



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

January 2, 1998

RECEIVED
JAN 12 1998

OIL CON. DIV.
DIST. 3

Merrion Oil & Gas Corporation
610 Reilly Avenue
Farmington, New Mexico 87401
Attention: George F. Sharpe

Administrative Order NSL-3925

Dear Mr. Sharpe:

Reference is made to your application dated December 9, 1997 for an off-pattern non-standard Basin-Fruitland coal gas well location for your existing Nelson "A" Well No. 1 (API No. 30-045-05953), located 1980 feet from the North line and 1978 feet from the West line (Unit F) of Section 9, Township 26 North, Range 12 West, NMPM, San Juan County, New Mexico, which was drilled in 1957 and completed in the Gallegos-Gallup Associated Pool at a standard oil well location for a standard 80-acre oil spacing and proration unit for said interval comprising the E/2 NW/4 of said Section 9.

It is our understanding at this time that the Gallup interval is to be plugged back and recompleted up-hole into the Basin-Fruitland Coal (Gas) Pool, which pursuant to the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*," as promulgated by Division Order No. R-8768, as amended, is unorthodox. Further, the N/2 of said Section 9 is to be dedicated to the well to form a standard 320-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 8 of said special pool rules, the above-described unorthodox coal gas well location for the Nelson "A" Well No. 1 is hereby approved.

Sincerely,

Kathleen A. Garland
Acting Director

KAG/MES/kv

cc: Oil Conservation Division - Aztec /
U. S. Bureau of Land Management - Farmington

MERRION

OIL & GAS

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DEC 18 1997
OIL CON. DIV.
DIST. 3

December 17, 1997

Mr. William J. Lemay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

Re: REVISED
Application for Administrative Approval
Non-Standard Location
Nelson A-1
Basin Fruitland Coal Pool
N/2 Section 9, T26N, R12W
San Juan County, New Mexico

Dear Mr. Lemay:

Merrion Oil & Gas Corporation plans to recomple the subject well from the Gallup Formation into the Fruitland Coal Formation. Merrion submitted an application for a non-standard location dated December 9, 1997 which was in error. This revised application replaces the original submittal.

The well's location of 1980' FNL and 1978' FWL is at a non-standard setback from the spacing unit boundary. In addition, the well is located in the NW/4 instead of the standard NE/4 outlined in the Basin Fruitland Coal Pool Rules. Therefore, Merrion requests your approval of a non-standard location.

The justification for the request is based on the ability to recomple the existing well instead of drilling a new well. The well is uneconomic in the Gallup Formation and, unless recompleted, needs to be plugged out. The proposed recomple would put the wellbore to beneficial use and save significant money over drilling a new well.

Attached in support of this application are the following:

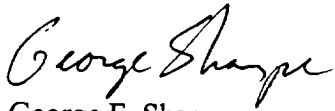
- 1.) C-102 Plat

Page Two
December 17, 1997

- 2.) Location plat showing offset operators.
- 3.) List of offset operators that received a certified copy of this application.

Please call me with any questions.

Sincerely,



George F. Sharpe
Manager - Oil & Gas Investments

xc: Frank Chavez - OCD, Aztec ✓
BLM - Farmington

O:GSLemay5.doc

District I
PO Box 1980, Hobbs, NM 87411-1980
District II
811 South First, Artesia, NM 87213
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 13, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-045-05953		1 Pool Code 71629		1 Pool Name Basin Fruitland	
1 Property Code 007823		1 Property Name Nelson A			
1 OGRIP No. 014634		1 Operator Name Merrion Oil & Gas Corporation			
				1 Well Number 1	
				1 Elevation 6005' GL	

10 Surface Location									
UL or lot no. F	Section 9	Township 26N	Range 12W	Lot Idn SEnw	Feet from the 1980	North/South line north	Feet from the 1978	East/West line west	County San Juan

11 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
12 Dedicated Acres 320									
13 Joint or Isfill									
14 Consolidation Code									
15 Order No.									

