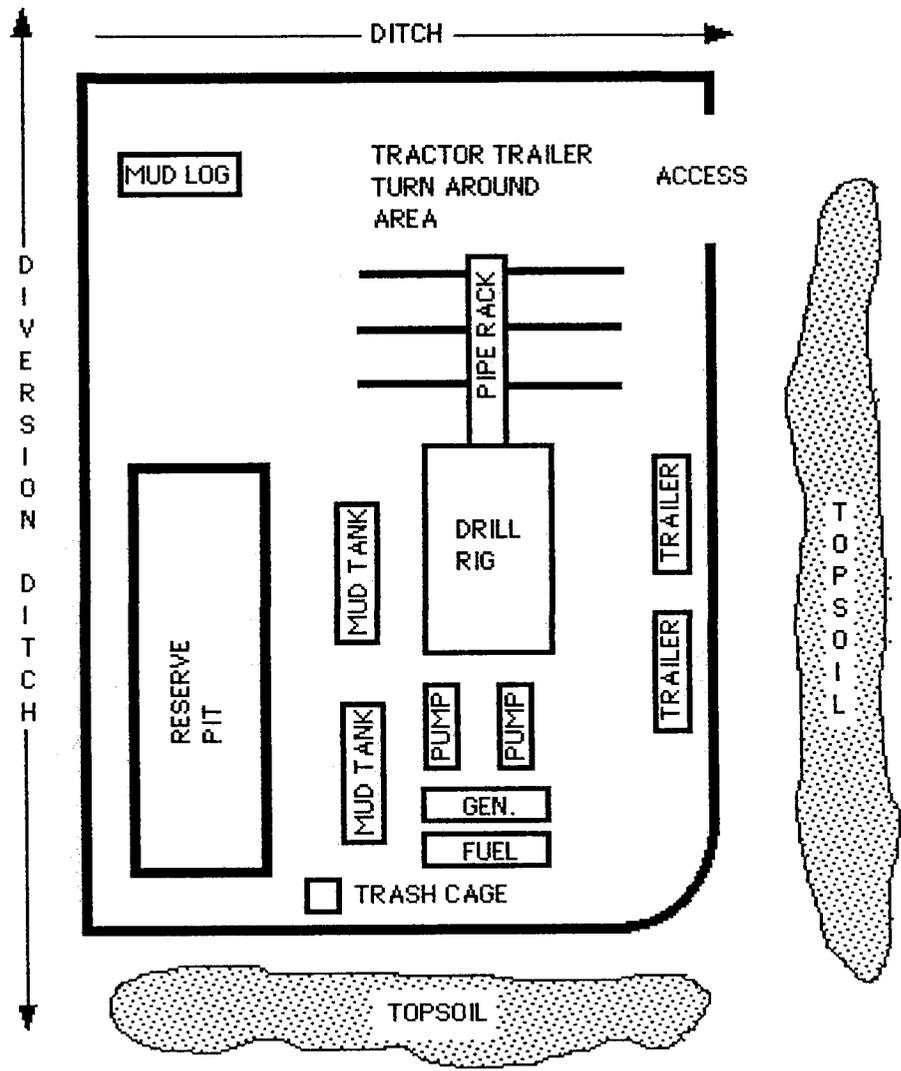


SITE

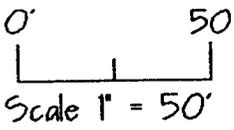
CASTLE DALE QUADRANGLE 25 26
SCALE: 1" = 1 MILE
6/7/00

