



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

February 11, 1991

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Merrion Oil and Gas Corporation
P.O. Box 840
Farmington, NM 87499

Attention: George Sharp

Administrative Order NSL-2975

Dear Mr. Sharp:

Reference is made to your application dated September 17, 1990 for a non-standard Basin-Fruitland coal gas well location for your existing Chaco Well No. 2 which was drilled in 1977 and completed in the WAW Fruitland-Pictured Cliffs Sand Pool 908 feet from the South line and 1807 feet from the West line (Unit N) of Section 7, Township 26 North, Range 12 West, NMPM, San Juan County, New Mexico.

It is my understanding that the Fruitland-Pictured Cliffs Sand zone in said well has been properly plugged back and recompleted to the Basin-Fruitland Coal Gas Pool, which pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order No. R-8768, is unorthodox. Further, Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of said Section 7 shall be dedicated to the well forming a standard 312.4-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 8 of said Division Order No. R-8768, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington