



SUSPENSE 4/28/08	ENGINEER Brooks	LOGGED IN 4-28-08	TYPE NSL	APP NO. PK1/R0311944080
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**NEW MEXICO OIL CONSERVATION DIVISION**  
- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505

*Merrion Oil & Gas Corp*  
*Blackrock C #1E*  
*5529*

ABOVE THIS LINE FOR DIVISION USE ONLY

**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL     NSP     SD

Merrion's  
Blackrock C 1 E  
30-045-34306

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC     CTB     PLC     PC     OLS     OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX     PMX     SWD     IPI     EOR     PPR

- [D] Other: Specify \_\_\_\_\_

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or \_ Does Not Apply

- [A]  Working, Royalty or Overriding Royalty Interest Owners *Ripe 5/19*
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note:** Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name  
**BRIAN WOOD**  
 (505) 466-8120  
 FAX 466-9682

Signature

Title  
**CONSULTANT**

Date  
**4-27-08**

c-mail Address  
**brian@permitswest.com**

REQUEST FOR ADMINISTRATIVE APPROVAL  
FOR NONSTANDARD LOCATION  
FOR MERRION OIL & GAS CORPORATION'S  
BLACKROCK C 1 E  
760' FSL & 1618' FWL SEC. 21, T. 26 N., R. 11 W.  
SAN JUAN COUNTY, NM

I. The well (30-045-34306) is on Navajo Tribal surface and BLM oil and gas lease NMSF-078899. The proposed location is nonstandard for the Gallegos Gallup (Associated) Pool Code 26980 due to surface use (center pivot irrigation fields and Merrion's producing (Fruitland coal) Jazz Com 2 well). A standard location must be at least 330' from the quarter-quarter line and 790' from the quarter section line. This well is staked 30' further south and 32' further west than is standard. (Closest standard location would be 790' FSL & 1650' FWL.) The APD cover sheet is attached as EXHIBIT A.

II. A C-102 showing the well location and pro ration unit (S2SW4 Section 21) is attached (EXHIBIT B).

The BLM oil and gas lease (960 acres) boundary is marked as a solid line on the attached (EXHIBIT C) copy of the USGS topographic map. The well is on BLM lease NMSF-078899, which will be communitized with BLM lease NMSF-078899A.

The well encroaches on the NW4 of Section 28. There are no Gallegos Gallup wells in that quarter section. That quarter section is part of Navajo allotted lease I-149-IND-7971. BP and ConocoPhillips each have a 50% interest in that quarter section.

Existing 80 acre Gallegos Gallup dedications within 1/2 mile of the Blackrock C 1 E dedication are shown on Exhibit D. None border the Blackrock C 1 E dedication. Closest Gallegos Gallup well is Merrion's Blackrock C 1 (30-045-05780) which is 3,530' north.

The proposed Gallegos Gallup (Associated) dedication (S2SW4 Section 21 (=80 acres)) is shown on EXHIBIT E. Merrion's Blackrock C 1 E is the only existing Gallegos Gallup (Associated) well in that dedication. (Disregard many of the roads on the map. The roads have been moved or obliterated by NAPI.)

III. According to NM Oil Conservation Division records, the closest existing or approved Gallegos Gallup (Associated) well is Merrion's producing Blackrock C 1 well. It is 3,530' north at 990' FNL & 1650' FWL 21-26n-11w. EXHIBIT F shows the proposed NSL well, all existing Gallegos Gallup wells (circled), and all existing adjacent Gallegos Gallup dedicated spacing units in Section 21 and the 8 contiguous sections.

Registered letters were sent on January 22, 2008 to all of the offset interest owners. Copies of the postal receipts and letters are attached.

IV. A copy of the USGS map is attached (EXHIBIT E). The proposed well site is marked. Pro ration unit (solid line) for the Gallegos Gallup (Associated) is the 80 acre south half of the southwest quarter Section 21, Township 26 North, Range 11 West, San Juan County, NM.

V. The nonstandard location is due to surface use. The Blackrock C 1 E well site is squeezed between 2 NAPI center pivot irrigation fields and a producing Fruitland coal gas well (Jazz Com 2). The irrigated fields are shown on the air photo in EXHIBIT G. The Jazz Com 2 and Blackrock C 1 E well sites are shown on EXHIBIT H. There is actually less room available than is shown. NAPI policy requires a 65' buffer beyond the edge of the field to allow unimpeded passage by their tractors.

VI. Archaeology is not an issue.

VII. See item V. above and attached EXHIBITS G and H for a description and depiction of the surface conditions.

VIII. Directional drilling is not feasible because it is not cost effective.

IX. I hereby certify notice (EXHIBIT I) was sent on January 22, 2008 to the following owners of interests in the NW4 of Section 28 which adjoin the applicant's spacing unit on one or more of the two sides or the single closest corner to the proposed well and that the information is current and correct.



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

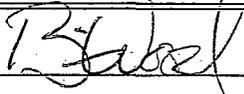
FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007

5. Lease Serial No. NMSF-078899	
6. If Indian, Allottee or Tribe Name N/A	
7. If Unit or CA Agreement, Name and No. N/A	
8. Lease Name and Well No. BLACKROCK C 1-E	
9. API Well No. 30-045-	
10. Field and Pool, or Exploratory GAL'GOS GAL'P & BAS. DAK.	
11. Sec., T. R. M. or Blk. and Survey or Area 21-26N-11W NMPM	
12. County or Parish SAN JUAN	13. State NM
14. Distance in miles and direction from nearest town or post office* 16 AIR MILES SOUTH OF BLOOMFIELD	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 298' (560' & 760' to CA)	16. No. of acres in lease 960
17. Spacing Unit dedicated to this well S2SW4 (Gallup) & W2 (Dakota)	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 101' (Jazz Com 2)	19. Proposed Depth 6,200'
20. BLM/BIA Bond No. on file NM-0883	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,208' GL	22. Approximate date work will start* 10/01/2007
	23. Estimated duration 2 WEEKS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- |   |  |
|---|--|
| 1. Well plat certified by a registered surveyor.  | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).    |
| 2. A Drilling Plan.   | 5. Operator certification  |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 05/05/2007
Title CONSULTANT	PHONE: (505) 466-8120	FAX: (505) 466-9682
Approved by (Signature)	Name (Printed/Typed)	Date
Title	Office	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

EXHIBIT A

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Ave., Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Mining Resources Department  
OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C - 102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

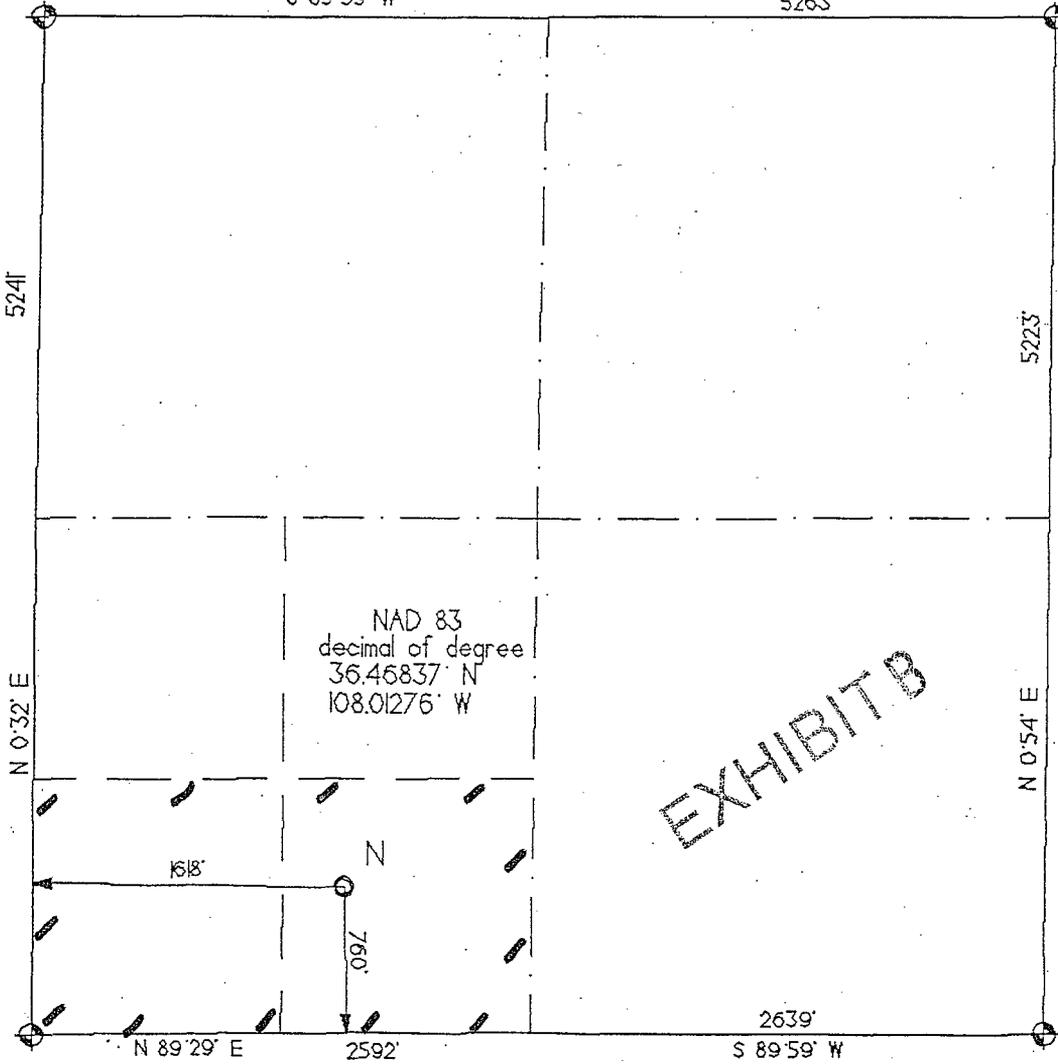
APA Number <b>34306</b> 30-045- <del>23670</del>	Pool Code 26980	Pool Name GALLEGOS GALLUP (ASSOC.)
Property Code	Property Name Blackrock C	Well Number IE
OGRD No. 014634	Operator Name MERRION OIL & GAS CORPORATION	Elevation 6208'

