



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(605) 827-7131

March 25, 1998

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

Administrative Order NSL-3925-A

Dear Mr. Sharpe:

Reference is made to your application dated March 3, 1998, to amend Division Administrative Order NSL-3925, dated January 2, 1998, which authorized Merrion Oil & Gas Corporation to recomplete its Nelson "A" Well No. 1 (API No. 30-045-05953) from the Gallegos-Gallup Associated Pool to the Basin-Fruitland Coal (Gas) Pool at an off-pattern non-standard coal gas well location 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.

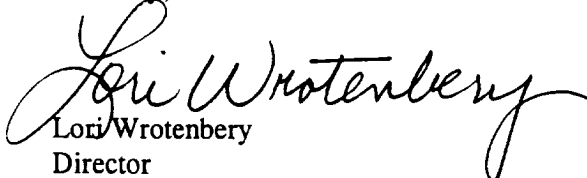
It is our understanding that this well will be recompleted into the Undesignated WAW Fruitland Sand-Pictured Cliffs Pool and not the Basin-Fruitland Coal (Gas) Pool as originally intended. The NW/4 of said Section 9 is to be dedicated to said well in order to form a standard 160-acre gas spacing and proration unit for the Undesignated WAW Fruitland Sand-Pictured Cliffs Pool. Pursuant to Rule 104.C(3)(a) of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), the subject location is considered to be unorthodox.

This amended application has been duly filed under the provisions of Division General Rule 104.F

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox Fruitland Sand-Pictured Cliffs gas well location is hereby approved.

Said original Administrative Order NSL-3925 shall be placed in abeyance until further notice.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington
File: NSL-3925

RECEIVED
MAR 27 1998

OIL CON. DIV.
DIST. 3