

| | | | | | |
|-----------------|----------|-------------|-------------------|----------|--------------------------|
| DATE IN 8.16.10 | SUSPENSE | ENGINEER DB | LOGGED IN 8.16.10 | TYPE NSP | APP NO. PTC-W 1022834782 |
|-----------------|----------|-------------|-------------------|----------|--------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

RECEIVED OGD Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505

2010 AUG 16 A 9:28



Merrion
14834
Westland Park #1

ADMINISTRATIVE APPLICATION CHECKLIST

30-045-34749

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

NSL-6257
NSP-1944

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☒ NSL ☒ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

Case #14163
Order # R-13000

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Philana Thompson
Print or Type Name

Signature

Regulatory Compliance Specialist
Title

8/10/2010
Date

Westland Park #1

pthompson@merrion.bz
e-mail Address



August 9, 2010

Mr. David Brooks
New Mexico Oil Conservation Division
1220 S. St. Frances Dr
Santa Fe, NM 87504

Reference:

Application for Administrative Approval of Unorthodox Location
Merrion Oil & Gas Corporation
Westland Park #1
30-045-34749 UL C, S18, T29N, R13W 1269 FNL & 1183 FWL
San Juan County, NM
Basin Fruitland Coal/ Kutz West Pictured Cliffs

Dear Mr. Brooks,

Merrion Oil & Gas hereby requests administrative approval for an unorthodox location for the above referenced well for the Kutz West Pictured Cliffs and Basin Fruitland Coal formation. Attached for your reference are the following exhibits:

1. Well location plat (NMOCD Form C-102)
2. Topographic Map
3. Ownership Map

The above mentioned well is being drilled within the city limits of Farmington, New Mexico. Merrion Oil & Gas was unable to find a surface site at an orthodox location that meets the city set-back rules and is acceptable to surface owners. The proposed unorthodox location is the best location that meets those guidelines.

Merrion Oil & Gas is the offset operator of the target formations located in the above mentioned section so no notification letters have been sent out.

If you should have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Philana Thompson
Regulatory Compliance Specialist
Merrion Oil & Gas Corporation
505-324-5336 office



August 9, 2010

Mr. David Brooks
New Mexico Oil Conservation Division
1220 S. St. Frances Dr
Santa Fe, NM 87504

Reference:
Application for Administrative Approval of Unorthodox Location
Merrion Oil & Gas Corporation
Westland Park #1
30-045-34749 UL C, S18, T29N, R13W 1269 FNL & 1183 FWL
San Juan County, NM
Basin Fruitland Coal/ Kutz West Pictured Cliffs

Dear Mr. Brooks,

Pursuant to 19.15.15.11 B. 3 NMAC Merrion Oil & Gas hereby requests administrative approval for a non-standard spacing unit for the above referenced well for the Kutz West Pictured Cliffs formation.

Section 18 is a truncated section, and the NW/4 is only 90 acres. Therefore, a NSP is needed to set up a spacing unit for the NW/4

Merrion Oil & Gas is the offset operator of the target formations located in the above mentioned section so no notification letters have been sent out.

If you should have any questions or concerns, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Philana Thompson". The signature is fluid and cursive, with the first name being more prominent.

Philana Thompson
Regulatory Compliance Specialist
Merrion Oil & Gas Corporation
505-324-5336 office

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(505) 393-6161 Fax:(505) 393-0720

District II

1301 W. Grand Ave., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources

Oil Conservation Division**1220 S. St Francis Dr.****Santa Fe, NM 87505**

Form C-102
Permit 117062

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|--------------------------------------|---|---|
| 1. API Number 30-045-34749 | 2. Pool Code 79680 | 3. Pool Name KUTZ PICTURED CLIFFS, WEST (GAS) |
| 4. Property Code 37223 | 5. Property Name WESTLAND PARK | 6. Well No. 001 |
| 7. OGRID No. 14634 | 8. Operator Name MERRION OIL & GAS CORP | 9. Elevation 5224 |

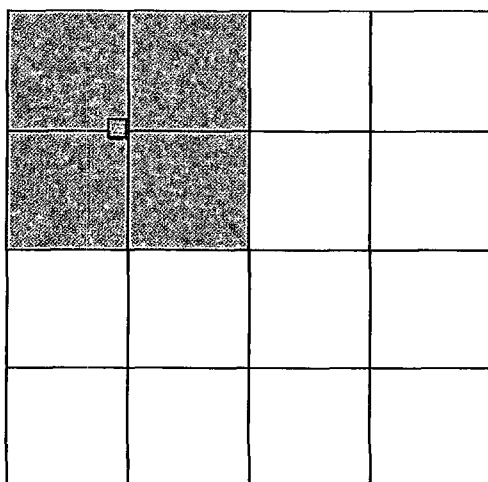
10. Surface Location

| | | | | | | | | | |
|----------------------|----------------------|------------------------|---------------------|---------|--------------------------|----------------------|--------------------------|----------------------|---------------------------|
| UL - Lot C | Section 18 | Township 29N | Range 13W | Lot Idn | Feet From 1269 | N/S Line N | Feet From 1183 | E/W Line W | County SAN JUAN |
|----------------------|----------------------|------------------------|---------------------|---------|--------------------------|----------------------|--------------------------|----------------------|---------------------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------------|---------|---------------------|-------|------------------------|-----------|---------------|-----------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
| 12. Dedicated Acres 90.15 | | 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

**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: *Melanie Thompson*
Title: *Regulatory Comp. Spec*
Date: *8/5/10*

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.

Surveyed By: **Gerald Huddleston**
Date of Survey: **5/8/2008**
Certificate Number: **6844**

District I

1625 N. French Dr., Hobbs, NM 88240
Phone:(505) 393-6161 Fax:(505) 393-0720

District II

1301 W. Grand Ave., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico

Energy, Minerals and Natural Resources

Oil Conservation Division

1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
Permit 117062

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------------------|--|--|
| 1. API Number | 2. Pool Code 71629 | 3. Pool Name BASIN FRUITLAND COAL (GAS) |
| 4. Property Code 37223 | 5. Property Name WESTLAND PARK | 6. Well No. 001 |
| 7. OGRID No. 14634 | 8. Operator Name MERRION OIL & GAS CORP | 9. Elevation 5224 |

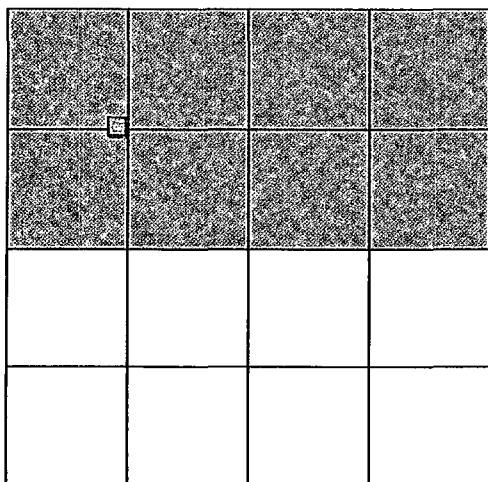
10. Surface Location

| | | | | | | | | | |
|---------------|---------------|-----------------|--------------|---------|-------------------|---------------|-------------------|---------------|--------------------|
| UL - Lot C | Section 18 | Township 29N | Range 13W | Lot Idn | Feet From 1269 | N/S Line N | Feet From 1183 | E/W Line W | County SAN JUAN |
|---------------|---------------|-----------------|--------------|---------|-------------------|---------------|-------------------|---------------|--------------------|

11. Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|-------------------------------|---------------------|------------------------|---------------|---------|-----------|----------|-----------|----------|--------|
| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
| 12. Dedicated Acres 250.15 | 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



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By:

Title:

Date:

Regulatory Compl. Spec
8/5/10

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.

Surveyed By: Gerald Huddleston

Date of Survey: 5/8/2008

Certificate Number: 6844

District I
1625 N. French Dr. Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd. Aztec, NM 87410
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C - 102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

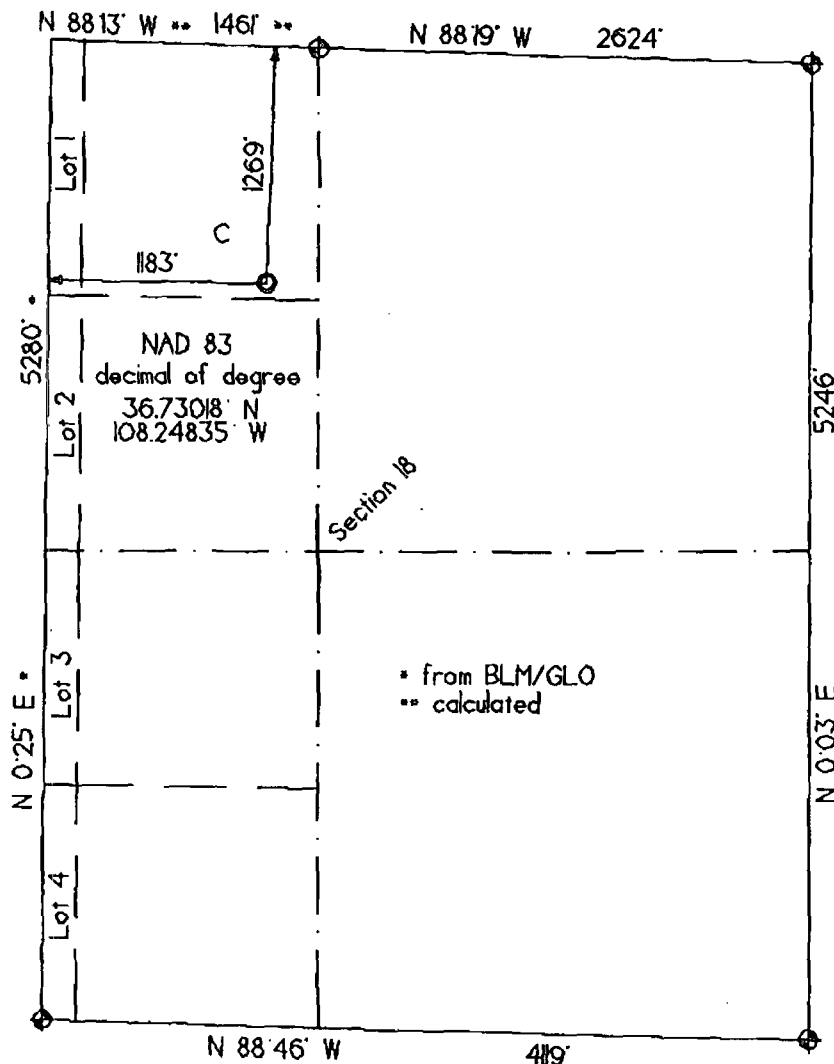
| | | |
|---------------|------------------------------------|--------------------|
| APA Number | Pool Code | Pool Name |
| Property Code | Property Name WESTLAND PARK | Well Number 1 |
| OGRIID No. | Operator Name MERRION OIL & GAS | Elevation 5224' |

| Surface Location | | | | | | | | | |
|------------------|------|----------|---------|----------|-------------|-------------|-------------|-----------|----------|
| UL or Lot | Sec. | Twp. | Rgn. | Lot Ltn. | Feet from > | North/South | Feet from > | East/West | County |
| C | 18 | 29 North | 13 West | | 1269' | North | 1183' | West | San Juan |