Surface Location									
UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County
N	.21	26 N.	11 W.		.760'	South	1618'	West	San Juan

Bottom Hole Location If Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County

Dedicated Acres 80	Joint or Infill	Consolidation Code C	Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.  
S 89°59' W 5263'



**OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pool agreement or a compulsory pooling order heretofore entered by the division.

Date **MAY 5, 2007**

Signature *Brian Wood*

Printed Name **BRIAN WOOD**

**SURVEYOR CERTIFICATION**  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

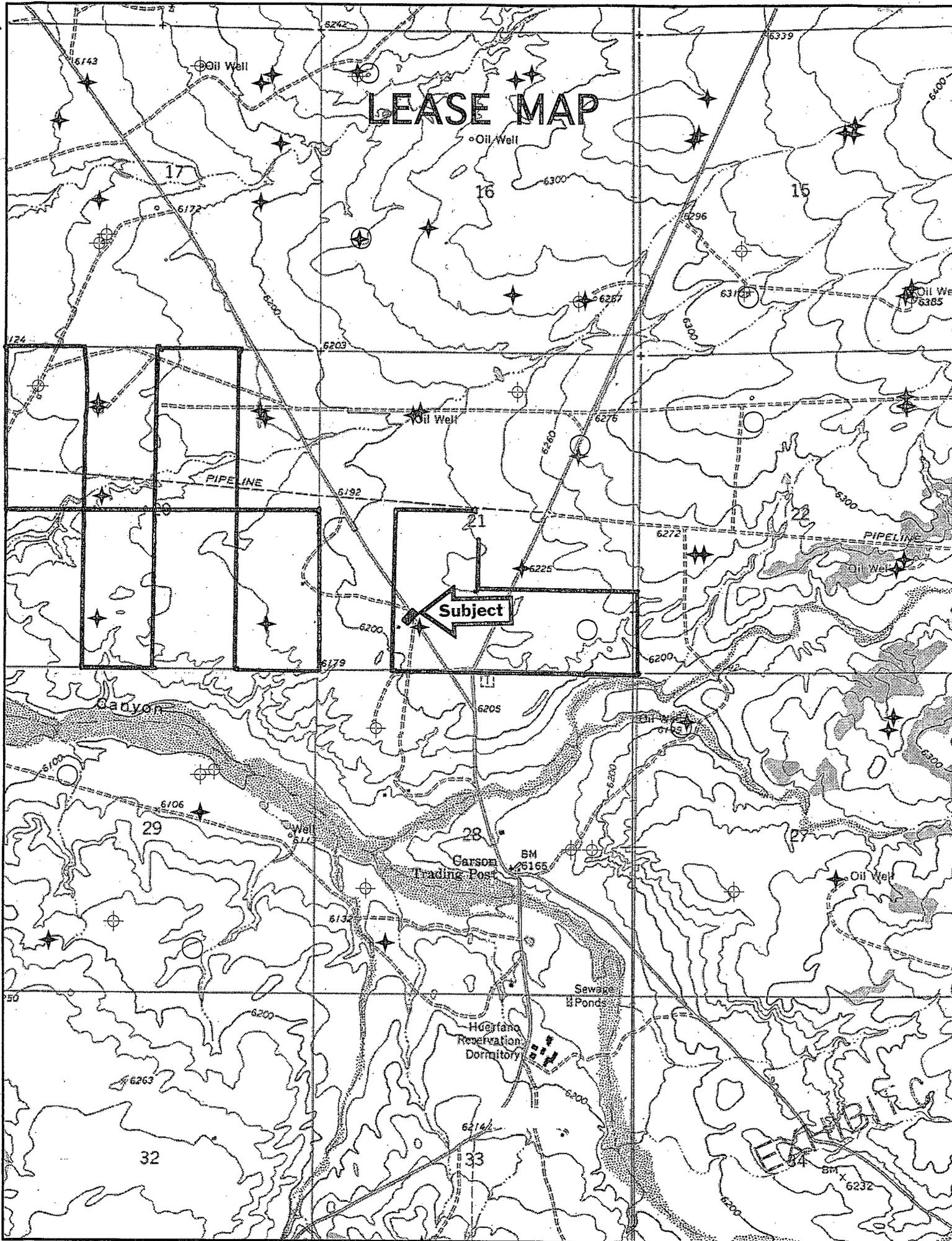
Date of survey **100-020507**

Signature and Seal of Professional Surveyor *Gerald Wood*

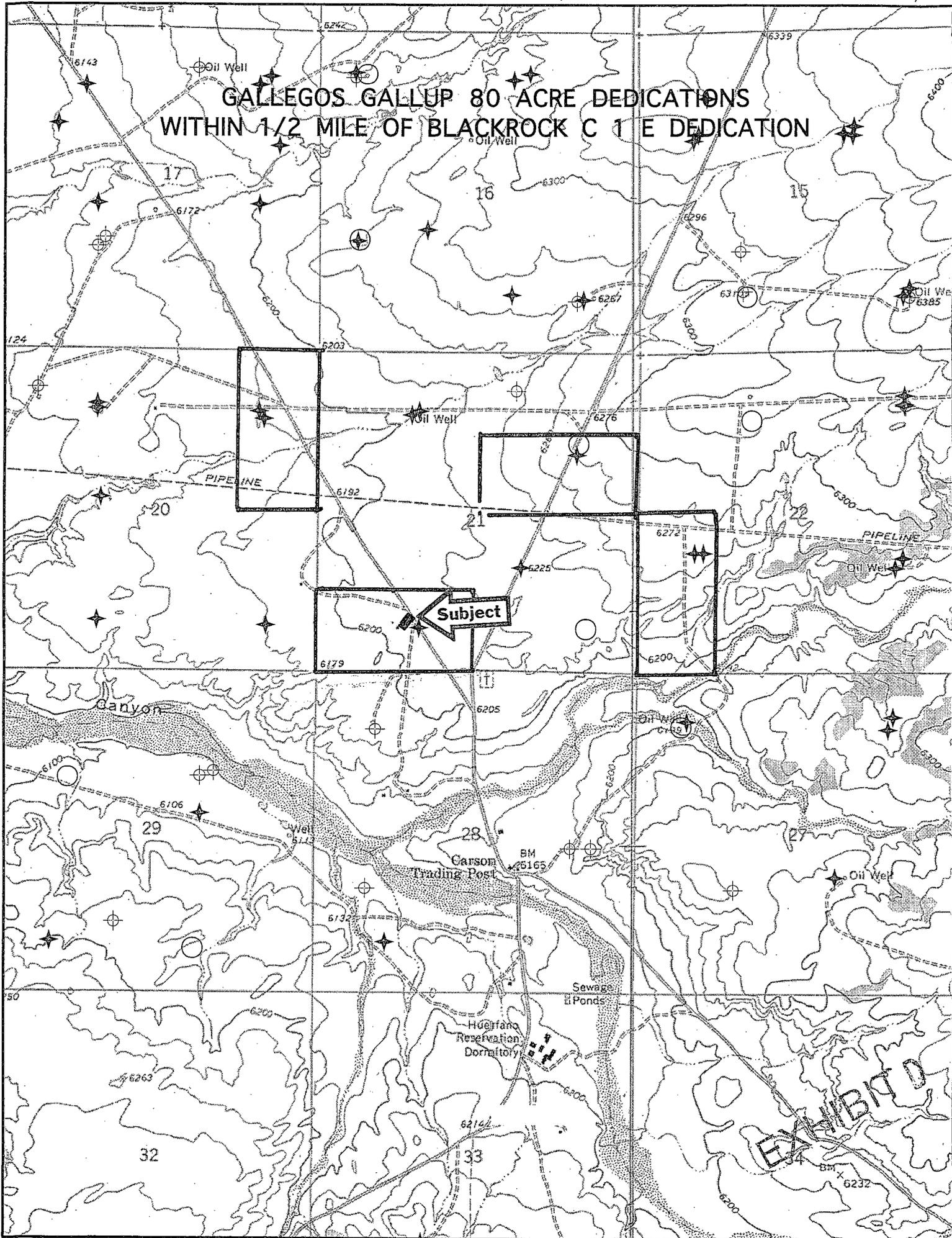
**GERALD WOOD**  
NEW MEXICO  
REGISTERED PROFESSIONAL SURVEYOR  
6844

