

001

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL

1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-49168
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
2. NAME OF OPERATOR: MERRION OIL & GAS CORPORATION		7. UNIT or CA AGREEMENT NAME: N/A
3. ADDRESS OF OPERATOR: 610 REILLY AVE. CITY FARMINGTON STATE NM ZIP 87401		8. WELL NAME and NUMBER: SCUD 1
PHONE NUMBER: (505) 327-9801		9. FIELD AND POOL, OR WILDCAT: BUZZARD BENCH
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1330 FNL & 2525 FWL 487828X 39,17202 4335667Y 111.14091 AT PROPOSED PRODUCING ZONE: SAME		10. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENW 16 19S 7E S
13. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 6 AIR MILES SW OF CASTLE DALE		11. COUNTY: EMERY
		12. STATE: UTAH
14. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1,330	15. NUMBER OF ACRES IN LEASE: 640	16. NUMBER OF ACRES ASSIGNED TO THIS WELL: 160
17. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1,526	18. PROPOSED DEPTH: 3,425	19. BOND DESCRIPTION: STATE WIDE RLB00067313
20. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6,294 GL	21. APPROXIMATE DATE WORK WILL START: 10/1/2004	22. ESTIMATED DURATION: 9 DAYS (to drill & complete)

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12-1/4	8-5/8	J-55	24	250	CLASS B or H	245 SX	1.18	15.6
7-7/8	5-1/2	J-55	15.5	3,425	50/50 POZ	365 SX	1.9	12.5
					TYPE V	110 SX	1.61	14.2

24. ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
- COMPLETE DRILLING PLAN
- EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
- FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) BRIAN WOOD PHONE: (505) 466-8120 TITLE CONSULTANT FAX: (505) 466-9682

SIGNATURE *Brian Wood* DATE 8/14/2004

(This space for State use only)

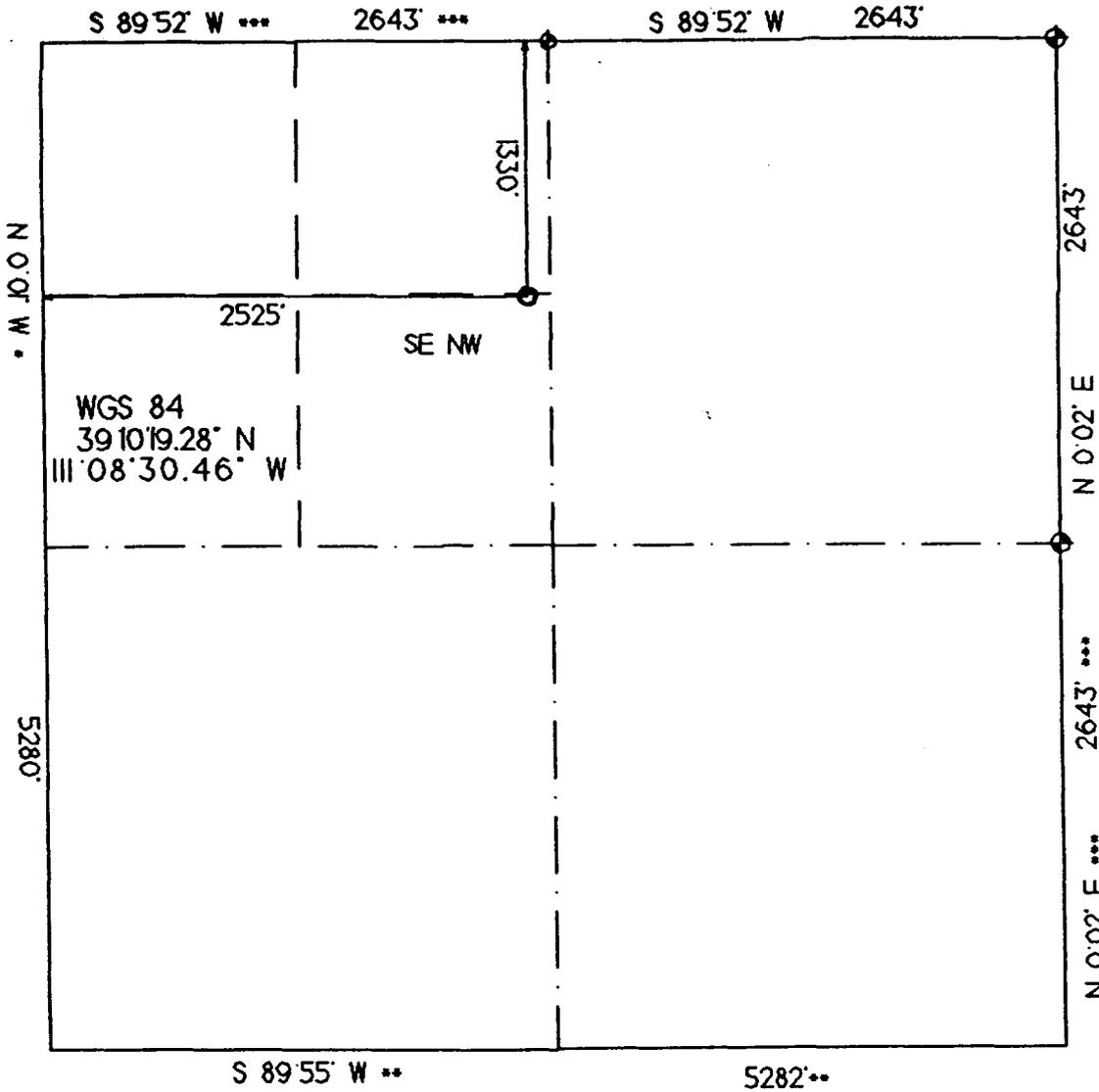
API NUMBER ASSIGNED: 43-015-30614

Approved by the
Utah Division of
Oil, Gas and Mining
APPROVAL:
Date: 10-12-04
By: *[Signature]*

RECEIVED
AUG 16 2004

DIV. OF OIL, GAS & MINING

Well Location Plat



NORTH

 0' 1000'
 1" = 1000'
 brass cap
 * from BLM\GLO plat of record
 ** calculated
 *** assumed

Well Location Description

MERRION OIL & GAS CORPORATION
 Scud # 1
 1330' FNL & 2525' FWL
 Section 16, T.19 S., R.7 E., SLM
 Emery County, UT
 6294' grd. el. (from GPS)



Gerald G. Huddleston, LS

05/27/04

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

Merrion Oil & Gas Corporation
 Scud #1
 1330' FNL & 2525' FWL
 Sec. 16, T. 19 S., R. 7 E.
 Emery County, Utah

Drilling Program

<u>1. Formation Name</u>	<u>Depth from GL</u>	<u>Depth from RKB</u>	<u>Elevation</u>
Mancos Shale	0'	12'	+6,294'
Emery Sandstone	708'	720'	+5,586'
Blue Gate Shale	1,300'	1,312'	+4,994'
Ferron Sandstone	2,850'	2,862'	+3,444'
Total Depth	3,425'	3,437'	+2,869'

(All depths are based on an ungraded ground level of 6,294')

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 Dept</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	3,425'

Merrion Oil & Gas Corporation
Scud #1
1330' FNL & 2525' FWL
Sec. 16, T. 19 S., R. 7 E.
Emery County, Utah

PAGE 2

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%.

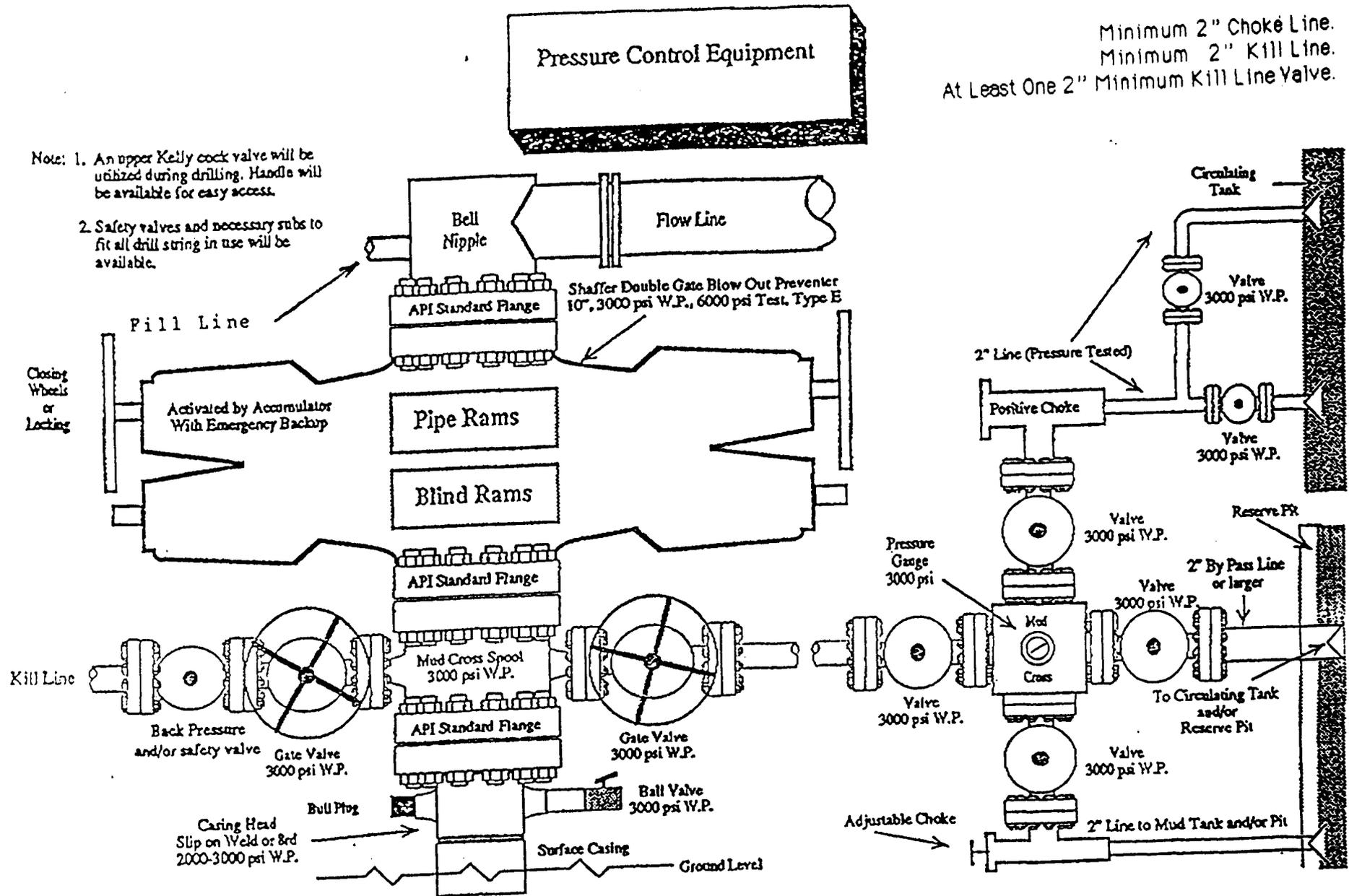
Long string will be cemented to surface. Will install float collar with float on top of the shoe joint of the production casing. Will cement production casing to surface. Lead with 20 barrels gel water followed by 10 barrels for a spacer followed by ≈ 365 sacks 50/50 Poz with 8% gel + 10% CalSeal + 1.4 pound per sack Flocele (slurry = 12.5 pounds per gallon & 1.9 cubic feet per sack. Tail with ≈ 110 sacks Type V with 10% CalSeal + 1% CaCl_2 + 1/4 pound per sack Flocele (slurry = 14.2 pounds per gallon & 1.61 cubic feet per sack. Total volume = 890 cubic feet calculated at 50% excess of gauge hole. Exact volumes will be determined from caliper log. All slurries will include lost circulation additives.

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 $\geq 1'$ 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.



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.

Merrion Oil & Gas Corporation
Scud #1
1330' FNL & 2525' FWL
Sec. 16, T. 19 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 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
Scud #1
1330' FNL & 2525' FWL
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Emery County, Utah

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Surface Use Plan

1. EXISTING ROADS & DIRECTIONS (See PAGES 10 - 12 & 15)

From the equivalent of Mile Post 33.1 on U-10 south of Castle Dale ...
Go West 2.4 miles on a dirt road to the top of a dam
Then bear right and go Northwest 0.9 miles on a dirt road
Then turn left and go West 3,927.15' cross country to a fork
(taking a left at the fork leads to Merrion's proposed Sparkle Dun)
Then bear right and go Northwest 3,417.92' cross country to the pad

2. ROAD TO BE BUILT OR UPGRADED (See PAGES 11, 12, & 15)

No upgrading is needed for the existing road. The 7,345.07' of 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 $\approx 25'$. No fence is crossed. No turn out is needed. Culverts will be installed as follows from east to west:

24" x 20' between PI 30 & PI 29
18" x 30' between PI 24 & PI 23
18" x 20' between PI 23 & PI 22
36" x 40' between PI 22 & PI 21
18" x 30' between PI 20 & PI 19
18" x 30' between PI 16 & PI 15
18" x 20' & 30" x 40' between PI 5 & PI 6
18" x 20' & 24" x 30' between PI 4 & PI 5
18" x 30' & 18" x 20' between PI 4 & PI 3
18" x 20' between PI 2 & PI 3
18" x 20' between PI 2 & PI 1
18" x 20' & 36" x 50' between PI 1 & Pad

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1330' FNL & 2525' FWL
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3. EXISTING WELLS (See PAGE 11)

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

4. PROPOSED PRODUCTION FACILITIES (See PAGES 11, 12, & 15)

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 ≈ 3 " O. D. polyethylene low pressure gas pipeline will be laid on the surface parallel to the new road for 3,417.92' to tie into Merrion's proposed Sparkle Dun surface gas pipeline.

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

Topsoil will be stripped and stored east of the pad. Diversion ditch will be cut south of the pad. The reserve pit will be lined with minimum 12 mil plastic.

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 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.

Merrion Oil & Gas Corporation
Scud #1
1330' FNL & 2525' FWL
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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 13 and 14 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 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

Merrion Oil & Gas Corporation
Scud #1
1330' FNL & 2525' FWL
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scarified before seeding.

All reclaimed areas will be broadcast seeded in late fall or winter with seed mix specified by the state. Seeded areas will be left rough and lightly harrowed or drug with a chain after seeding. Water bars will be installed at least half in cut and skewed to drain. Road will be blocked.

11. SURFACE OWNER

The east most 1,745.73' (i. e., Section 15) of construction will be on BLM, for which Merrion has filed a right-of-way application. The remainder of the construction is on lease and on SITLA.

12. OTHER INFORMATION

Closest hospital is a 1-1/4 hour drive north in Price. The Castlevew Hospital is at 300 North Hospital Drive. Phone number is (435) 637-4800.

Archaeology report CASA 04-65 was filed on June 16, 2004 by Complete Archaeological Service Associates.

This APD is also serving as an application for an exception location. I am requesting an exception because of topography (steep badland slopes). There is 20' of cut on the location. (The USGS map uses 40' contours.) The well is staked 450' too far north and 345' too far east of the drilling window. Nevertheless, this pushes it towards the interior of the SITLA lease. Closest existing or proposed well is Merrion's proposed Sparkle Dun which will be 1,526' northeast. That proposed Merrion well is on the same SITLA lease.

This well is staked at 1330' FNL & 2525' FWL on a 640 acre SITLA lease. An orthodox well could be staked at 1780' FNL & 2180' FWL, but this would move it into rougher terrain and toward the exterior of the lease. Merrion is

Merrion Oil & Gas Corporation
Scud #1
1330' FNL & 2525' FWL
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requesting permission to drill at 1330' FNL & 2525' FWL 16-19s-7e. This is the only oil or gas well existing or planned in the quarter section. There are no wells of any type within a 1,526' radius. Closest proposed well is 1,526' northeast. Closest existing well is Merrion's 16-9 which is 2,614' northeast. Closest lease line is 1,330' north. Merrion is owner of all drilling units within a minimum 2,525' radius of the proposed exception. This includes all of Section 16 and six of the eight directly or diagonally offsetting drilling units. The units (S2 & NE4 Sec. 16) toward which the well encroaches are part of the same Merrion SITLA lease.