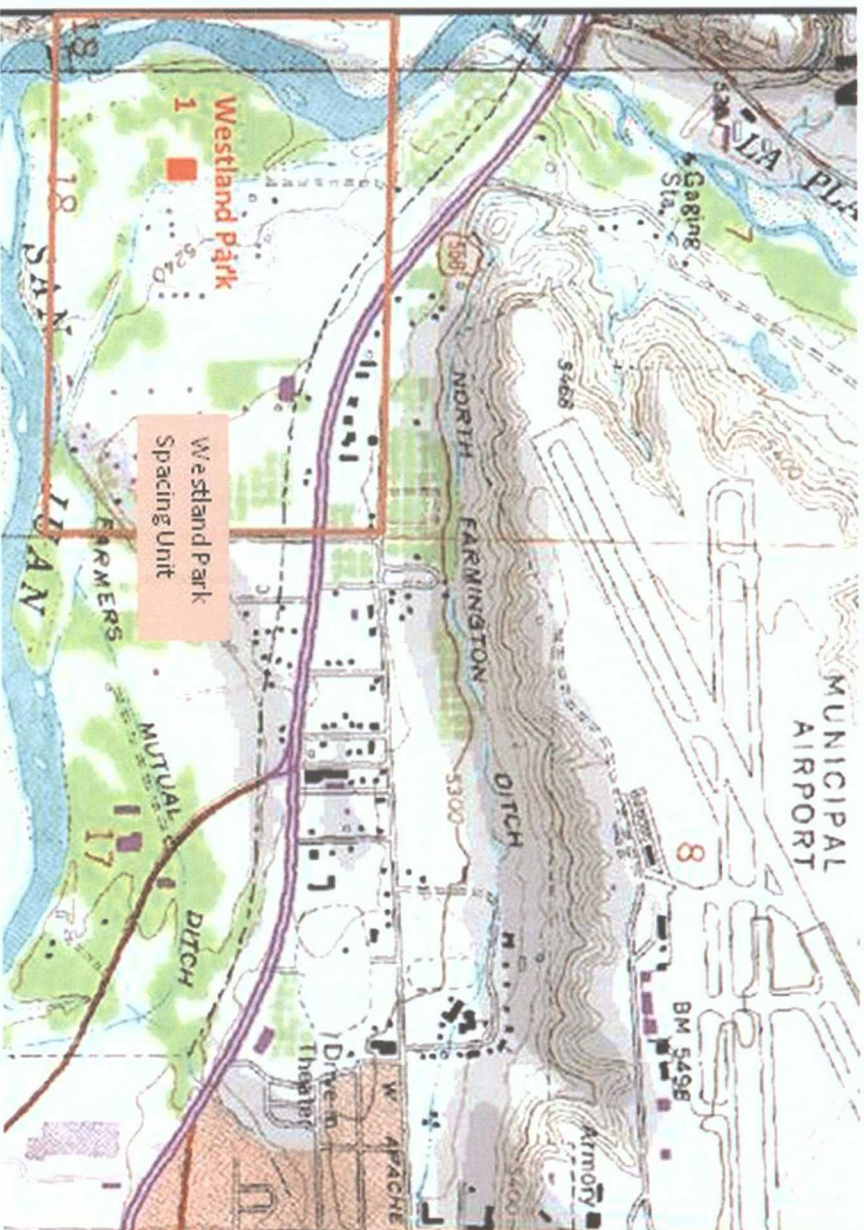
| Bottom Hole Location if Different From Surface | | | | | | | | | |
|--|------|------|------|----------|-------------|-------------|-------------|-----------|--------|
| UL or Lot | Sec. | Twp. | Rgn. | Lot Ltn. | Feet from > | North/South | Feet from > | East/West | County |
| | | | | | | | | | |

| | | | |
|-----------------|-----------------|--------------------|-----------|
| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|

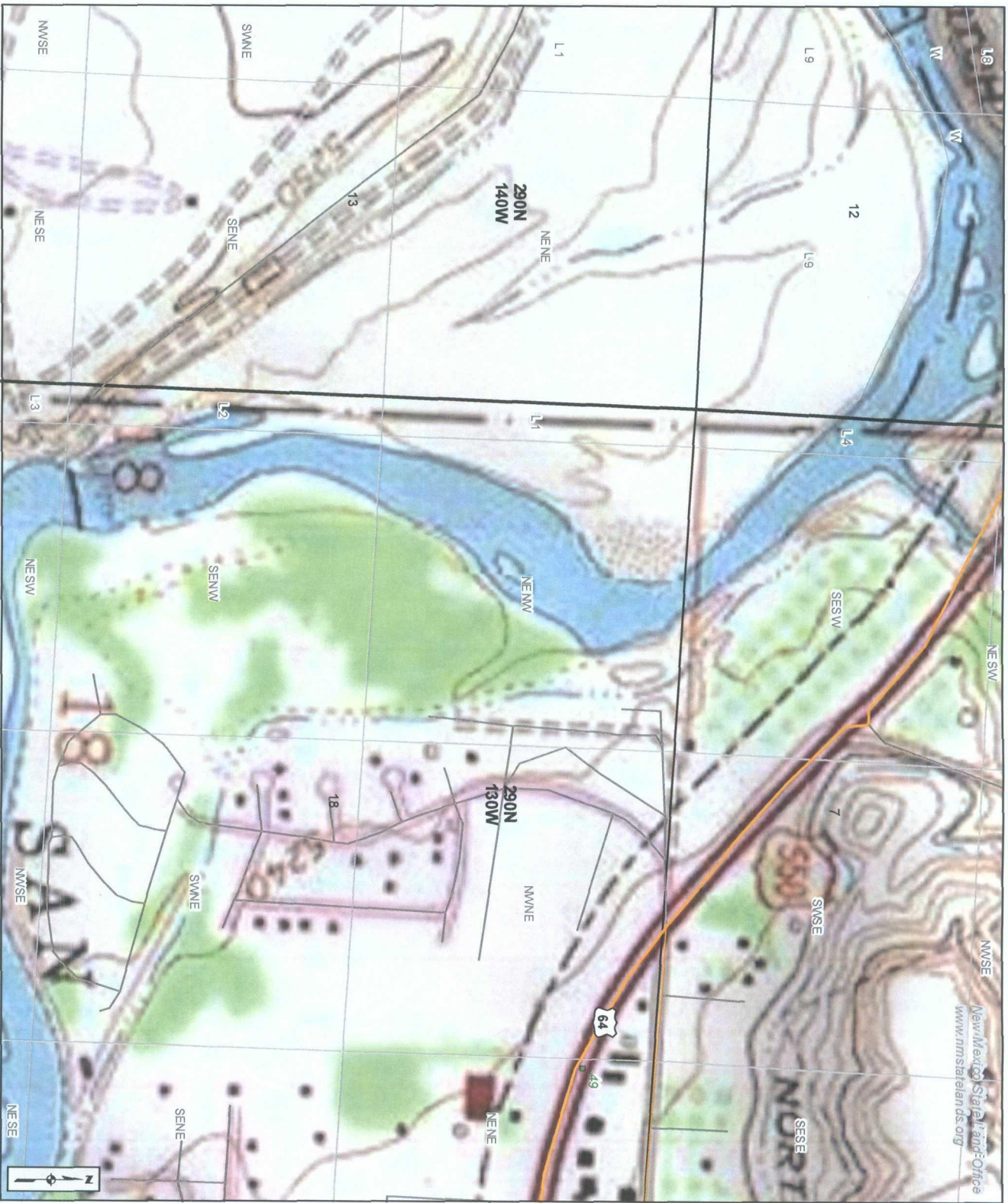
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



| | |
|--|-----------|
| OPERATOR CERTIFICATION | |
| I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. | |
| Date | |
| Signature | |
| Printed Name | |
| 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 | 05 08 '08 |
| Signature and Seal of Professional Surveyor | |
| | |
| Certificate Number | 6844 |



Westland Park 1 & 2
Topo Location Map



New Mexico State Land Office
www.nmstateland.us.org

LEGEND

- County Seats
- ▲ SL O District Offices
- City, Town or Village
- ★ Volcanic Vent
- Highway Mileposts
- NMOC Oil, Gas Wells
- ★ Carbon Dioxide
- ★ Gas
- Injection
- Miscellaneous
- Oil
- ▲ Salt Water Disposal
- ◆ Water
- ◆ DA or PA