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16					17 OPERATOR CERTIFICATION				
					I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief				
					Signature Steven S. Dunn				
					Printed Name Drlg & Prod Manager				
					Title Dec. 10, 1997				
					18 SURVEYOR CERTIFICATION				
					I hereby certify that the well location shown 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				
					EXHIBIT I				
					Certificate Number				

**EXHIBIT II
NELSON A-1
WELL LOCATION PLAT
OFFSET OPERATOR PLAT
T26N, R12W, San Juan County, NM**

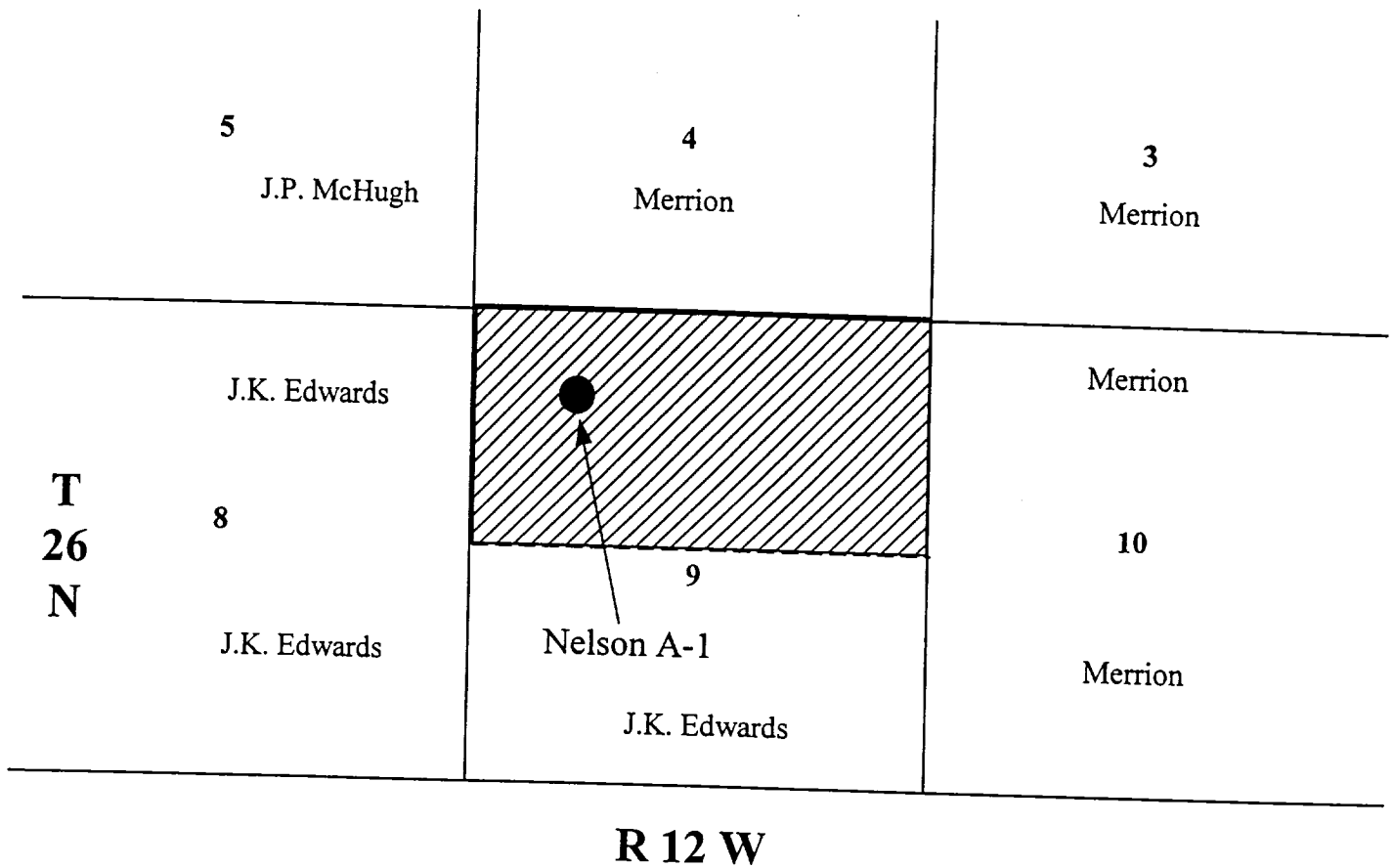


Exhibit III

Application of Merrion Oil & Gas Corp.
Non-standard Basin Fruitland Coal Location
Nelson A-1 Well
N/2 Section 9, T26N, R12W
San Juan County, New Mexico

The following offset operators received certified copies of this letter.

To: Offset Operators

Any objections to this application need to be made in writing to the NMOCD within 20 days from receipt of notice.

J K Edwards Associates, Inc.
1401 17th Street, Suite 1400
Denver, CO 80202

J P McHugh
650 S. Cherry Street, Suite 1225
Denver, CO 80222

WAIVER

_____ hereby waives any objection to this application.
Company

Signature _____ Date _____

Please return to:

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