



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

January 13, 1998

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

RECEIVED
JAN 22 1998
OIL CON. DIV.
DIST. 3

Administrative Order NSL-3930

Dear Mr. Sharpe:

Reference is made to your application dated December 17, 1997 for an off-pattern non-standard Basin-Fruitland coal gas well location for your existing Hanson "B" Well No. 2 (API No. 30-045-06138), located 1980 feet from the South and West lines (Unit K) of Section 36, Township 27 North, Range 13 West, NMPM, San Juan County, New Mexico, which was drilled in 1958 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 N/2 SW/4 of said Section 36.

It is our understanding at this time that the Gallup interval is to be plugged back and said well is to be 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 considered to be off-pattern and unorthodox. Further, the W/2 of said Section 36 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 off-pattern non-standard coal gas well location for the existing Hanson "B" Well No. 2 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: Application for Administrative Approval
Non-Standard Location
Hanson B-2
Basin Fruitland Coal Pool
W/2 Section 36, T27N, R13W
San Juan County, New Mexico**

Dear Mr. Lemay:

Merrion Oil & Gas Corporation plans to recomplete the subject well from the Gallup Formation into the Fruitland Coal Formation. The well's location of 1980' FSL and 1980' FWL is at a non-standard setback from the spacing unit boundary. Therefore, Merrion requests your approval of a non-standard location.

The justification for the request is based on the ability to recomplete 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 recompletion 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
- 2.) Location plat showing offset operators.
- 3.) List of offset operators that received a certified copy of this application.

Page Two
December 17, 1997

Please call me with any questions.

Sincerely,

A handwritten signature in black ink, reading "George Sharpe". The signature is fluid and cursive, with the first name "George" and last name "Sharpe" clearly distinguishable.

George F. Sharpe
Manager - Oil & Gas Investments

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

O:GSLemay6.doc

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Bravo 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 18, 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 30-045-06138		2 Pool Code 71629		3 Pool Name Basin Fruitland Coal		
4 Property Code		5 Property Name HANSON B			6 Well Number 2	
7 OGRID No. 014634		8 Operator Name MERRION OIL & GAS CORPORATION			9 Elevation	

10 Surface Location

UL or lot no. K	Section 36	Township 27N	Range 13W	Lot Idn NESW	Feet from the 1980	North/South line south	Feet from the 1980	East/West line west	County San Juan
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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 Infill		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

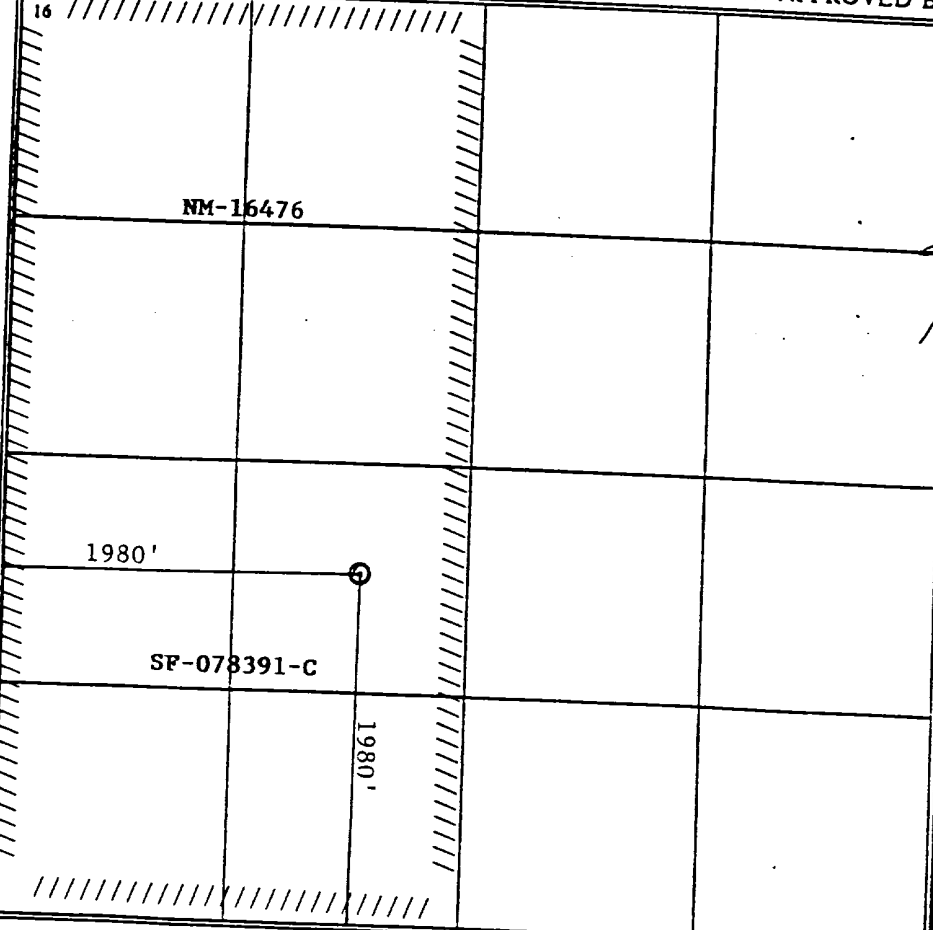
16		17 OPERATOR CERTIFICATION	
		I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
		Signature Steven S. Dunn Printed Name Drlg & Prod Manager Title 12/04/97 Date	
		18 SURVEYOR CERTIFICATION	
		I hereby certify that the well location 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 Surveyer: EXHIBIT I Certificate Number	

EXHIBIT II
HANSON B-2
WELL LOCATION PLAT
OFFSET OPERATOR PLAT
T27N, R13W, San Juan County, NM

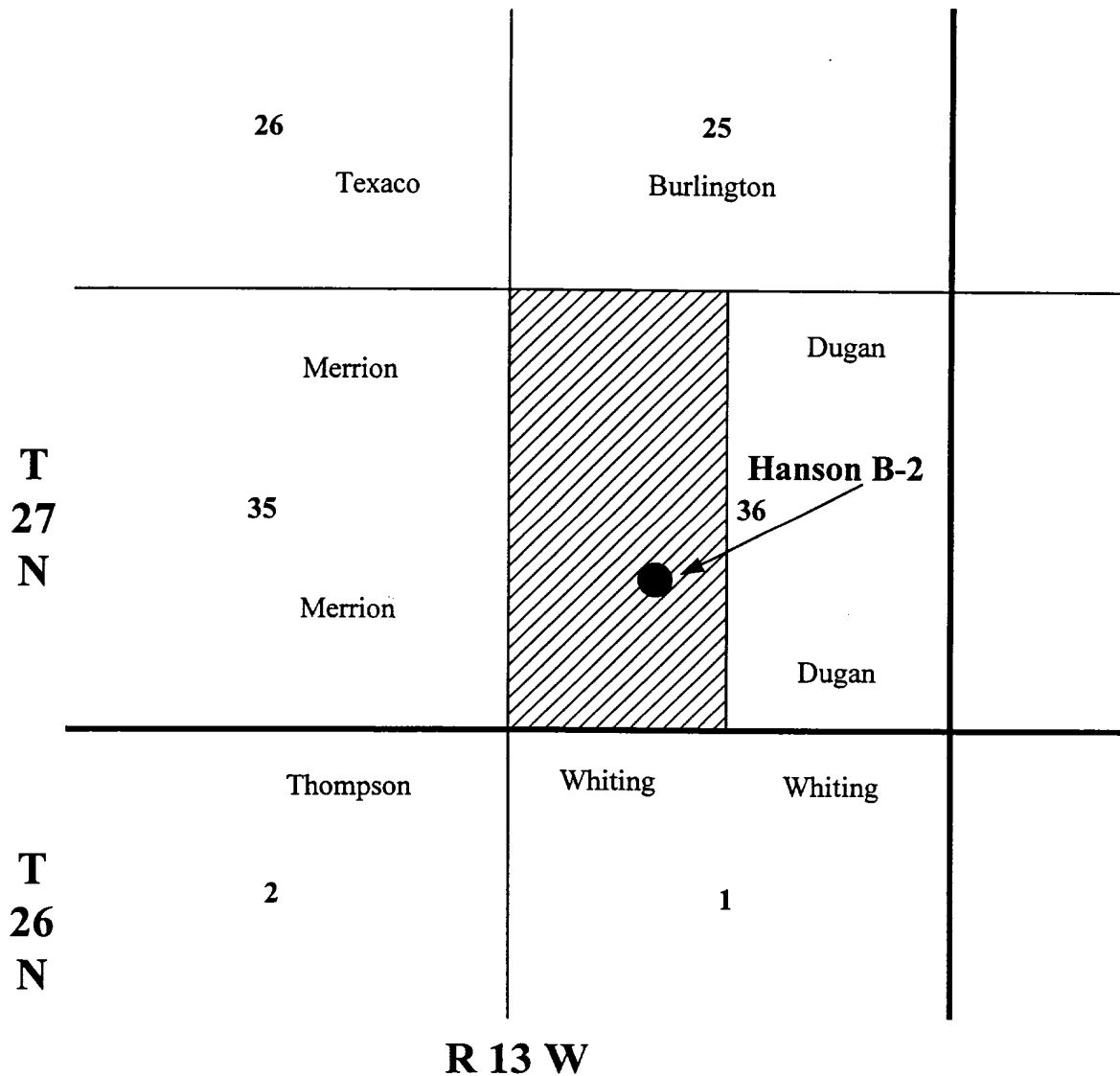


Exhibit III

**Application of Merrion Oil & Gas Corp.
Non-standard Basin Fruitland Coal Location
Hanson B-2 Well
W/2 Section 36, T27N, R13W
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.

Dugan Production
P.O. Box 420
Farmington, NM 87499

Whiting Petroleum
1700 Broadway, Suite 2300
Denver, Colorado 80290

Burlington Resources
P.O. Box 4289
Farmington, NM 87499

Thompson Engineering
7415 E. Main
Farmington, NM 87402

Texaco Inc.
3300 N. Butler
Farmington, NM 87401

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