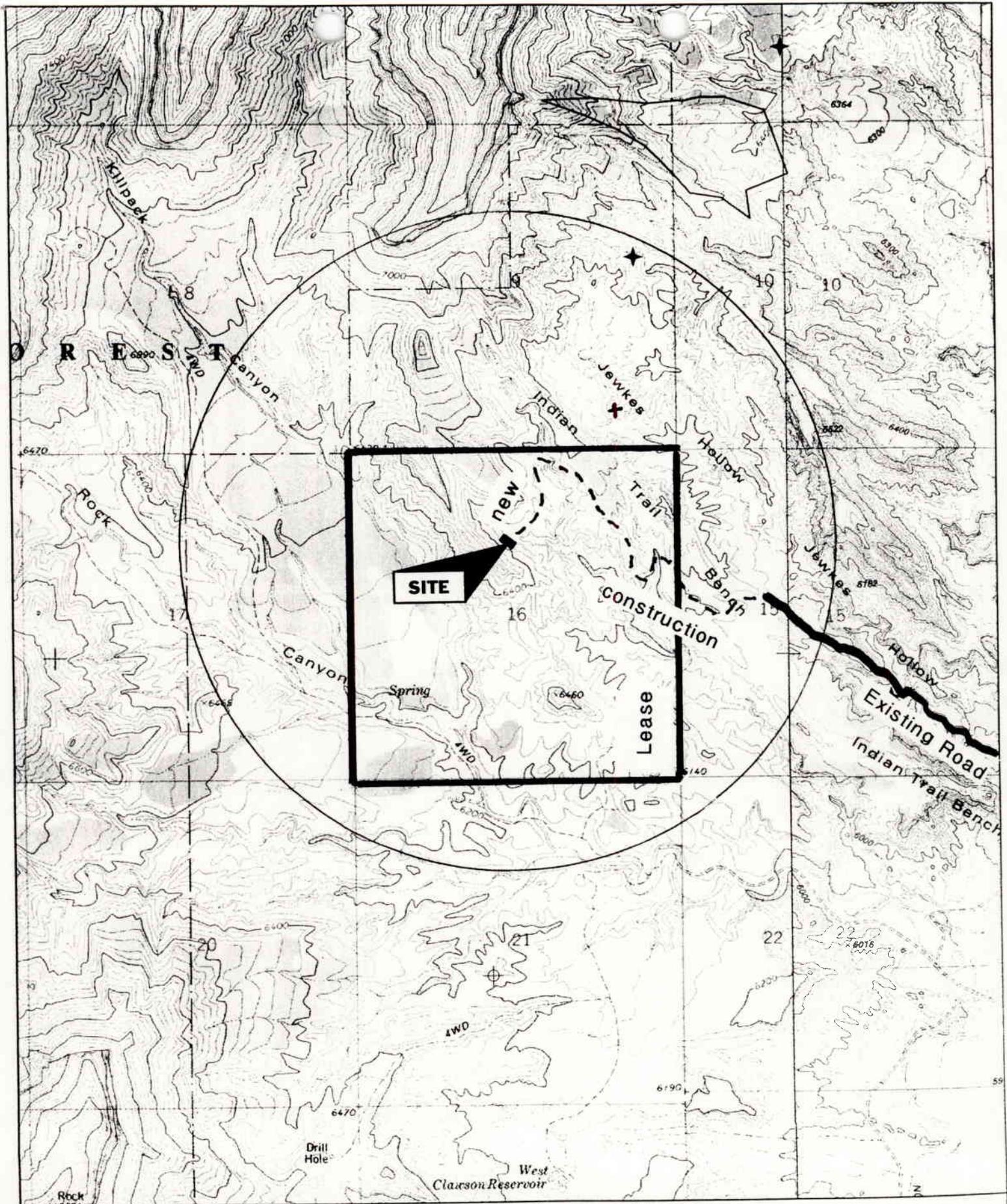
13. REPRESENTATION

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

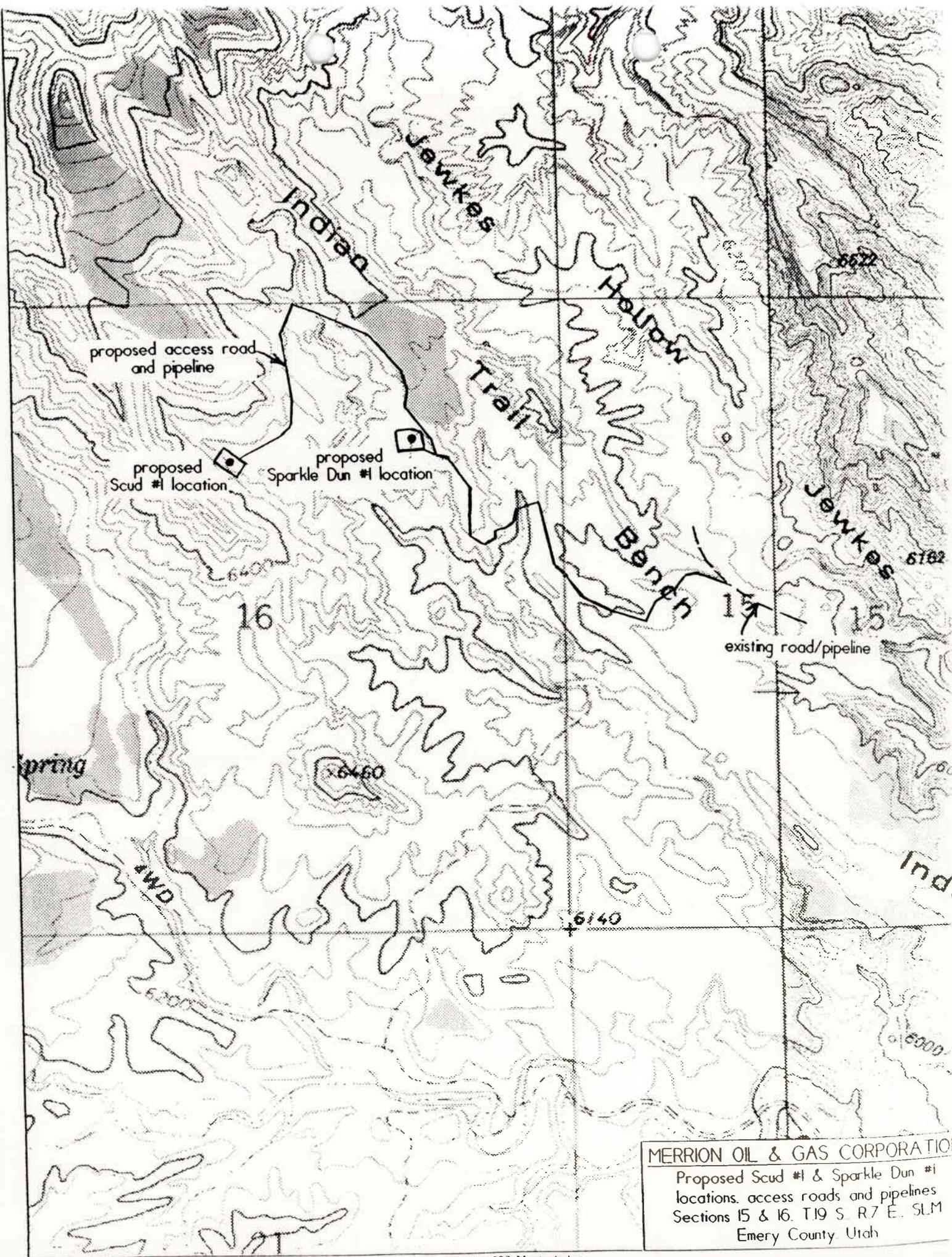
The field representative during drilling and production will be:

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



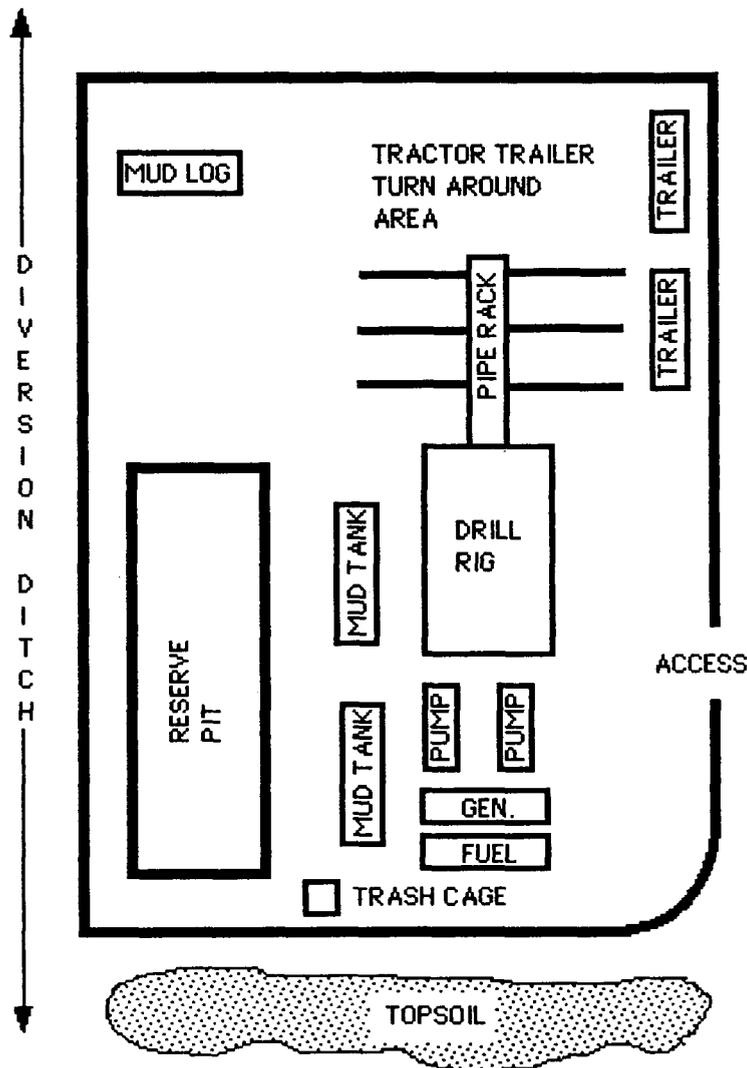
Name: THE CAP
 Date: 12/9/2003
 Scale: 1 inch equals 2000 feet

Location: 039.1689039° N 111.1417323° W
 Caption: 16, 19S-7E
 Emery County, Utah



MERRION OIL & GAS CORPORATION
Proposed Scud #1 & Sparkle Dun #1
locations, access roads and pipelines
Sections 15 & 16, T19 S, R7 E, SLM
Emery County, Utah

Merrion Oil & Gas Corporation
Scud #1
1330' FNL & 2525' FWL
Sec. 16, T. 19 S., R. 7 E.
Emery County, Utah

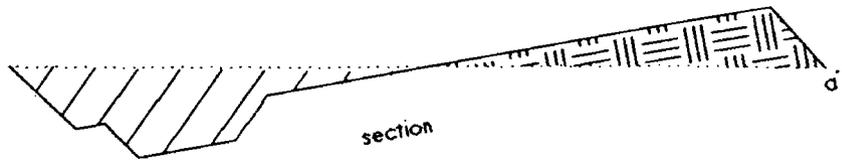
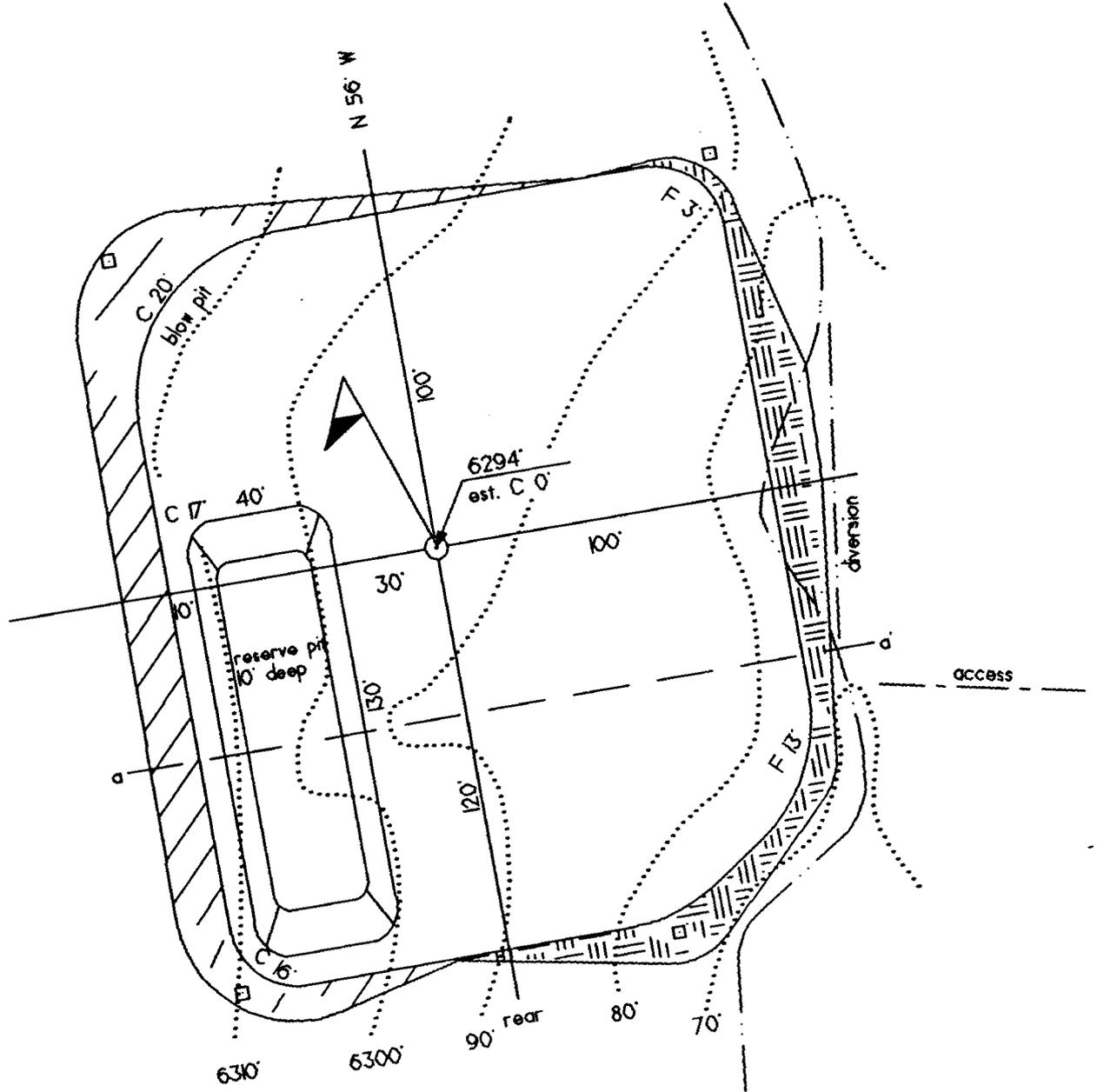