Federal Subsurface Ownership

- All Minerals
- Coal Only
- Oil and Gas Only
- Oil, Gas and Coal Only
- Other Minerals

State Trust Lands Ownership

- Surface Estate
- Subsurface Estate
- Both Estates

State Lease Types

- Commercial Leases
- Minerals Leases
- Oil and Gas Leases
- Agricultural Leases

- Oil, Gas Leasing Influenced By Restriction
- Not Available for Oil, Gas Leasing

Other Boundaries

- Continental Divide
- State Boundary
- County Boundaries
- Oil and Gas Unit Boundary
- Participating Areas in Units
- Geologic Regions
- NMOC Order R-111-P
- Potash Endave Outline

New Mexico State Land Office

Oil, Gas, and Minerals Land/Lease Information Map

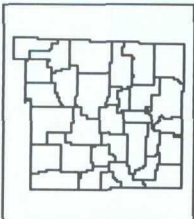
0 0.03 0.06 0.09 0.12 Miles

Universal Transverse Mercator Projection, Zone 13
1983 North American Datum

The New Mexico State Land Office assumes no responsibility or liability for, or in connection with, the accuracy, reliability or use of the information provided here, in State Land Office data layers or any other data layer.

Land Office Geographic Information Center
logis@sls.state.nm.us

Created On 8/12/2010 9:52:13 AM



For detailed legend of the Geologic Map of New Mexico, please see <http://geoinfo.nmt.edu/>



MERRION
OIL & GAS

In-Town Wells

San Juan Co, New Mexico

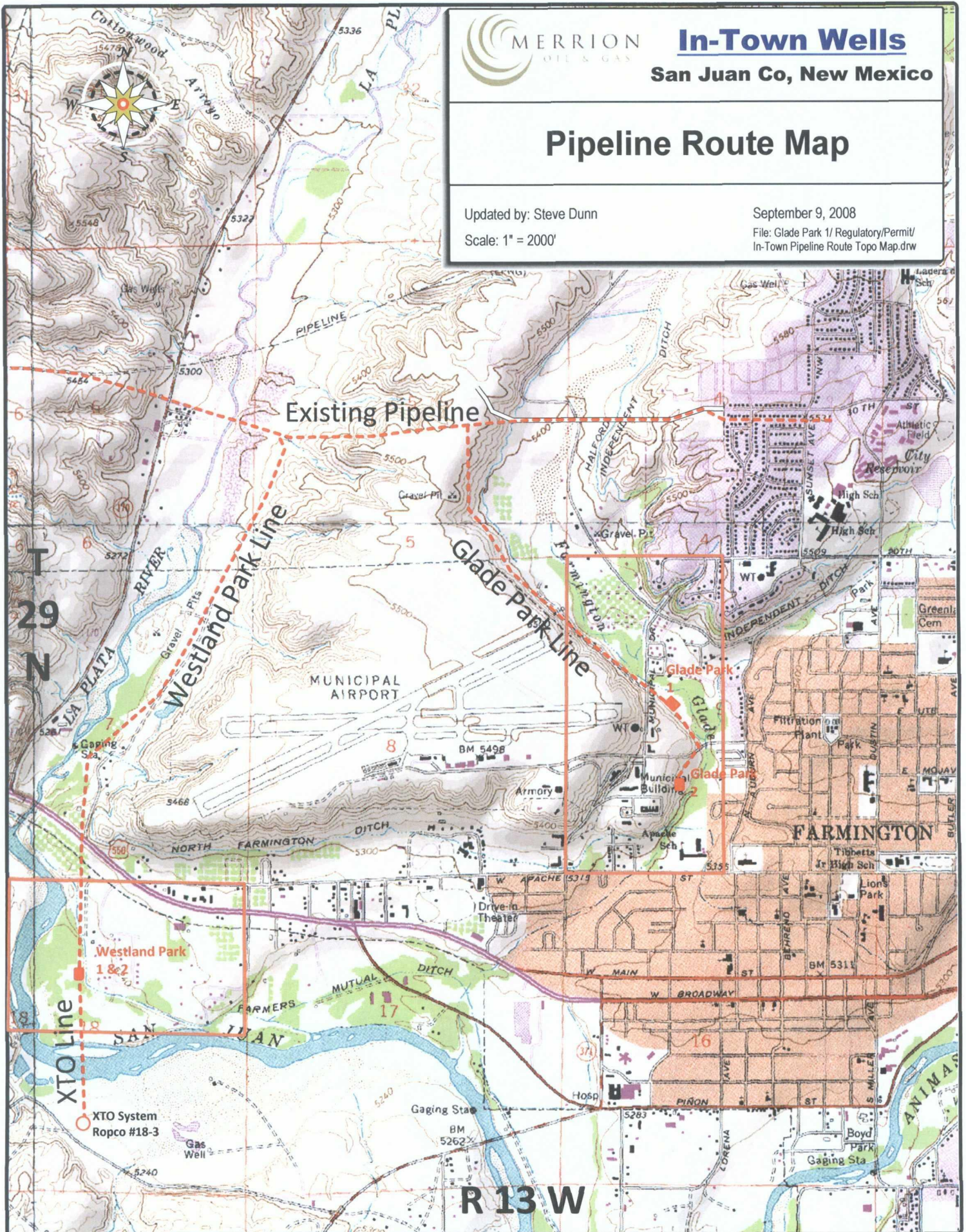
Pipeline Route Map

Updated by: Steve Dunn

Scale: 1" = 2000'

September 9, 2008

File: Glade Park 1/ Regulatory/Permit/
In-Town Pipeline Route Topo Map.drw

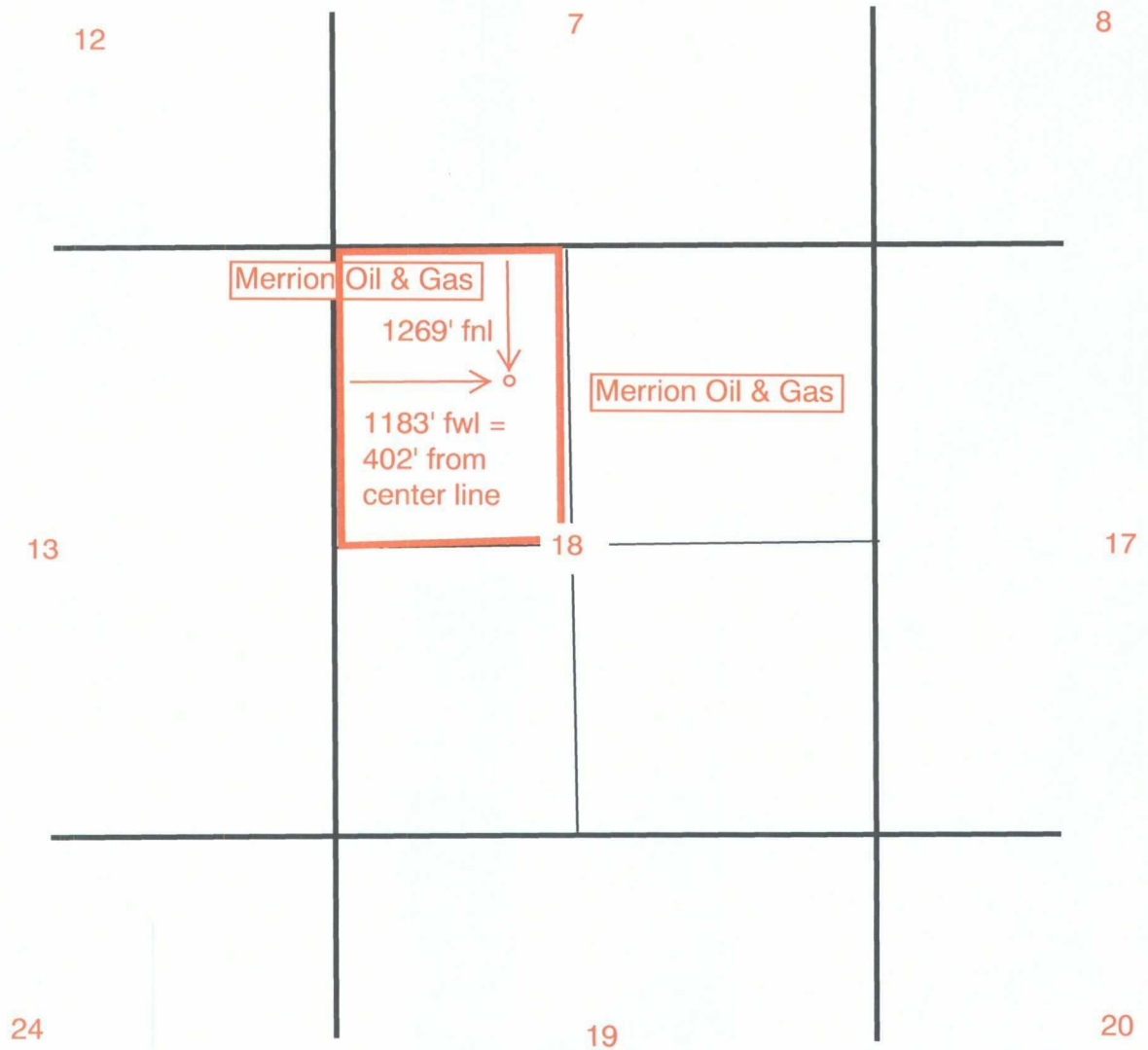




SCALE: 1" = 200'

| | | | | |
|---|---|---|---|---|
| DATE July 11, 2006 1 OF 1 SHEETS | REVISIONS DATE A A A A PROJECT No. 2006-187 DRAWN BY MCS CHECKED BY FWJ SCALE N.T.S. |  Sakura Engineering 125 WEST MAIN STREET • FARMINGTON, NEW MEXICO 87401 PHONE: 505.564.2139 • FAX: 505.564.2310 | MERRION OIL & GAS NW/4 OF SECTION 18, T29N, R13W FARMINGTON, NEW MEXICO WESTLAND PARK #1 | CADFILE: Y:\CAD Drawings\O&G\AKURA DWG\2006-187-1-1.dwg MERRION OIL & GAS Westland Park Well Site\2006.dwg |
|---|---|---|---|---|

Offset Operator Plat
Non-Standard Location Application
Westland Park #1 Well
West Kutz Pictured Cliffs Pool
NW/4 Section 18, T29N, R13W
San Juan County, NM



