



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
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Certified: P-471-215-179

February 18, 1997

Merrion Oil and Gas Corporation
Attn. Steve Dunn
610 Reilly Avenue
Farmington NM 87401

RE: Farmington C Com #1, L-15-29N-13W, 30-045-12174, and Farmington Com #1, P-11-29N-13W, 30-045-08436, both in San Juan County, New Mexico

Dear Mr. Dunn:

Merrion Oil and Gas has recently reported significant groundwater impacts by BTEX compounds at the two well sites listed above. Due to the proximity of the Animas River and /or residences Merrion Oil and Gas is directed to initiate evaluation of the groundwater impacts at these well sites by March 21, 1997. The groundwater impact evaluations will define the extent of contamination, determine groundwater gradient and propose a plan for remediation.

These two well sites need to have corrected well signs in place by March 1, 1997. Merrion Oil and Gas is now the operator of record in NMOCD files. Any additional wells included in your recent purchase from Conoco will need to have the well signs corrected. The location of the Farmington Com #1 well sign needs to be moved to a place where it is legible from the road outside the fence. I suggest an emergency notification phone number for Merrion Oil and Gas be included on your new sign.

Please feel free to contact this office if you have any questions.

Yours truly,

Denny G. Foust
Environmental Geologist

XC: John Coy-Conoco Bill Olson-Santa Fe Environmental File DGF File