

# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**

Governor

Joanna Prukop  
Cabinet Secretary  
Reese Fullerton  
Deputy Cabinet Secretary

Mark Fesmire  
Division Director  
Oil Conservation Division



May 29, 2008

Permits West, Inc.  
Attn: Mr. Brian Wood  
37 Verano Loop  
Santa Fe, NM 87508

**Administrative Order NSL-5829**

**Re: Merrion Oil & Gas Corporation  
Blackrock C Well No. 1E  
API No. 30-045-23670  
Unit N, Section 21-26N-11W  
San Juan County**

Dear Mr. Wood:

Reference is made to the following:

(a) your application (**administrative application reference No. pKVR08-11944080**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico, on behalf of Merrion Oil & Gas Corporation (Merrion) on April 28, 2008, and

(b) the Division's records pertinent to this request.

Merrion has requested to drill the above-referenced well at an unorthodox oil well location, 760 feet from the South line and 1618 feet from the West line (Unit N) of Section 21, Township 26 North, Range 11 West, N.M.P.M., in San Juan County, New Mexico. The S/2 SW/4 of Section 21 will be dedicated to this well in order to form a standard 80-acre oil spacing unit in the Gallegos-Gallup Associated Pool (26980). Spacing in this pool is governed by Rule 2(a) of the Special Pool Rules for the Gallegos-Gallup Associated Pool, as established by Order R-5353, effective February 1, 1977, which establishes 80-acres oil units and 320-acre gas units, and by Rule 2(b) of the General Rules and Regulations for the Associated Oil and Gas Pools of Northeast New Mexico and Southwest New Mexico, as established by Order R-5813, effective February 1, 1977, which provides that wells located in 80-acre oil units in such pools shall be at least 790 feet from any quarter section line and 330 feet from any quarter-quarter section line. This location is less than 790 feet from the southern boundary of Section 21, and less than 330 feet from the quarter-quarter section line separating the SW/4 SE/4 and the SW/4 SW/4 of said section.

Oil Conservation Division \* 1220 South St. Francis Drive

\* Santa Fe, New Mexico 87505

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Your application on behalf of Merrion has been duly filed under the provisions of Division Rules 104.F and 1210.A(2).

It is our understanding that you are seeking this location to avoid interference with existing surface improvements and with the surface location of another existing well.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 1210.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 104.F(2), the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 40.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', written over a horizontal line.

Mark E. Fesmire, P.E.  
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec  
United States Bureau of Land Management - Farmington