Certificate Number **6844**

# LEASE MAP

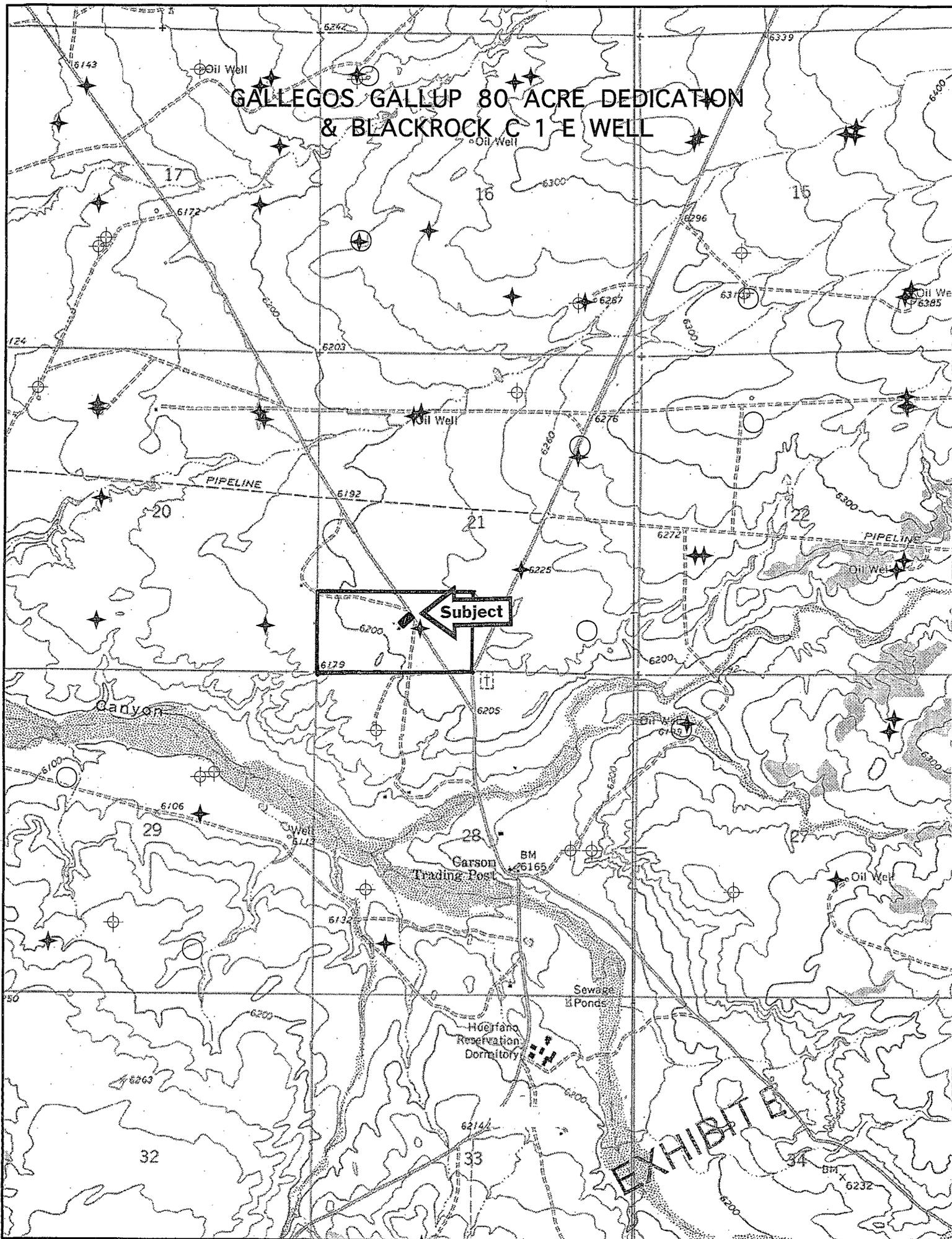


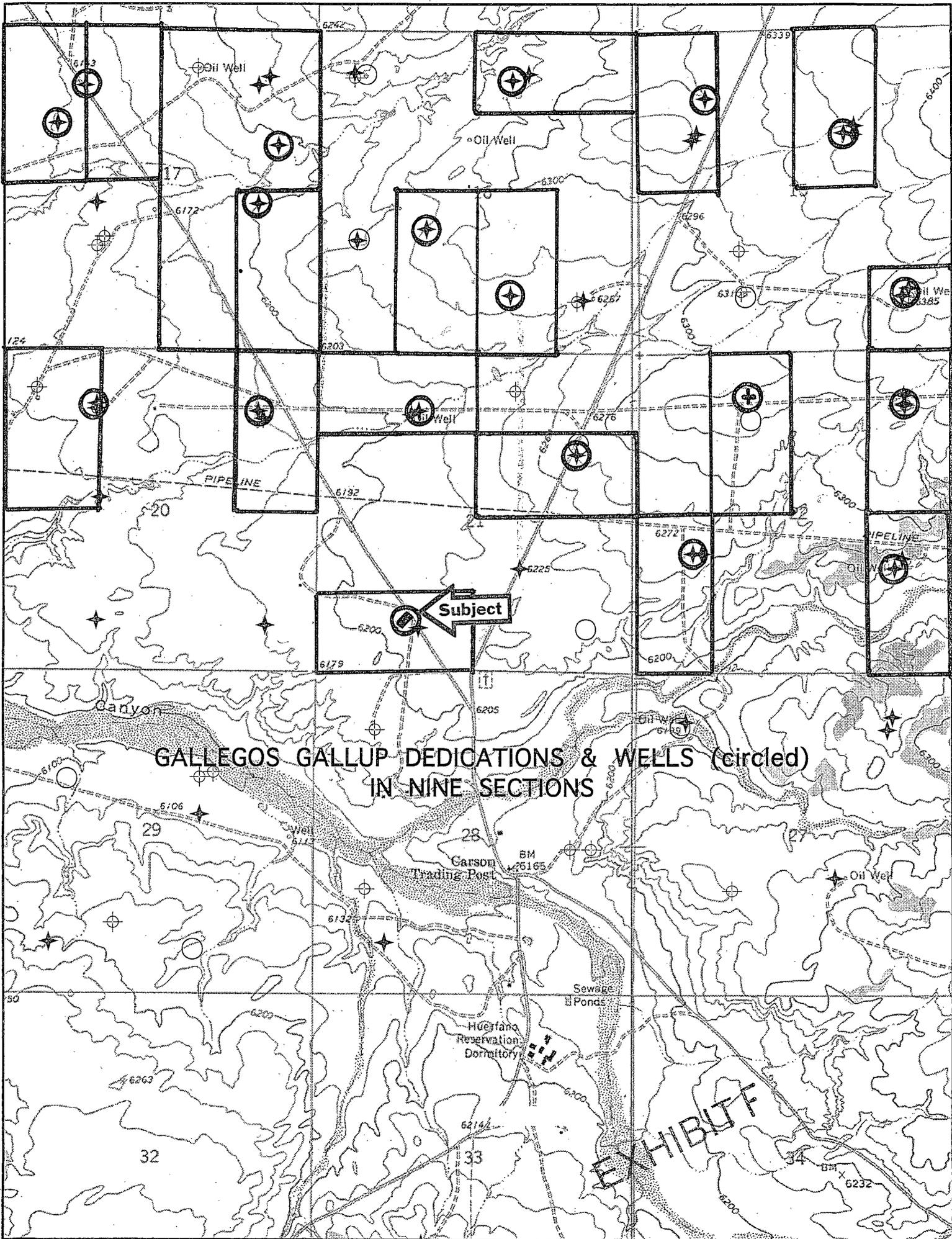
**GALLEGOS GALLUP 80 ACRE DEDICATIONS  
WITHIN 1/2 MILE OF BLACKROCK C 1 E DEDICATION**



**EXHIBIT D**

# GALLEGOS GALLUP 80 ACRE DEDICATION & BLACKROCK C 1 E WELL





**GALLEGOS GALLUP DEDICATIONS & WELLS (circled)  
IN NINE SECTIONS**

**EXHIBIT**

MERRION Blackrock S2SW4 21-26N-11W m yds

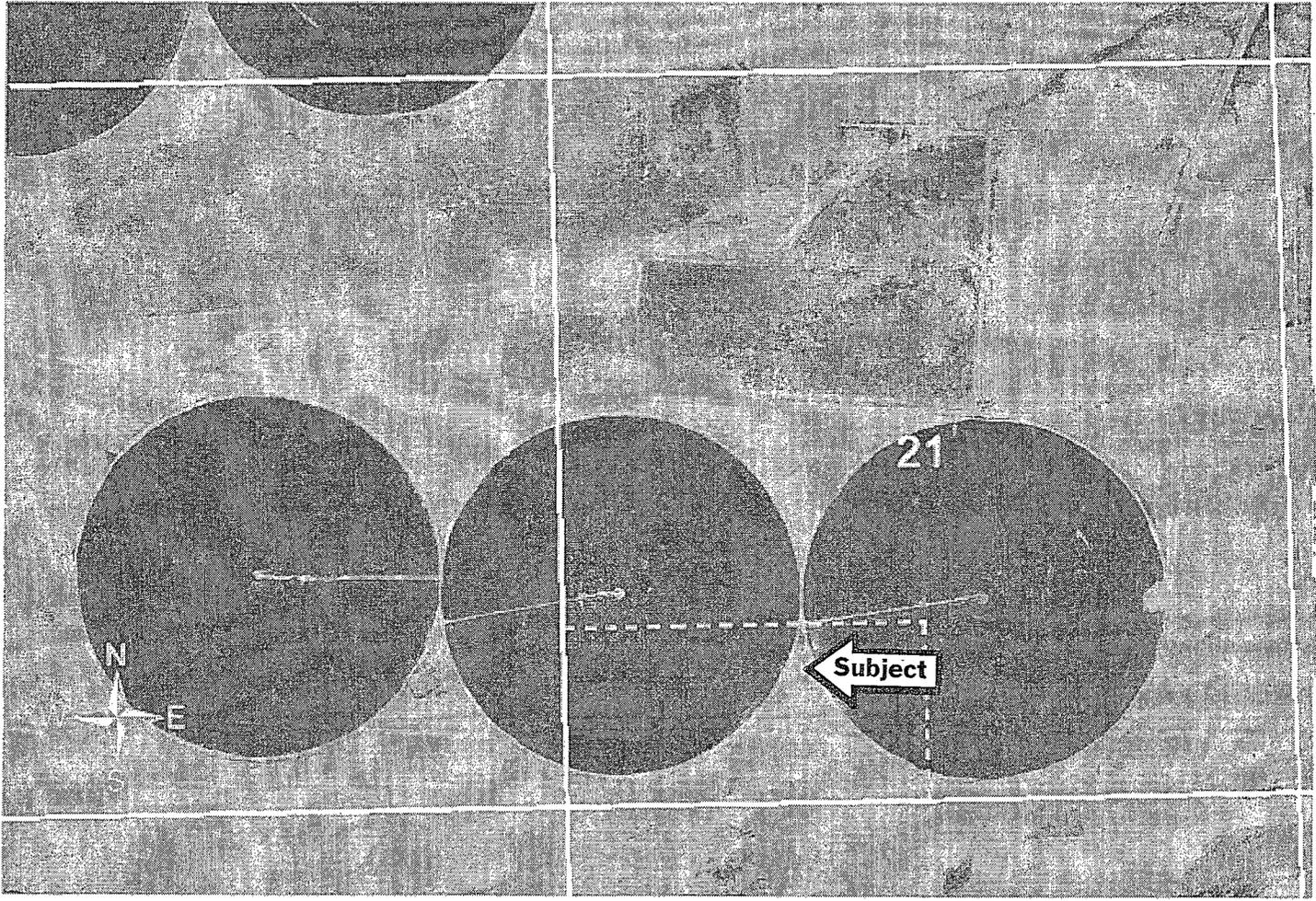
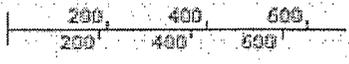
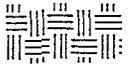