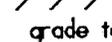


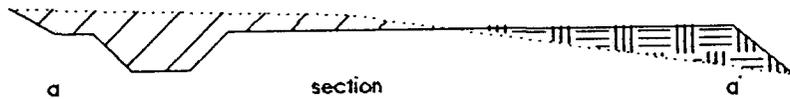
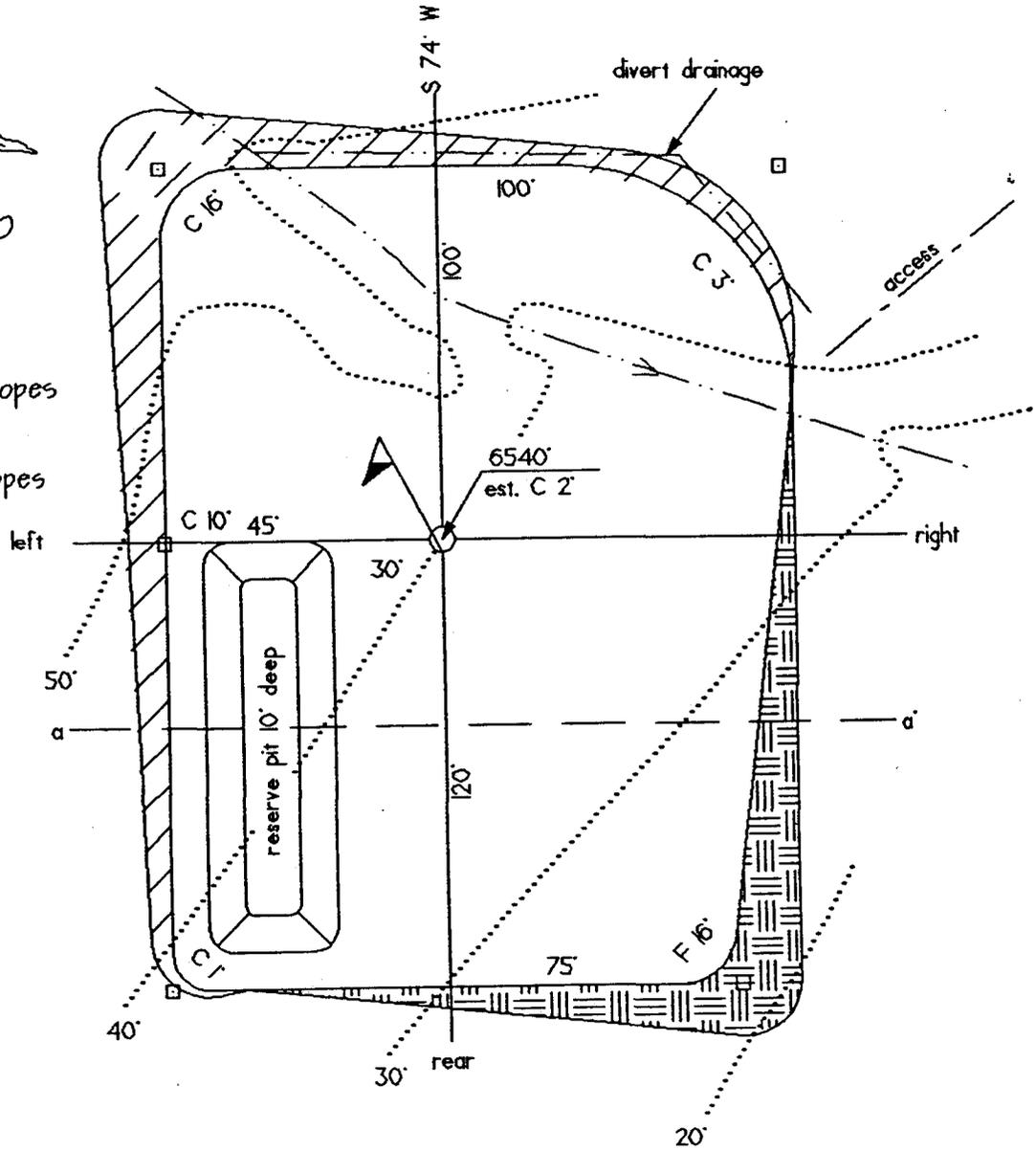
1" = 50'  NORTH