Statistical Study Area

FC - PC Ultimate Map
FC on left
PC on right

FC + PC ULTIMATES

POSTED WELL DATA

FRUITLAND COAL - GAS RATE
FRUITLAND COAL - PC - EUR - Est Ultimate Reserves
FRUITLAND COAL - TOTAL COAL THICKNESS

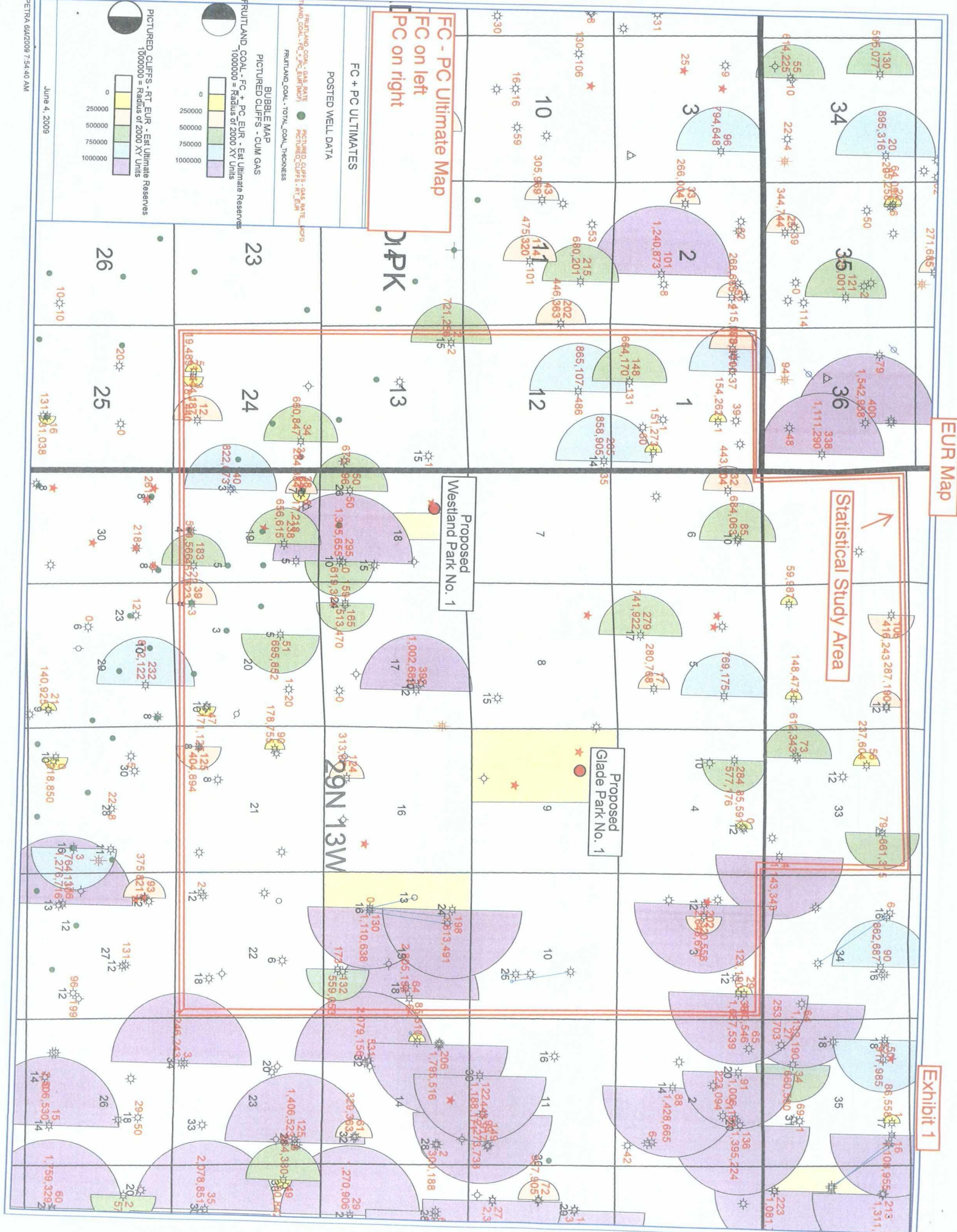
PICTURED CLIFFS - CUM GAS

FRUITLAND COAL - FC - PC - EUR - Est Ultimate Reserves
1000000 = Radius of 2000 XY Units

PICTURED CLIFFS - RT - EUR - Est Ultimate Reserves
1000000 = Radius of 2000 XY Units

PICTURED CLIFFS - RT - EUR - Est Ultimate Reserves
1000000 = Radius of 2000 XY Units

June 4, 2009



Rate/Time Graph

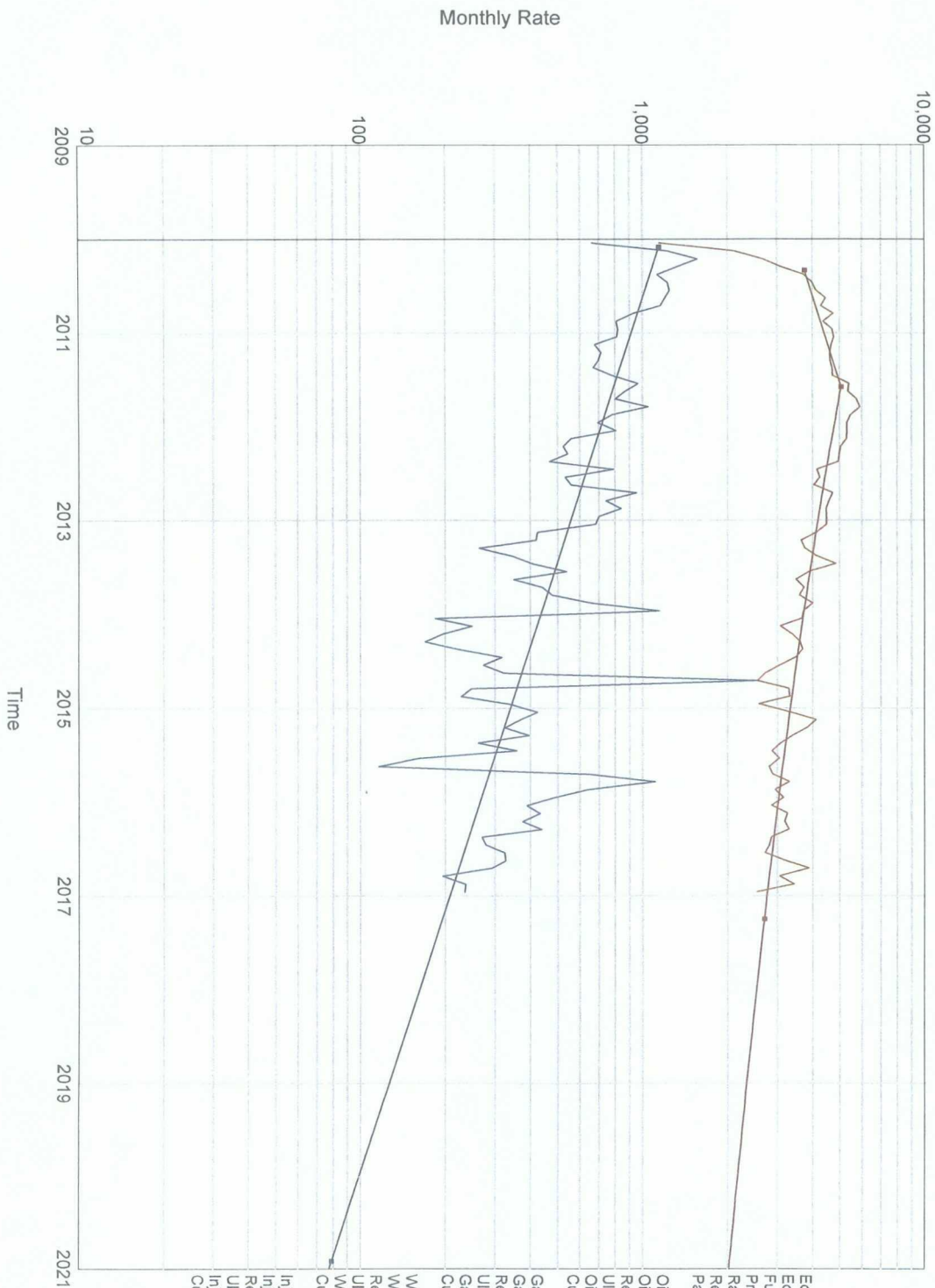
Fruitland Coal Type Curve

Lease Name: Fruitland Coal Type Curve - 43 wells ()
County, ST: ,
Location: 0-0-0

Operator:
Field Name:

Exhibit 7
Date: 2/6/2010
Time: 10:02 AM

Fruitland Coal Type Curve - 43 wells -



Economic Limit: 06/2034
Economic Life: 294 mo
Future Net Revenue: \$974,983
Present Worth: \$268,672
Rate of Return: 19.730 %
Return on Invest: 2.77
Payout Date: 05/2014
Oil at Effective Date: 0 bbl
Oil at Economic Limit: 0 bbl
Rem Oil (Decline): 0 bbl
Ult Oil (Decline): 0 bbl
Oil Decline at Eff Date: 0.00 %
Cum Oil at Eff Date: 0 bbl
Gas at Effective Date: 0 mcf
Gas at Economic Limit: 876 mcf
Rem Gas (Decline): 657,290 mcf
Ult Gas (Decline): 657,290 mcf
Gas Decline at Eff Date: 0.00 %
Cum Gas at Eff Date: 0 mcf
Water at Effective Date: 0 bbl
Water at Economic Limit: 3 bbl
Rem Water (Decline): 61,405 bbl
Ult Water (Decline): 61,405 bbl
Water Decline at Eff Date: 0.00 %
Cum Water at Eff Date: 0 bbl
Inj at Effective Date: 0 bbl
Inj at Economic Limit: 0 bbl
Rem Inj (Decline): 0 bbl
Ult Inj (Decline): 0 bbl
Inj Decline at Eff Date: 0.00 %
Cum Inj at Eff Date: 0 bbl