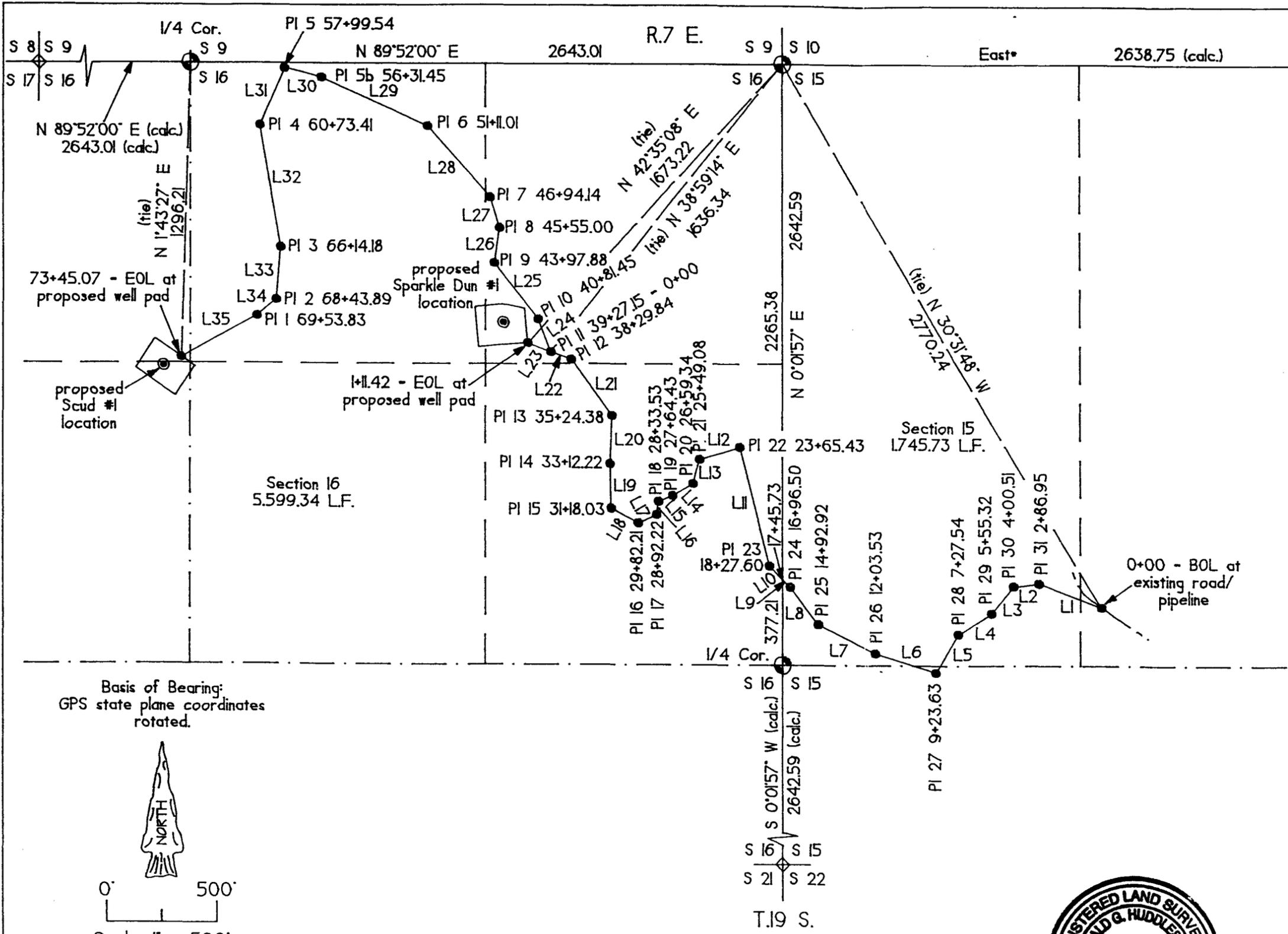
Scud # 1
well pad & section



Scale 1" = 50'

- cut slopes
- grade to balance
- fill slopes
- stake/pin flag





LINE DESCRIPTION TABLE

LINE NO.	DIRECTION	LENGTH
1	N 68° 30' 33" W	286.95
2	S 83° 10' 20" W	113.56
3	S 39° 59' 48" W	154.81
4	S 57° 30' 03" W	172.22
5	S 30° 44' 46" W	196.09
6	N 72° 32' 10" W	279.90
7	N 63° 57' 19" W	289.39
8	N 36° 43' 51" W	203.58
9	N 45° 20' 52" W	49.23
10	N 45° 20' 52" W	81.87
11	N 14° 14' 06" W	537.83
12	S 72° 36' 15" W	183.65
13	S 15° 23' 00" W	110.26
14	S 59° 59' 20" W	105.09
15	S 68° 24' 02" W	69.10
16	S 8° 49' 13" W	58.69
17	S 65° 40' 40" W	89.99
18	N 62° 04' 02" W	135.82
19	N 1° 01' 58" W	194.19
20	N 2° 25' 53" E	212.16
21	N 36° 20' 16" W	305.46
22	N 70° 05' 55" W	97.31
23	N 68° 58' 39" W	111.42
24	N 21° 16' 48" W	154.30
25	N 38° 30' 15" W	316.43
26	N 8° 14' 00" E	157.12
27	N 16° 48' 54" W	139.14
28	N 41° 55' 08" W	416.87
29	N 65° 56' 39" W	520.44
30	N 76° 13' 20" W	168.09
31	S 23° 10' 07" W	273.87
32	S 9° 31' 36" E	540.77
33	S 5° 03' 27" W	229.71
34	S 49° 37' 23" W	109.94
35	S 61° 24' 00" W	391.24

Basis of Bearing:
GPS state plane coordinates
rotated.



0' 500'
Scale: 1" = 500'

- ⊕ fnd. std. GLO/BLM monument
- ◇ calculated corner
- from GLO/BLM plat of record
- survey centerline PI



MERRION OIL & GAS CORPORATION
 Proposed Scud #1 and Sparkle Dun #1 access
 road and pipeline route -
 Sections 15 and 16,
 T.19 S., R.7 E., SLM,
 Emery County, Utah
 June 2004
 HUDDLESTON LAND SURVEYING
 P.O. DRAWER KK / CORTEZ, CO 81321 / 970-565-3330

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 08/16/2004

API NO. ASSIGNED: 43-015-30614

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

PHONE NUMBER: 505-466-8120

PROPOSED LOCATION:

SENW 16 190S 070E
SURFACE: 1330 FNL 2525 FWL
BOTTOM: 1330 FNL 2525 FWL
EMERY
BUZZARD BENCH (132)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DWD	9/15/04
Geology		
Surface		

LEASE TYPE: 3 - State
LEASE NUMBER: ML-49168
SURFACE OWNER: 3 - State
PROPOSED FORMATION: FRSD
COALBED METHANE WELL? NO

LATITUDE: 39.17202
LONGITUDE: 111.14091

RECEIVED AND/OR REVIEWED:

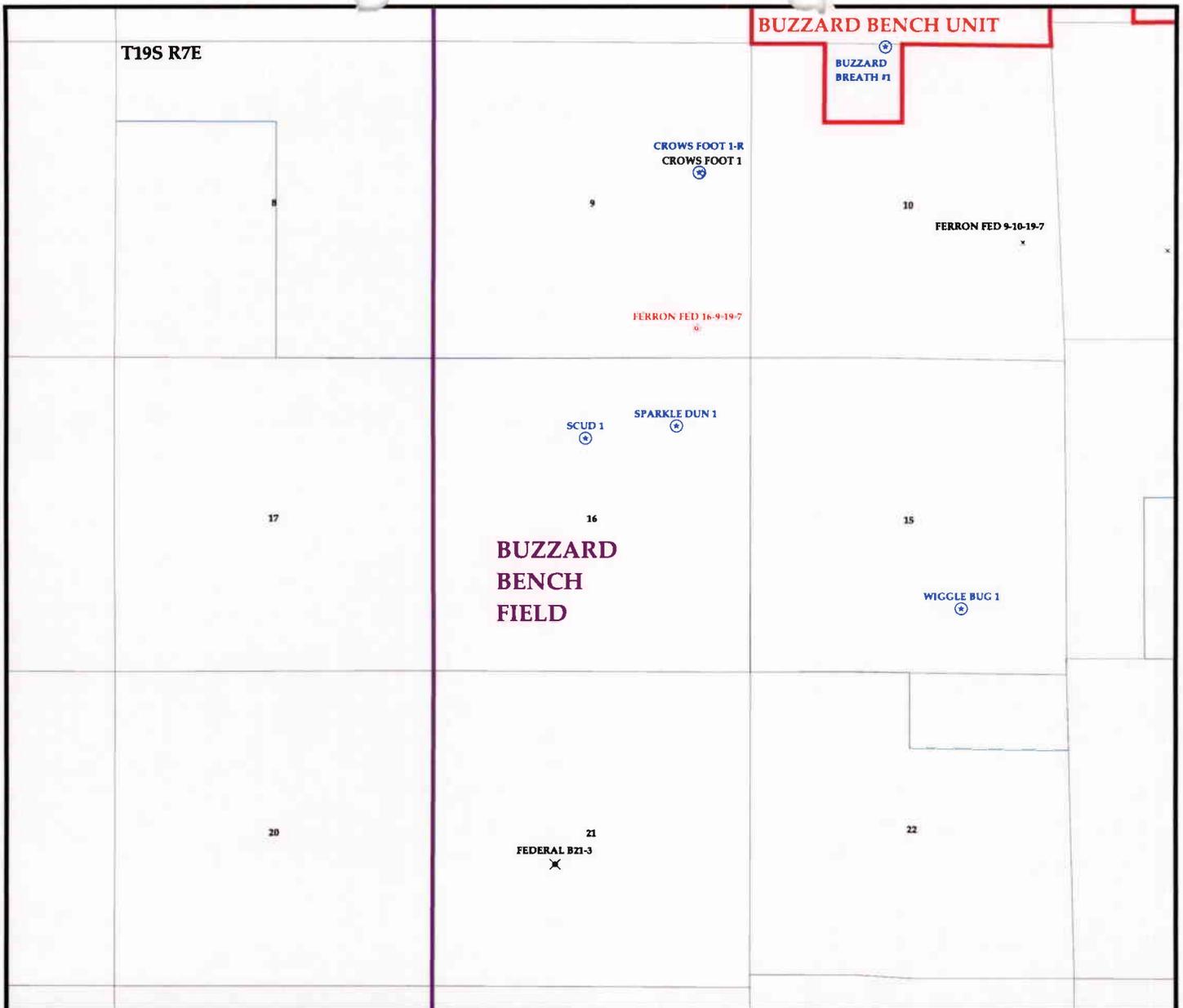
- Plat
- Bond: Fed[] Ind[] Sta[3] Fee[]
(No. RLB0007313)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 93-300)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)

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: _____
- Eff Date: _____
- Siting: _____
- R649-3-11. Directional Drill

COMMENTS: Needs Permit (08-25-04)

STIPULATIONS: 1- Spacing Strip
2- STATEMENT OF BASIS



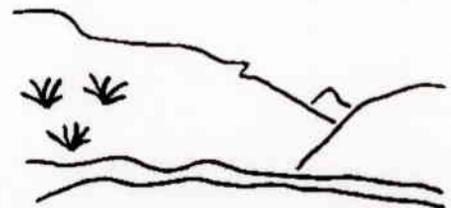
OPERATOR: MERRION O&G CORP (N0630)

SEC. 16 T.19S R.7E

FIELD: BUZZARD BENCH (132)

COUNTY: EMERY

SPACING: R649-3-3 / EXCEPTION LOCATION



Utah Oil Gas and Mining

Wells	Units.shp	Fields.shp
⚡ GAS INJECTION	🔵 EXPLORATORY	⬜ ABANDONED
⊗ GAS STORAGE	🟪 GAS STORAGE	🟪 ACTIVE
⊗ LOCATION ABANDONED	🟩 NF PP OIL	🟪 COMBINED
⊕ NEW LOCATION	🔵 NF SECONDARY	🟪 INACTIVE
⊖ 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: 17-AUG-2004

**DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS**

OPERATOR: Merrion Oil & Gas Corporation
WELL NAME & NUMBER: Scud#1
API NUMBER: 43-015-30614
LOCATION: 1/4,1/4 NENW Sec: 16 TWP: 19 S RNG: 7 E 1330 FNL 2525 FWL

Geology/Ground Water:

Significant volumes of high quality ground water are unlikely to be encountered in the bedrock at this location. A poorly to moderately permeable soil is likely to be developed on the Middle unit of the Emery Sandstone Member of the Mancos Shale. A shallow, minor fresh water resource may be encountered in the Lower unit of the Emery Sandstone. The proposed casing and cementing program should adequately isolate any zones of fresh water that may be penetrated but the casing should be extended as needed to isolate the Lower unit of the Emery Sandstone. No underground water rights have been filed on an area within a mile of the proposed well location.

Reviewer: Christopher J. Kierst **Date:** 9/2/2004

Surface:

On-site conducted August 25, 2004. In attendance: Bart Kettle (DOGM), Ray Peterson (Emery County), Brain Wood (Permits West), Tony Wright (DWR), invited but choosing not to attend Ed Bonner (SITLA). Proposed location lies within DWR classified "high value" mule deer winter range, therefore a request was made to restrict construction activities for winter closure (Dec. 1-April 15). In anticipation of increased OHV use as a result of 7,345' of new access roads leading to well pad, Emery County and DWR requested that winter closure restriction be placed on public access to operators roads, locked gate recommended. Potential raptor habitat within buffer distances, DWR requests Merrion participate in the May raptor helicopter survey. Due to tendency of soils to seal off and discharge high flows of water during rain events it is recommended to re-route existing gully in order to provide room for construction of location. The present location may increase sedimentation and cause northern portion of the well location to erode. Placement of riprap along northern portion of location, and in re-routed section of gully to dissipate energy of water flows, reduce erosion of location and sedimentation is recommended.

Reviewer: Bart Kettle **Date:** 8/25/2004

Conditions of Approval/Application for Permit to Drill:

1. Place riprap along northern portion of location and re-routed portions of gully.



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UTAH DIVISION OF WATER RIGHTS

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ON-SITE PREDRILL EVALUATION
Division of Oil, Gas and Mining

OPERATOR: Merrion Oil and Gas Corporation
WELL NAME & NUMBER: SCUD1
API NUMBER: 43-015-30614
LEASE: ML-49168 **FIELD/UNIT:** BUZZARD BENCH
LOCATION: 1/4,1/4 NENW **Sec:**16 **TWP:**19 S **RNG:**7 E 1330 **FNL** 2525 **FWL**
LEGAL WELL SITING: 460 F **SEC. LINE;** 460 F **1/4,1/4 LINE;** 920 F **ANOTHER WELL.**
GPS COORD (UTM): X =12487752 E; Y =4335879 N **SURFACE OWNER:** SITLA

PARTICIPANTS

Bart Kettle(DOGM), Tony Baily (DWR), Brian Wood (Permits West), Ray Peterson (Emery County)

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Proposed location is ~5 miles southwest of Castle Dale, located in Emery County Utah. The proposed location is surrounded by rangelands cut by many steep gullies and dry wash's flowing to the southeast. Drainages flow into the San Rafael River and eventually to the Green River 60 miles away. The well site is located in an 8-10" precip. zone at the base of the eastern portion of the Wasatch Plateau. A majority of the surface is bare ground, sparse vegetative cover is due to heavy clay soils formed from Mancos Shale parent material and an arid climate. Agriculture lands are located along the valley floor to the east. With the exception of agriculture lands to the east and montane forest to the west in the upper elevations of the Wasatch Plateau the local topography is arid rangelands dominated by Salt Scrub shrublands and Pinion/Juniper woodlands. Access to well site can be gained by turning west from what would be the equivalent of Mile Post 33.1 on Highway 10 south of Castle Dale. Well is located 4 miles west along county road 604 an existing oil and gas road.

SURFACE USE PLAN

CURRENT SURFACE USE: Seasonal livestock grazing, late spring big game habitat, potential raptor habitat, rodent habitat, and OHV recreational use.

PROPOSED SURFACE DISTURBANCE:7,345.07' of new road will be built. Maximum cut or fill will be ~25' with a ~14' wide running surface. Well pad will be 180'x220'.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: There are two existing gas wells and one proposed gas well within a mile radius of the proposed site for the Scud 1.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: Production facilities will be located on location. A ~3" O.D. polyethylene gas pipeline will be laid on the surface parallel to the new road for 3,417.92' to tie into Merrions proposed Sparkle Dun surface gas pipeline.