Crazy Charlie #1
well pad & section



-  cut slopes
-  grade to balance
-  fill slopes

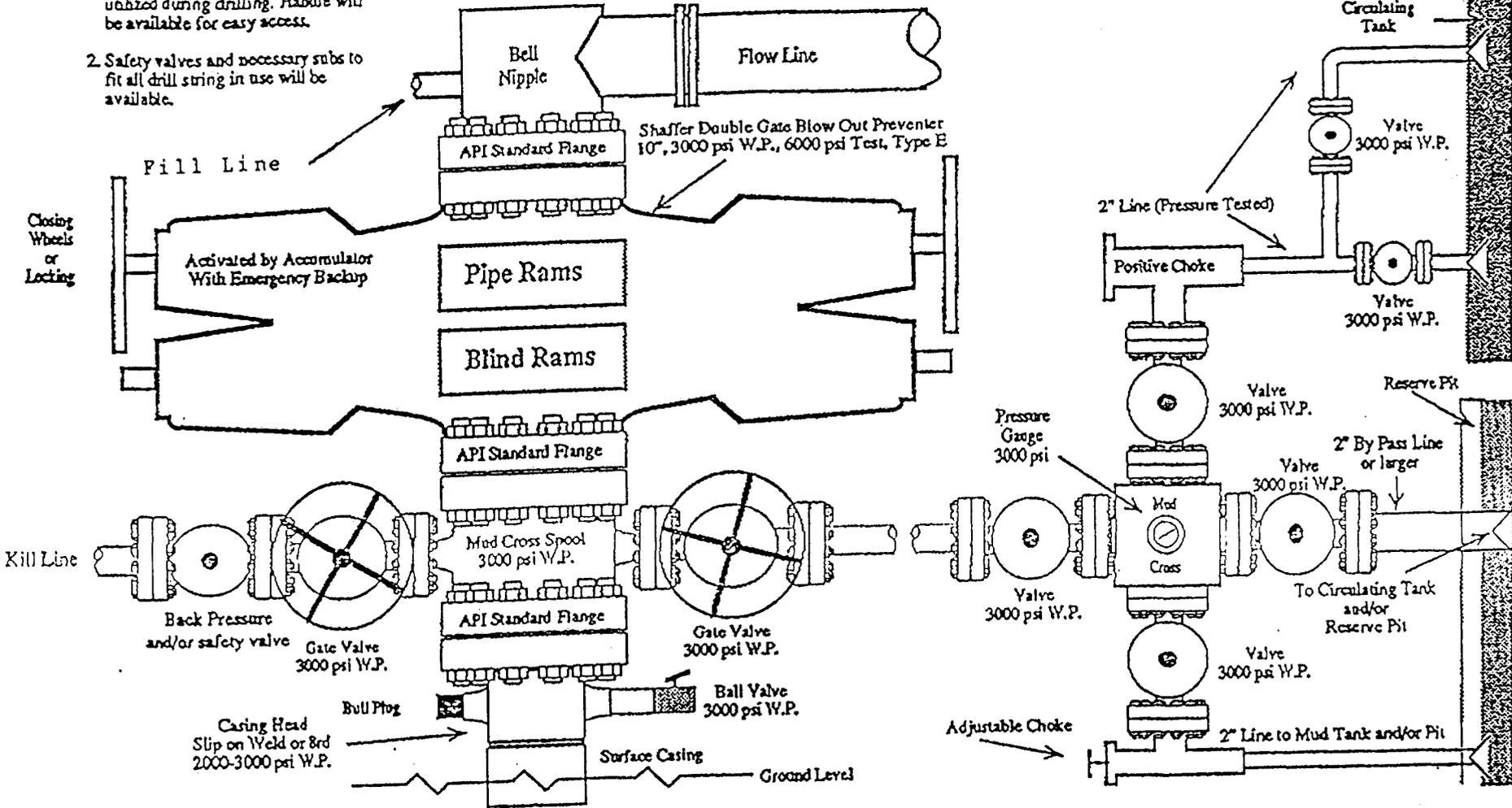