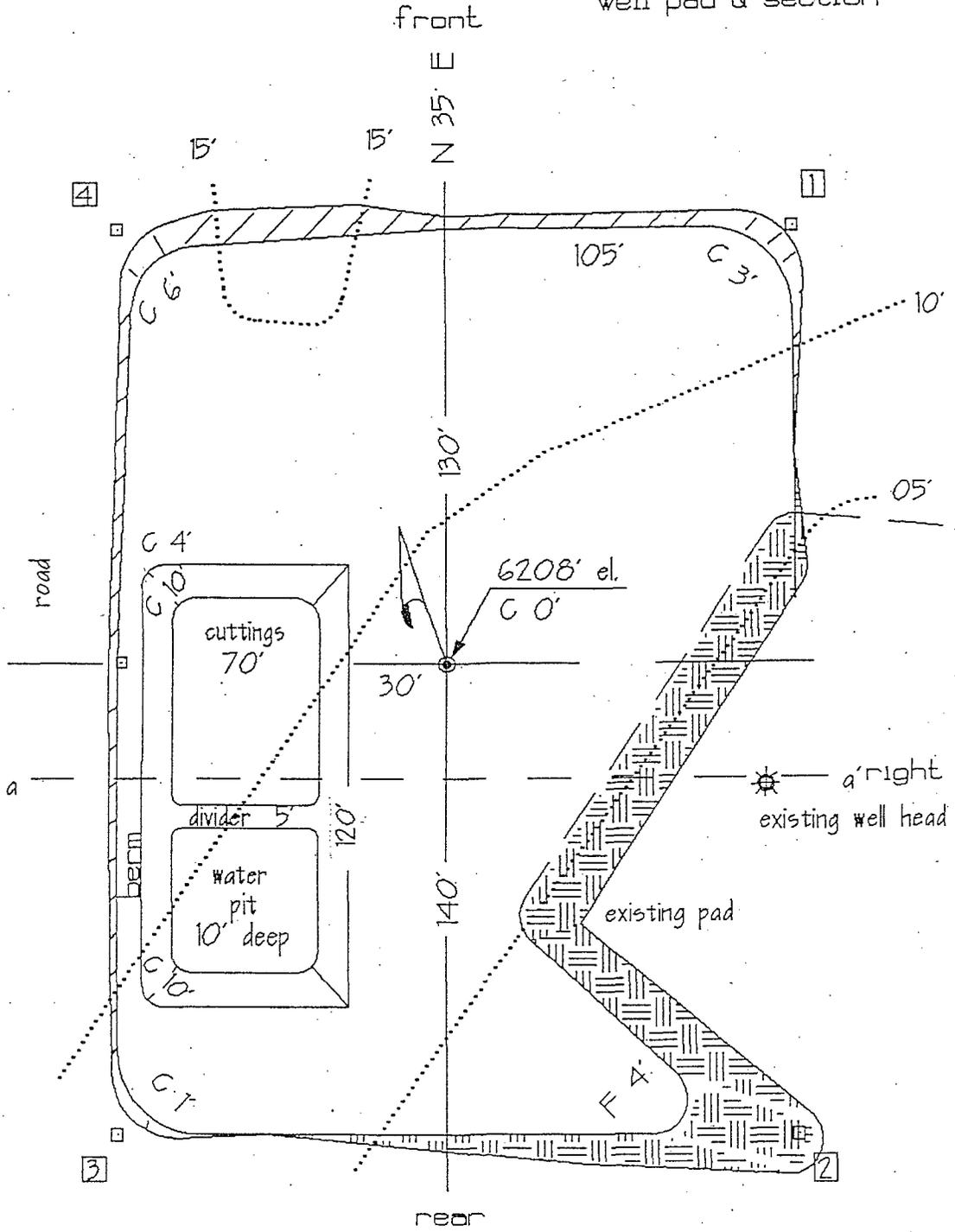
EXHIBIT G

Blackrock C # 1 E  
well pad & section



0' 50'  
Scale 1" = 50'

-  cut slope
-  fill slope
-  stake/pin flag



field edge

left

a

road

front

N 35° E

30'

6208' el.  
C 0'

140'

rear

existing well head

existing pad



a

Cross section

EXHIBIT H

# PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

January 22, 2008

Sharon Zubrod  
 Burlington Resources and ConocoPhillips  
 P. O. Box 4289  
 Farmington, NM 87499

Dear Sharon,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Merrion Oil & Gas Corporation is applying for NSL approval for its Blackrock C 1 E well. The minimum state distance for such a well is 330' from a quarter-quarter line and 790' from the quarter section line. The well is 30' further south and 32' further west than is standard. Thus, it is a nonstandard location. The NSL is due to irrigated fields and a producing gas well.

Well Name: Blackrock C 1 E      Total Depth: 6,200'  
Proposed NSL Zone: Gallegos Gallup (Associated)  
NSL Acreage Dedication: 80 acres (S2SW4 Section 21)  
Location: 760' FSL & 1618' FWL Sec. 21, T. 26 N., R. 11 W.,  
                     San Juan County, NM on BLM lease NMSF-078899  
Approximate Location: ≈16 air miles south of Bloomfield, NM  
Applicant Name: Merrion Oil & Gas Corporation (505) 324-5300  
Applicant's Address: 610 Reilly Ave., Farmington, NM 87401

Submittal Information: Application for a nonstandard location has been filed with the NM Oil Conservation Division (NMOCD). If you have an objection, then it must be filed with the NMOCD within 20 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



Brian Wood

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, IF ONLY AT POSTED LINE

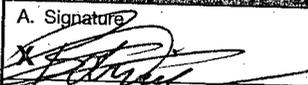
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<p><input checked="" type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p><input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you.