SOURCE OF CONSTRUCTION MATERIAL: On location

ANCILLARY FACILITIES: None

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OR CONCERNS?
(EXPLAIN): Limited public interest or concern is anticipated during drilling and production of this well.

WASTE MANAGEMENT PLAN:

Reserve pit will be fenced and fluids allowed to evaporate. Once dry the reserve pit contents will be buried in place, back fill will be sufficiently deep so that no liner is exposed. Oil will not be allowed in the reserve pit, any oil which accumulates in the pit will be pumped or skimmed off and hauled to a state approved recycle facility. Trash will be placed in containers and disposed of in a state approved landfill. Chemical toilets will be used for human waste, their contents will be disposed of in a state approved facility.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: Intermittent dry washes, no live water is located in close proximity to the pad or road location.

FLORA/FAUNA: Mule Deer, Elk, Blacktail jackrabbits, raptors, rodents and lizards. Grasses: Salina wildrye, Small gllata, Indian ricegrass. Shrubs: Shadscale saltbrush, Mat saltbrush, Nuttles Saltbrush, Black sage, Douglas Rabbit brush. Trees: Utah Juniper. Forbs: None noted

SOIL TYPE AND CHARACTERISTICS: Blue clays, sand stone fragments.

SURFACE FORMATION & CHARACTERISTICS: Mancos shale capped by sandstone. Softer formations are actively eroding, sandstone fragments are falling down slope as it is undercut by removal of softer materials. Limited deposition zones are in immediate proximity. Northern portions of well pad will alter the existing route of an actively eroding dry wash. Riprap may be required to protect the integrity of the location, stabilize the dry wash and to prevent excessive sedimentation from leaving the site.

EROSION/SEDIMENTATION/STABILITY: Erosive when disturbed.

PALEONTOLOGICAL POTENTIAL: None noted

RESERVE PIT

CHARACTERISTICS: 40'x130'x10'

LINER REQUIREMENTS (Site Ranking Form attached): Lining is discretionary. Large amounts of Mancos shale are anticipated when pit is excavated, if shale is encountered liner will be required.

SURFACE RESTORATION/RECLAMATION PLAN

Well site and immediate area will be cleared of debris and material not needed for production after the completion of drilling. Reclamation will start when the reserve pit is dry. All areas not needed for production will be back filled. Reclaimed areas will be broadcast seeded in late fall or winter with specified seed mixture.

SURFACE AGREEMENT: As per SITLA mineral lease.

CULTURAL RESOURCES/ARCHAEOLOGY: Archaeology report CASA 04-65 was filed June 16, 2004 by Complete Archaeological Services Associates.

OTHER OBSERVATIONS/COMMENTS

DWR classifies area as high value mule deer winter range, therefore requests construction restrictions from Dec. 1 to April 15. DWR requests operator participation in raptor surveys. Emery county requested a gate on operator's access roads to avoid vested right to travel said routes by county citizens.

ATTACHMENTS

Photos of this location were taken and placed on file.

Bart Kettle
DOGM REPRESENTATIVE

8/25/2004
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>0</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>5</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>5</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

Final Score 10 (Level III Sensitivity)

Sensitivity Level I = 20 or more; total containment is required, consider criteria for excluding pit use.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.





AUG 25 2004



AUG 25 2004







Date..8/25/04..... Well Site.....Scud 1.....

**MANCOS VERTISOL COMMUNITIES
(7-11" PRECIP))(LBS/AC. PLS)**

SPECIES	Seed Mix Options			
	A*	B	C	Comments
	GRASSES			
Crested wheatgrass, <i>Agropyron cristatum</i>	3			
Galleta, <i>Hilaria jamesii</i>	3			
Bottlebrush squirreltail, <i>Elymus elymoides</i>	3			
FORBS				
Desert globemallow, <i>Sphaeraclea ambigua</i>	1/2			
Rocky Mountain beeplant, <i>Cleome serrulata</i>	1/2			
SHRUBS				
Fourwing saltbrush, <i>Atriplex cansence</i>	1			
Shadscale, <i>Atriplex confertifolia</i>	1			
Winterfat, <i>Eurotia lanata</i>	1/2			
Total pounds per acre	12 1/2			

*Assumes seed is broadcast and lightly covered

Recommended by: Tony Wright
Utah Division of Wildlife Resources



STATE OF UTAH
NATURAL RESOURCES
Division of Wildlife Resources

475 W. Price River Drive, Suite C
Price, UT 84501
435-636-0260

Presite Gas well Inspection – *Merrion Gas and Oil Corp.*

Scud 1: (UTM 12N NAD27 488217E. 4335937N) This area is within high value mule deer winter range, therefore big game seasonal restrictions for construction (winter closure Dec. 1- April 15) should be followed. DWR requests the gate to the access road be closed to the public during winter closure if the BLM and Emery Co. do not object. There is potential raptor habitat within buffer distances. DWR requests Merrion participate in the May raptor helicopter survey or have a survey contracted during next year's nesting season. Seed recommendations for stockpiled topsoil and other initial reclamation attached.

Sparkle Dun 1: (UTM 12N NAD27 487752E. 4335879N) This area is within high value mule deer winter range, therefore big game seasonal restrictions for construction (winter closure Dec. 1- April 15) should be followed. DWR requests the gate to the access road be closed to the public during winter closure if the BLM and Emery Co. do not object. There is potential raptor habitat within buffer distances. DWR requests Merrion participate in the May raptor helicopter survey or have a survey contracted during next year's nesting season. Recommend sandstone derived sediment is placed above mancos shale during reclamation regardless of soil profile. Seed recommendations for stockpiled topsoil and other initial reclamation attached.

People present: Brian Wood – Permits West
 Bart Kettle - DOGM
 Tony Wright - DWR
 Ray Peterson – Emery Co.

C: DOGM, BBC
G:Habitat\Industry\Onsites\Comments\Merrion_04_08_25

Well name:	09-04 Merrion Scud 1		
Operator:	Merrion O&G Corp	Project ID:	43-015-30614
String type:	Surface		
Location:	Emery County		

Design parameters:

Collapse

Mud weight: 8.400 ppg
 Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 68 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 200 ft

Cement top: Surface

Burst

Max anticipated surface pressure: -8 psi
 Internal gradient: 0.468 psi/ft
 Calculated BHP 109 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
 8 Round LTC: 1.80 (J)
 Buttress: 1.60 (J)
 Premium: 1.50 (J)
 Body yield: 1.50 (B)

Tension is based on air weight.
 Neutral point: 218 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 3,425 ft
 Next mud weight: 8.400 ppg
 Next setting BHP: 1,495 psi
 Fracture mud wt: 19.250 ppg
 Fracture depth: 250 ft
 Injection pressure 250 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft ³)
1	250	8.625	24.00	J-55	ST&C	250	250	7.972	12
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	109	1370	12.558	109	2950	27.04	6	244	40.67 J

Prepared by: Clinton Dworshak
 Utah Div. of Oil & Mining

Phone: 801-538-5281
 FAX: 801-359-3940

Date: September 7, 2004
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 250 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	09-04 Merrion Scud 1		
Operator:	Merrion O&G Corp	Project ID:	43-015-30614
String type:	Production		
Location:	Emery County		

Design parameters:

Collapse

Mud weight: 8.400 ppg
 Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
 Surface temperature: 65 °F
 Bottom hole temperature: 113 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 368 ft

Cement top: 341 ft

Burst

Max anticipated surface pressure: -107 psi
 Internal gradient: 0.468 psi/ft
 Calculated BHP 1,495 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
 8 Round LTC: 1.80 (J)
 Buttress: 1.60 (J)
 Premium: 1.50 (J)
 Body yield: 1.50 (B)

Non-directional string.