Pressure Control Equipment

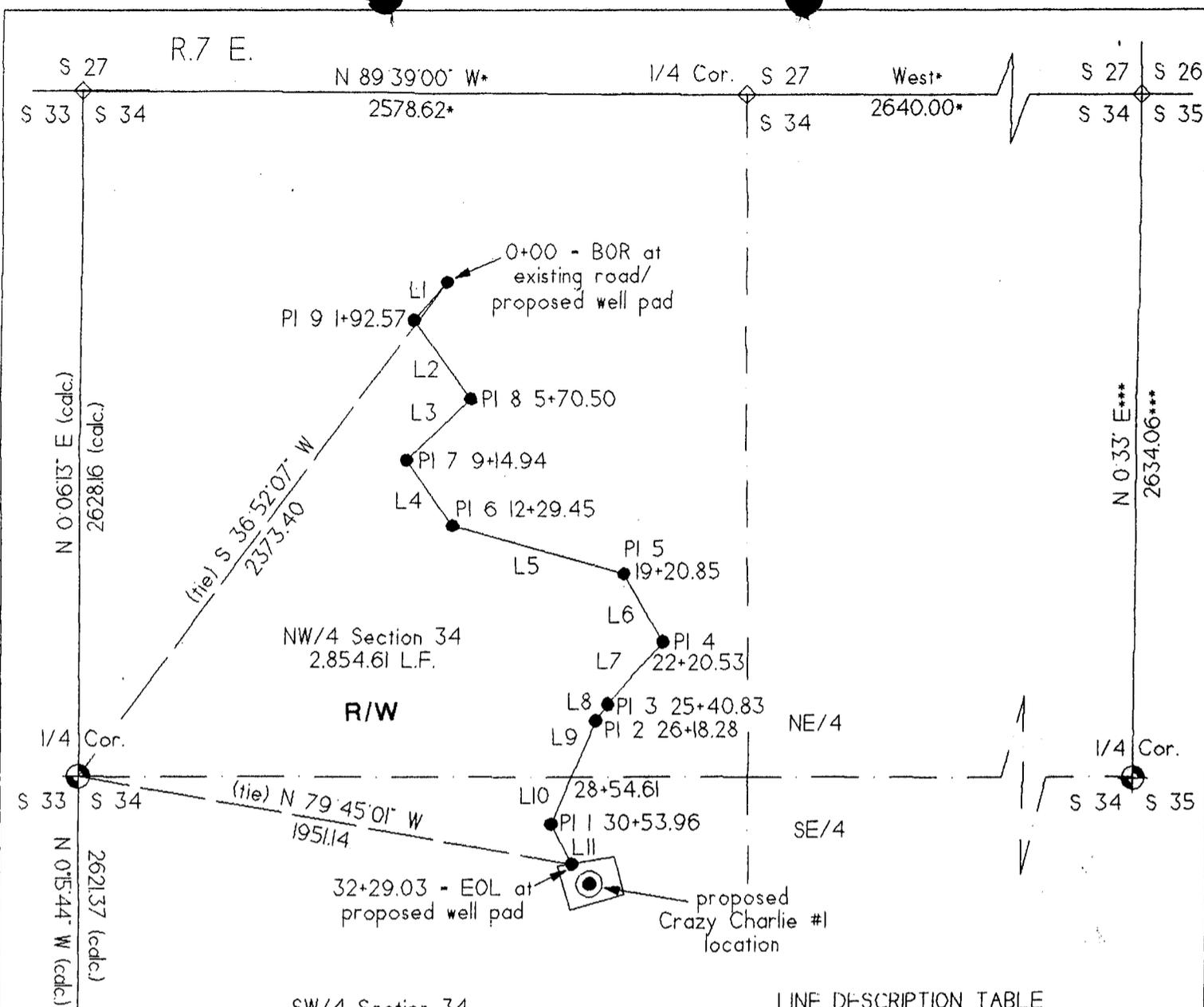
Minimum 2" Choke Line.
 Minimum 2" Kill Line.
 At Least One 2" Minimum Kill Line Valve.

