



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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

May 19, 1994

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

Attention: George Sharpe

Administrative Order No. NSL-3393

Dear Mr. Sharpe:

Reference is made to your application dated April 25, 1994 for a non-standard Basin-Fruitland coal gas well location for your existing Carnahan Com Well No. 1 (API No. 30-045-25844) which was drilled in 1960 and completed in the Basin-Dakota Pool at a standard gas well location 990 feet from the South and East lines (Unit P) of Section 35, Township 20 North, Range 12 West, NMPM, San Juan County, New Mexico.

Said well is currently completed in the Flora Vista Mesaverde Pool.

It is our understanding that the Mesaverde zone will be properly plugged back and said well will be recompleted to both the Undesignated Fulcher Kutz-Pictured Cliffs Pool and the Basin-Fruitland Coal Gas Pool where production will be downhole commingled within the wellbore. Pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as promulgated by Division Order No. R-8768, as amended, said location is considered to be unorthodox for the Fruitland coal interval only.

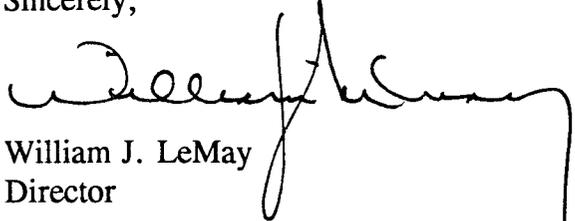
The E/2 of said Section 35 being a standard 320-acre gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool and the SE/4 of said Section 35 being a standard 160-acre gas spacing and proration unit in the Undesignated Fulcher-Kutz Pictured Cliffs Pool are to be dedicated to said well.

By the authority granted me under the provisions of Rule 8 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as promulgated by Division Order No. R-8768, as amended, the above-described unorthodox gas well location is hereby approved.

Administrative Order NSL-3393
Merrion Oil and Gas Corporation
May 19, 1994
Page 2

Also, Merrion Oil and Gas Corporation shall comply with all other provisions of said Order No. R-8768, as amended, pertaining to the downhole commingling of coal gas production with gas from the Undesignated Fulcher-Kutz Pictured Cliffs interval.

Sincerely,



William J. LeMay
Director

WJL/MES/amg

cc: Oil Conservation Division - Aztec
File: Case No. 10970