



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

March 3, 2004

Lori Wrotenbery
Director
Oil Conservation Division

Merrion Oil & Gas Corporation
610 Reilly Avenue
Farmington, New Mexico 87401-2634

Telefax No. (505) 326-5900

Attention: **Connie S. Dinning**
Production Engineer

Administrative Order NSL-4560-A

Dear Ms. Dinning:

Reference is made to the following: (i) your application dated January 19, 2004 that was submitted to the New Mexico Oil Conservation Division ("Division") on February 12, 2004 (*administrative application reference No. pMES0-405039928*); and (ii) the Division's records in Santa Fe and Aztec, including the files on Division Administrative Orders NSL-4560 and NSL-4550-A: all concerning Merrion Oil & Gas Corporation's ("MOG") request for a non-standard Basin-Fruitland coal gas well location for its existing Bartens Park Com. Well No. 1 (API No. 30-045-30493) located 2479 feet from the South line and 1247 feet from the East line (Unit I) of Section 36, Township 30 North, Range 13 West, NMPM, San Juan County, New Mexico. The E/2 of Section 36 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing unit for the Basin-Fruitland Coal (Gas) Pool (71629).

This application has been duly filed under the provisions of: (i) Rule 7 (b) of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended; (ii) Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission ("Commission") in Case No. 12119 on August 12, 1999; and (iii) Rule 1207.A (2), revised by Division Order No. R-11205, issued by the Commission in Case No. 12177 on June 17, 1999.

By Division Administrative Order NSL-4560, dated March 12, 2001, MOG received authorization to drill to and complete the above-described Bartens Park Com. Well No. 1 in the Fulcher Kutz-Pictured Cliffs Pool (77200) at an unorthodox coal gas well location within a standard 160-acre spacing unit comprising the SE/4 of Section 36.

It is the Division's understanding that MOG now indents to perforate the Bartens Park Com. Well No. 1 up-hole into the Fruitland coal gas interval in an attempt to establish gas production and recompleat the well such that production from both the Fruitland coal gas and Pictured Cliffs intervals zones will be downhole commingled. However, pursuant to Rule 7 (a) (1) of the Basin Fruitland coal gas special pool rules, the location of this well is also considered to be unorthodox for the subject 320-acre stand-up coal gas unit.

Further, by Division Administrative Order NSL-4550-A, dated January 23, 2004, MOG was granted authorization to dedicate this unit to its Blackshawl Com. Well No. 1 (API No. 30-045-30420), located at an unorthodox coal gas well location 493 feet from the North line and 743 feet from the East line (Unit A) of Section 36.

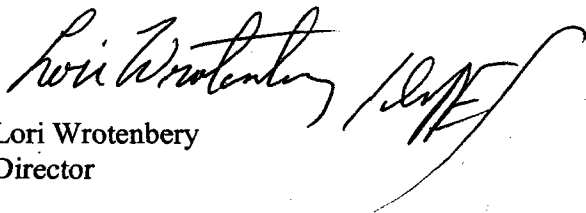
By the authority granted me under the provisions of Rule 7 (b) of these special pool rules, the above-described unorthodox coal gas well location for the Bartens Park Com. Well No. 1 is hereby approved.

MOG is further authorized to simultaneously dedicate production attributed to the Basin-Fruitland Coal (Gas) Pool from both its existing Blackshawl Com. Well No. 1 and Bartens Park Com. Well No. 1.

Also, all provisions of Division Orders NSL-4550-A and NSL-4560 shall remain in full force and affect until further notice.

Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,



Lori Wrotenbery
Director

LW/mes

cc: New Mexico Oil Conservation Division - Aztec
New Mexico State Land Office - Santa Fe
File: Division Administrative Order NSL-4550-A
Division Administrative Order NSL-4560