Note: 1. An upper Kelly cock valve will be utilized during drilling. Handle will be available for easy access.

2. Safety valves and necessary subs to fit all drill string in use will be available.



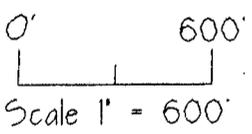
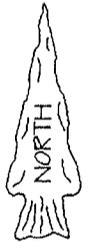
Note: This equipment is designed to meet requirements for a 2-M rating standard per 43 CFR part 3160 (amended). Proper operation and testing of equipment will be carried out per standard. 2,000 psi equipment can be substituted in the drawing to meet minimum requirements per standard.



LINE DESCRIPTION TABLE

LINE NO.	DIRECTION	LENGTH
1	S 41° 15' 46" W	192.57
2	S 36° 37' 55" E	377.93
3	S 47° 01' 19" W	344.44
4	S 34° 38' 04" E	314.51
5	S 74° 25' 16" E	691.40
6	S 30° 22' 03" E	299.68
7	S 41° 30' 13" W	320.30
8	S 35° 17' 35" W	77.45
9	S 22° 55' 51" W	236.33
10	S 22° 55' 51" W	199.35
11	S 27° 12' 55" E	175.07

Basis of Bearing:
GPS state plane coordinates
rotated.



- ⊕ fnd. brass cap
- ◇ calculated corner
- * from GLO plat of record
- *** from BLM plat of record
- survey centerline PI

MERRION OIL & GAS CORPORATION

Proposed Crazy Charlie #1

W/2 of Section 34.
T.18 S., R.7 E., SLM.
Emery County, Utah

revised July 2003
April 2003

HUDDLESTON LAND SURVEYING
P.O. DRAWER KK / CORTEZ, CO 81321 / 970-565-3330

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 07/29/2004

API NO. ASSIGNED: 43-015-30266

WELL NAME: CRAZY CHARLIE #1
OPERATOR: MERRION OIL & GAS CORP (N0630)
CONTACT: BRIAN WOOD

PHONE NUMBER: 505-466-8120

PROPOSED LOCATION:

NESW 34 180S 070E
SURFACE: 2205 FSL 1985 FWL
BOTTOM: 2205 FSL 1985 FWL
EMERY
BUZZARD BENCH (132)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal
LEASE NUMBER: UTU-067532
SURFACE OWNER: 1 - Federal
PROPOSED FORMATION: FRSD
COALBED METHANE WELL? NO

LATITUDE: 39.21171
LONGITUDE: 111.12524

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. NM-0883)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 93-300)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)

LOCATION AND SITING:

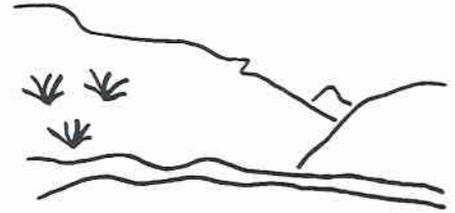
- R649-2-3.
Unit _____
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: 245-1
Eff Date: 7-7-1999
Siting: 460' fr outer boundary & 920' fr other wells.
- R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: 1 Federal Approval



OPERATOR: MERRION O&G CORP (N0630)
 SEC. 34 T.18S R.7E
 FIELD: BUZZARD BENCH (132)
 COUNTY: EMERY
 CAUSE: 245-1 / 7-7-1999



