



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor
Joanna Prukop
Cabinet Secretary

August 11, 2003

Lori Wrotenbery
Director
Oil Conservation Division

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

Attention: **George F. Sharpe**
gsharpe-merrion@cyperport.com

Administrative Order NSL-4934

Dear Mr. Sharpe:

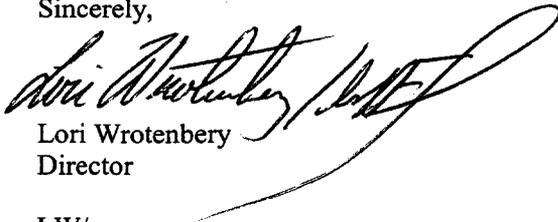
Reference is made to: (i) your application submitted to the New Mexico Oil Conservation Division ("Division") in Santa Fe, New Mexico on July 21, 2003 (*administrative application reference No. pMES0-320350903*); and (ii) the Division's records in Aztec and Santa Fe: all concerning Merrion Oil & Gas Corporation's ("Merrion") request for a non-standard Gallup/Mancos oil well location for the existing Federal "29" Well No. 1-E (API No. 30-045-26999), which was drilled to a total depth of 6,540 feet in 1988 by M. J. Brannon of Fort Worth, Texas and completed in the Basin-Dakota Pool at a standard infill gas well location 1850 feet from the South line and 1555 feet from the East line (Unit J) of Section 29, Township 25 North, Range 9 West, NMPM, San Juan County, New Mexico.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

It is our understanding that Merrion now intends to perforate the Gallup/Mancos interval in the Federal "29" Well No. 1-E in an attempt to establish oil production from the Undesignated White Wash Mancos-Dakota Oil Pool (64290) and recomplete the well such that production from both intervals will be downhole commingled. The NW/4 SE/4 (Unit J) of Section 29 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for this oil production. The location of this well however is considered to be unorthodox pursuant Division Rule 104.B (1), as revised.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox oil well location in the Undesignated White Wash Mancos-Dakota Oil Pool for Merrion's Federal "29" Well No. 1-E is hereby approved.

Sincerely,



Lori Wrotenbery
Director

LW/mes

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