Rate/Time Graph

Pictured Cliffs Type Curve

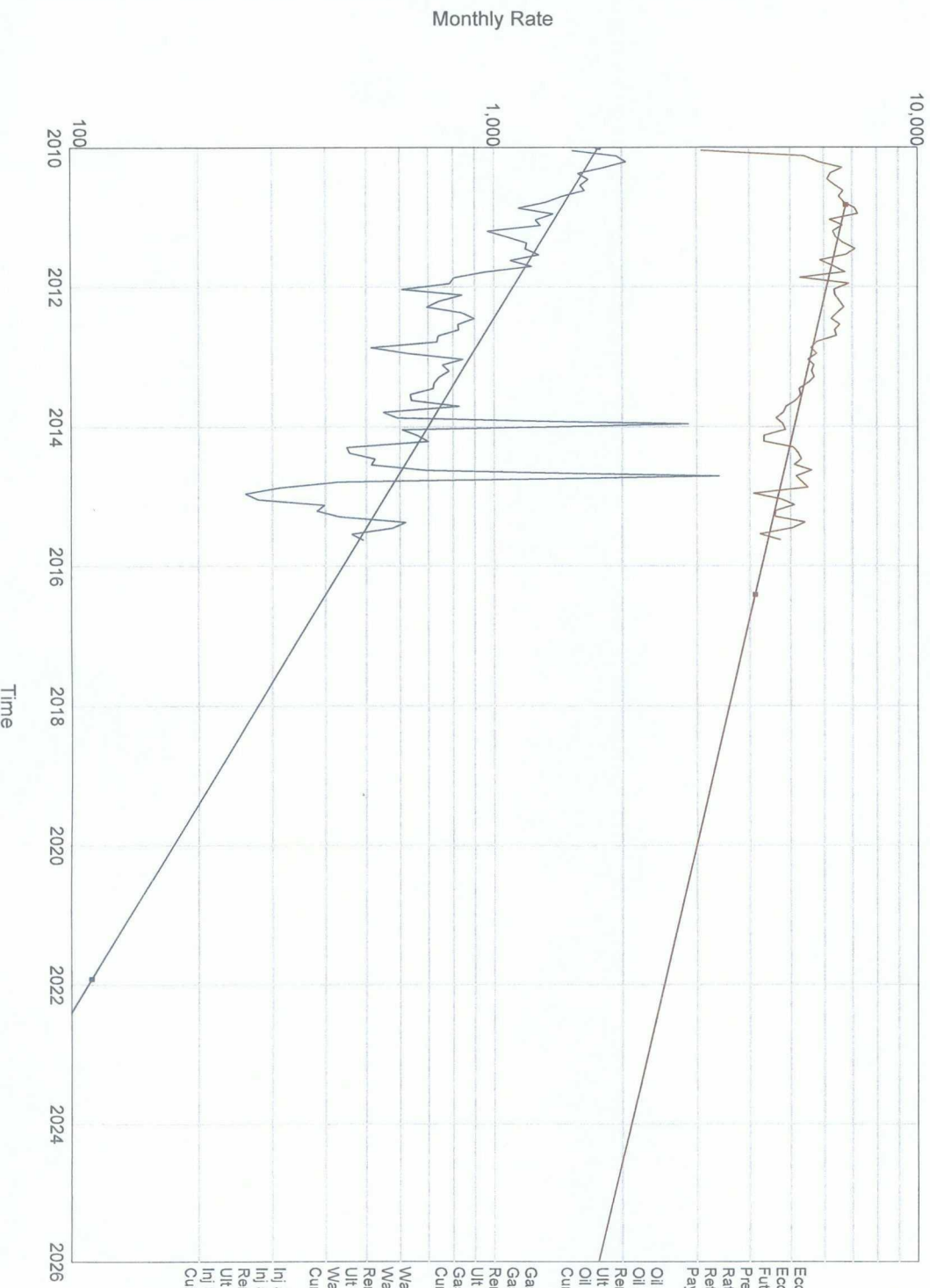
Exhibit 9

Lease Name: Pictured Cliffs Recent Type Curve ()
County, ST: ,
Location: 0-0-0

Operator:
Field Name:

Date: 2/6/2010
Time: 10:01 AM

Pictured Cliffs Recent Type Curve -



Economic Limit: 04/2033
Economic Life: 280 mo
Future Net Revenue: \$1,986,778
Present Worth: \$1,038,271
Rate of Return: >100 %
Return on Invest: 14.25
Payout Date: 12/2010

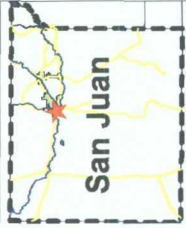
Oil at Effective Date: 0 bbl
Oil at Economic Limit: 0 bbl
Rem Oil (Decline): 0 bbl
Ult Oil (Decline): 0 bbl
Oil Decline at Eff Date: 0.00 %
Cum Oil at Eff Date: 0 bbl

Gas at Effective Date: 0 mcf
Gas at Economic Limit: 923 mcf
Rem Gas (Decline): 858,595 mcf
Ult Gas (Decline): 858,595 mcf
Gas Decline at Eff Date: 0.00 %
Cum Gas at Eff Date: 0 mcf

Water at Effective Date: 1,746 bbl
Water at Economic Limit: 8 bbl
Rem Water (Decline): 88,580 bbl
Ult Water (Decline): 88,580 bbl
Water Decline at Eff Date: 20.67 %
Cum Water at Eff Date: 0 bbl

Inj at Effective Date: 0 bbl
Inj at Economic Limit: 0 bbl
Rem Inj (Decline): 0 bbl
Ult Inj (Decline): 0 bbl
Inj Decline at Eff Date: 0.00 %
Cum Inj at Eff Date: 0 bbl

Sec 18, T29N, R13W



- Legend**
- | | |
|---|---------------------------|
|  | Township/Range |
|  | PLSS SECTIONS |
|  | Quarter Sections |
|  | RIVERS |
|  | LAKES |
|  | FARMINGTON CITY LIMITS |
|  | SJC Road Status |
|  | Major Roads |
|  | Private |
|  | County Maintained |
|  | Limited County Maintained |
|  | City |
|  | Oil and Gas roads |
|  | ROADS |
|  | SAN JUAN COUNTY |
|  | NAVAJO RESERVATION |
|  | PARCELS |
|  | River Corridor |

Scale: 1:8,000



720 m.

This map is a user generated static output from an Internet mapping site and is for general reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable. THIS MAP IS NOT TO BE USED FOR NAVIGATION.

Brooks, David K., EMNRD

From: Philana Thompson [PThompson@merrion.bz]
Sent: Friday, August 20, 2010 10:17 AM
To: Brooks, David K., EMNRD
Subject: RE: Westland Park No. 1; NSP application
Attachments: Revised OCD NSP_NSL App.pdf

Attached is the revised app with notification letters

Thanks Philana

From: Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]
Sent: Wednesday, August 18, 2010 2:54 PM
To: Philana Thompson
Subject: Westland Park No. 1; NSP application

Dear Ms. Thompson

In the referenced application, you state that no notice is required because Merrion is the operator of the entire section. In the case of the NSL application, this is correct in that no notice is required because the encroachment is internal within the unit.

In the case of the NSP application, since the proposed non-standard unit is an entire quarter section, there are no owners left out of the unit, and therefore no notice is required by the express provision of Rule 4.12.A(3). However, that rule also provides that notice shall be given to other persons to whom the Division requires notice. Where an application to create a non-standard unit significantly affects well density, as is the case here (1 well per 90 acres versus 1 well per 160 acres), it is our policy to require notice to offsetting operators of all adjoining units. Therefore notice needs to be sent for the NSP application to the operators of the adjoining units to the north, northeast, northwest and west, which are not in Section 18.

Thanks

David K. Brooks
Legal Examiner

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.



August 20, 2010

Mr. David Brooks
New Mexico Oil Conservation Division
1220 S. St. Frances Dr
Santa Fe, NM 87504

Reference:

Application for Administrative Approval of non standard spacing unit
Merrion Oil & Gas Corporation
Westland Park #1
30-045-34749 UL C, S18, T29N, R13W 1269 FNL & 1183 FWL
San Juan County, NM
Basin Fruitland Coal/ Kutz West Pictured Cliffs

Dear Mr. Brooks,

Pursuant to 19.15.15.11 B. 3 NMAC Merrion Oil & Gas hereby requests administrative approval for a non-standard spacing unit for the above referenced well for the Kutz West Pictured Cliffs formation.

Section 18 is a truncated section, and the NW/4 is only 90 acres. Therefore, a NSP is needed to set up a spacing unit for the NW/4

Merrion Oil & Gas has notified the offset operators.

If you should have any questions or concerns, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Philana Thompson". The signature is fluid and cursive, with the first name "Philana" being more prominent than the last name "Thompson".

Philana Thompson
Regulatory Compliance Specialist
Merrion Oil & Gas Corporation
505-324-5336 office



August 20, 2010

Robert L. Bayless, Producer LLC
PO Box 168
Farmington, NM 87499

Re:

Application for Administrative Approval for a non standard spacing unit
Merrion Oil & Gas Corporation
Westland Park #1 30-045-34749 UL C, S18, T29N, R13W 1269 FNL & 1183 FWL
San Juan County, NM
Basin Fruitland Coal/ Kutz West Pictured Cliffs

Mr. McCord,


Pursuant to 19.15.15.11 B. 3 NMAC Merrion Oil & Gas is requesting administrative approval for a non-standard spacing unit for the above referenced well for the Kutz West Pictured Cliffs formation.

Section 18 is a truncated section, and the NW/4 is only 90 acres. Therefore, a NSP is needed to set up a spacing unit for the NW/4

Enclosed is a copy of the Application for Administrative Approval for a non standard spacing unit for the Westland Park #1 well that has been sent to the New Mexico Oil Conservation Division for the administrative approval. If your company should object, you must file your objection with the New Mexico Oil Conservation Division within 20 days, as required by the OCD rule 15.13.D (19.15.15.13D NMAC). If you have no objection to the proposed non-standard spacing unit, please so indicate by signing and returning one copy of the letter to me at the address shown on the bottom of this letter.

If you should have any questions or concerns, please do not hesitate to contact me. Your prompt attention to this matter will be very much appreciated.

Sincerely,


Philana Thompson
Regulatory Compliance Specialist
Merrion Oil & Gas Corporation
505-324-5336 office

_____ hereby waives notice of hearing and objection to the application by Merrion Oil & Gas Corporation for the non-standard spacing unit for the Westland Park #1 well as depicted on the enclosed application. If you don't respond, Merrion Oil & Gas will assume that you are in agreement.

By: _____ Date: _____

Printed Name: _____



August 20, 2010

XTO Energy Inc.
Aaron Austin
810 Houston St
Fort Worth, TX 76102-6298

Re:
Application for Administrative Approval for a non standard spacing unit
Merrion Oil & Gas Corporation
Westland Park #1 30-045-34749 UL C, S18, T29N, R13W 1269 FNL & 1183 FWL
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Aaron,

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August 20, 2010

Dugan Production Corp
John Roe
709 E Murray Dr
Farmington, NM 87401

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Westland Park #1 30-045-34749 UL C, S18, T29N, R13W 1269 FNL & 1183 FWL
San Juan County, NM
Basin Fruitland Coal/ Kutz West Pictured Cliffs

John,

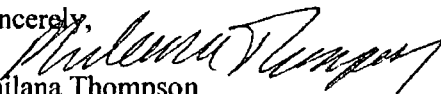
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By: _____ Date: _____

Printed Name: _____

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Wednesday, August 18, 2010 2:54 PM
To: 'pthompson@merrion.bz'
Subject: Westland Park No. 1; NSP application

Dear Ms. Thompson

In the referenced application, you state that no notice is required because Merrion is the operator of the entire section. In the case of the NSL application, this is correct in that no notice is required because the encroachment is internal within the unit.

In the case of the NSP application, since the proposed non-standard unit is an entire quarter section, there are no owners left out of the unit, and therefore no notice is required by the express provision of Rule 4.12.A(3). However, that rule also provides that notice shall be given to other persons to whom the Division requires notice. Where an application to create a non-standard unit significantly affects well density, as is the case here (1 well per 90 acres versus 1 well per 160 acres), it is our policy to require notice to offsetting operators of all adjoining units. Therefore notice needs to be sent for the NSP application to the operators of the adjoining units to the north, northeast, northwest and west, which are not in Section 18.

Thanks

David K. Brooks
Legal Examiner