Utah Oil Gas and Mining

Wells	Units.shp	Fields.shp
⊗ GAS INJECTION	□ EXPLORATORY	□ ABANDONED
⊙ GAS STORAGE	□ GAS STORAGE	□ ACTIVE
⊗ LOCATION ABANDONED	□ NF PP OIL	□ INACTIVE
⊙ NEW LOCATION	□ NF SECONDARY	□ COMBINED
⊙ PLUGGED & ABANDONED	□ PENDING	□ PROPOSED
⊙ PRODUCING GAS	□ PI OIL	□ STORAGE
● PRODUCING OIL	□ PP GAS	□ TERMINATED
⊙ SHUT-IN GAS	□ PP GEOTHERML	
⊙ SHUT-IN OIL	□ PP OIL	
⊗ TEMP. ABANDONED	□ SECONDARY	
⊙ TEST WELL	□ TERMINATED	
▲ WATER INJECTION		
⊙ WATER SUPPLY		
⊙ WATER DISPOSAL		



PREPARED BY: DIANA WHITNEY
 DATE: 3-AUG-2004



State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

August 3, 2004

Merrion Oil & Gas Corporation
610 Reilly Ave.
Farmington, NM 87401

Re: Crazy Charlie #1 Well, 2205' FSL, 1985' FWL, NE SW, Sec. 34, T. 18 South,
R. 7 East, Emery County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-015-30266.

Sincerely,

John R. Baza
Associate Director

pab
Enclosures

cc: Emery County Assessor
Bureau of Land Management, Moab District Office

Operator: Merrion Oil & Gas Corporation

Well Name & Number Crazy Charlie #1

API Number: 43-015-30266

Lease: UTU-067532

Location: NE SW Sec. 34 T. 18 South R. 7 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-067532
		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
		7. UNIT or CA AGREEMENT NAME: N/A
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		8. WELL NAME and NUMBER: CRAZY CHARLIE 1
2. NAME OF OPERATOR: MERRION OIL & GAS CORPORATION		9. API NUMBER: 4301530266
3. ADDRESS OF OPERATOR: 610 REILLY AVE. CITY FARMINGTON STATE NM ZIP 87401		PHONE NUMBER: (505) 324-5300
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2205 FSL & 1985 FWL		10. FIELD AND POOL, OR WILDCAT: BUZZARD BENCH
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESW 34 18S 7E S		COUNTY: EMERY
		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: RENEW APD APPROVAL
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

REQUEST STATE RENEW APPROVAL OF APD.
MERRION IS WAITING FOR BLM APPROVAL.

**Approved by the
Utah Division of
Oil, Gas and Mining**

Date: 09-22-05
By: [Signature]

COPY SENT TO OPERATOR
Date: 9-23-05
Initials: CW

NAME (PLEASE PRINT) BRIAN WOOD	(Phone: 505 466-8120)	TITLE CONSULTANT	(FAX: 505 466-9682)
SIGNATURE <u>[Signature]</u>		DATE 9/17/2005	

(This space for State use only)

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-015-30266
Well Name: CRAZY CHARLIE 1
Location: NESW 34-18S-7E, EMERY COUNTY
Company Permit Issued to: MERRION OIL & GAS CORPORATION
Date Original Permit Issued: 8/3/2004

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No

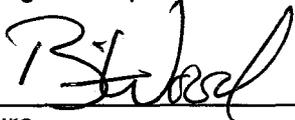
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes No

Has the approved source of water for drilling changed? Yes No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No

Is bonding still in place, which covers this proposed well? Yes No



Signature

9/17/2005

Date

Title: Consultant

Representing: Merrion Oil & Gas Corporation



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

October 3, 2006

Brian Wood
Merrion Oil & Gas Corporation
610 Reilly Ave.
Farmington NM 87401

Re: APD Rescinded - Crazy Charlie # 1 Sec. 34 T. 18S R. 7E
Emery County, Utah API No. 43-015-30266

Dear Mr. Wood:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on August 3, 2004. On September 22, 2005, the Division granted a one-year APD extension. On October 2, 2006, you requested that the division rescind the approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective October 2, 2006.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Whitney
Engineering Technician

cc: Well File
Bureau of Land Management, Moab