



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

October 21, 1998

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

Administrative Order NSL-4157

Dear Mr. Sharpe:

Reference is made to your application dated September 17, 1998 for a non-standard gas well location in the Pictured Cliffs formation for the recently drilled and completed Panther Well No. 1 (API No. 30-045-29573), located 990 feet from the South line and 1255 feet from the West line (Unit M) of Section 25, Township 30 North, Range 13 West, NMPM, San Juan County, New Mexico. The SW/4 of Section 25 shall be dedicated to the well to form a standard 160-acre gas spacing and proration unit in the Undesignated Fulcher Kutz-Pictured Cliffs Pool.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

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

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

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