Tension is based on air weight.
 Neutral point: 2,990 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	3425	5.5	15.50	J-55	LT&C	3425	3425	4.825	107.4
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1495	4040	2.703	1495	4810	3.22	53	217	4.09 J

Prepared by: Clinton Dworshak
 Utah Div. of Oil & Mining

Phone: 801-538-5281
 FAX: 801-359-3940

Date: September 7, 2004
 Salt Lake City, Utah

Remarks:

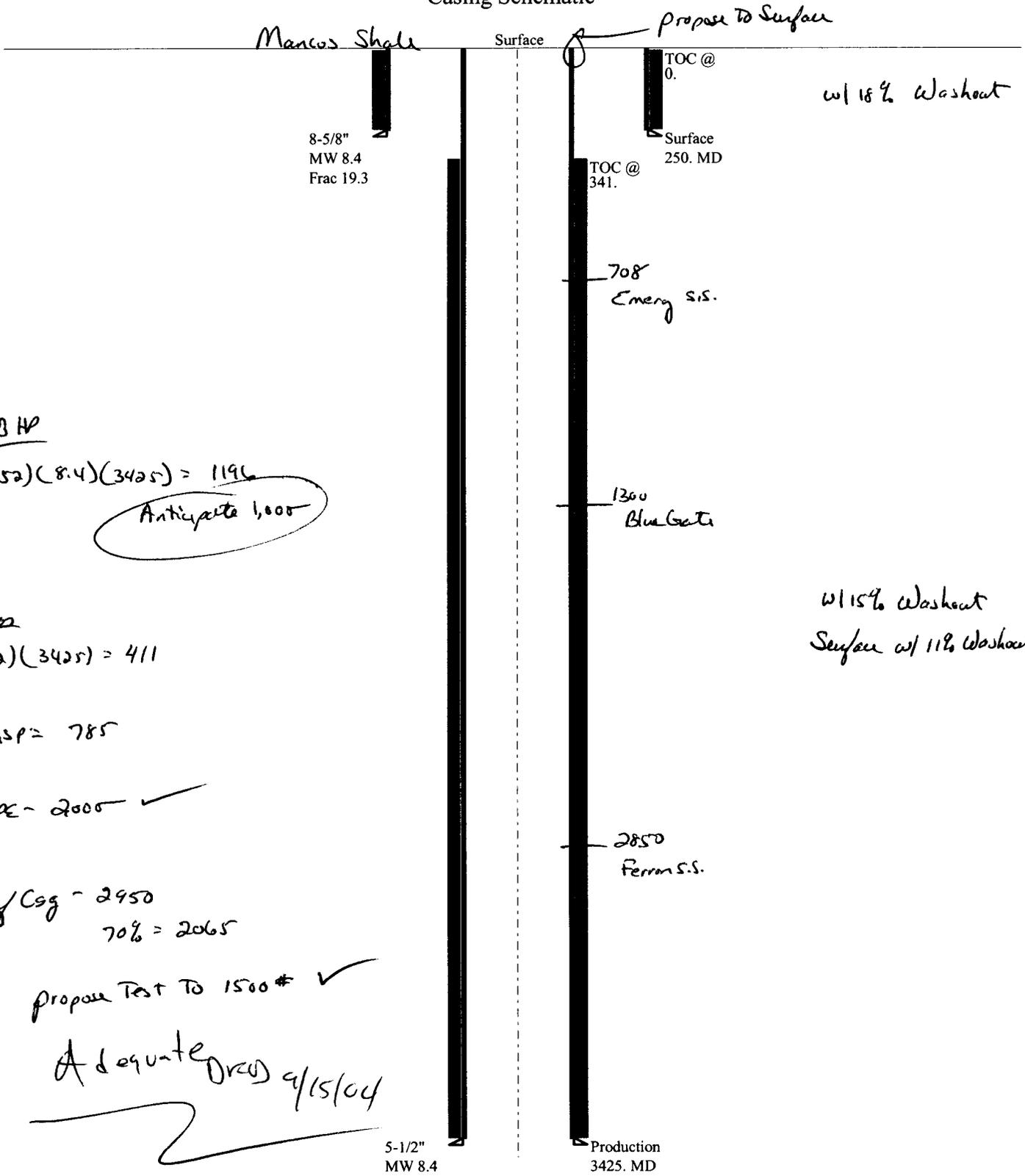
Collapse is based on a vertical depth of 3425 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

09-04 Merrion Scud 1

Casing Schematic



BHP
 $(.052)(8.4)(3425) = 1196$
 Anticipate 1,000

G₀₂
 $(.12)(3425) = 411$

MASP = 785

BOPE - 2000 ✓

Surf Csg - 2950
 70% = 2065

Propose Test To 1500# ✓

Adequate DRO 9/15/04

w/ 15% Washout
 Surface w/ 11% Washout

From: Ed Bonner
To: Whitney, Diana
Date: 10/7/2004 3:06:34 PM
Subject: Well Clearance

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

MSC Exploration LP
State MSC 35-2
North Thompson 2-1

Medallion Exploration
Atchee Ridge 16-19 #1

QEP Uinta Basin, Inc
CB 13G-36-6-20

Prima Oil & Gas Company
State Lost Creek 32-44
(Must avoid site in access road)

Westport Oil & Gas Company
NBU 1022-16H
NBU 1022-16K
NBU 1022-16O
NBU 1022-16A
NBU 1022-16C
NBU 1022-16G
NBU 1022-16E
NBU 1022-16M

Merrion Oil & Gas Corporation
Scud 1
Sparkle Dun 1

If you have any questions regarding this matter please give me a call.

CC: Garrison, LaVonne; Hill, Brad; Hunt, Gil



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

October 12, 2004

Merrion Oil & Gas Corporation
610 Reilly Ave
Farmington NM 87401

Re: Scud 1 Well, 1330' FNL, 2525' FWL, SE NW, Sec. 16, T. 19 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.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby 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 43-015-30614.

Sincerely,

for

John R. Baza
Associate Director

pab
Enclosures

cc: Emery County Assessor
SITLA

Operator: Merrion Oil & Gas Corporation
Well Name & Number Scud 1
API Number: 43-015-30614
Lease: ML-49168

Location: SE NW **Sec.** 16 **T.** 19 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**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

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. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

6. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.		5. Lease Serial No. ML-49168
1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator MERRION OIL & GAS CORPORATION		7. If Unit or CA/Agreement, Name and/or No. N/A
3a. Address 610 REILLY AVE., FARMINGTON, NM 87401	3b. Phone No. (include area code) 505 324-5300	8. Well Name and No. SCUD #1
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1330 FNL & 2525 FWL 16-19S-7E SLM		9. API Well No. 43-015-30614
		10. Field and Pool, or Exploratory Area BUZZARD BENCH
		11. County or Parish, State EMERY COUNTY, UT

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other RENEW APD
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

PLEASE RENEW APPROVAL OF APD.

**Approved by the
Utah Division of
Oil, Gas and Mining**
Date: 11-03-05
By: [Signature]

cc: Dinning, UDOGM

COPY SENT TO OPERATOR
Date: 2-15-05
Initials: CHD

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)	PHONE	Title	(FAX)
BRIAN WOOD	505 466-8120	CONSULTANT	505 466-9682
Signature	Date		
<u>[Signature]</u>	10/31/2005		

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____	Title _____	Date _____
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		
Office _____		

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

RECEIVED

NOV 02 2005

DIV. OF OIL, GAS & MINING

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

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

API: 43-015-30614
Well Name: SCUD 1
Location: SENW 16-19S-7E, EMERY COUNTY
Company Permit Issued to: MERRION OIL & GAS CORPORATION
Date Original Permit Issued: 10/12/2004

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 N/A

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

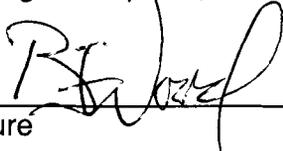
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

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

10/31/2005

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

December 6, 2006

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

Re: APD Rescinded –SCUD 1 Sec. 16 T. 19S R. 7E
Emery County, Utah API No. 43-015-30614

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 October 12, 2004. On November 3, 2005, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective December 6, 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 Mason
Environmental Scientist

cc: Well File
SITLA, Ed Bonner