</p> <p><input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits. <i>Black</i></p> <p>1. Article Addressed to:  <i>Burlington                      ConocoPhillips                      PO Bx 4289                      Farmington NM 87499</i></p> <p>2. Article Number                      (Transfer from service label)</p>	<p>A. Signature  </p> <p style="text-align: right;"><input type="checkbox"/> Agent  <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name)  <i>S. Zubrod</i></p> <p>C. Date of Delivery  <i>1/25/08</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes                      If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type  <input checked="" type="checkbox"/> Certified Mail    <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered        <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail       <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee)    <input type="checkbox"/> Yes</p>
<p>7007 1490 0003 6189 5350</p>	

EXHIBIT 1

January 22, 2008

Cherry Hlava  
 BP America Production Company  
 P. O. Box 3092  
 Houston, Tx. 77253-3092

Dear Cherry,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Merrion Oil & Gas Corporation is applying for NSL approval for its Blackrock C 1 E well. The minimum state distance for such a well is 330' from a quarter-quarter line and 790' from the quarter section line. The well is 30' further south and 32' further west than is standard. Thus, it is a nonstandard location. The NSL is due to irrigated fields and a producing gas well.

Well Name: Blackrock C 1 E      Total Depth: 6,200'  
Proposed NSL Zone: Gallegos Gallup (Associated)  
NSL Acreage Dedication: 80 acres (S2SW4 Section 21)  
Location: 760' FSL & 1618' FWL Sec. 21, T. 26 N., R. 11 W.,  
 San Juan County, NM on BLM lease NMSF-078899  
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Applicant Name: Merrion Oil & Gas Corporation (505) 324-5300  
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Please call me if you have any questions.

Sincerely,



Brian Wood

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<p><input checked="" type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p><input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you.</p> <p><input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits. <i>Black</i></p> <p>1. Article Addressed to:</p> <p><i>BP</i>  <i>PO Box 3092</i>  <i>Houston TX</i>  <i>77253</i></p>	<p>A. Signature  <input checked="" type="checkbox"/> <i>X</i>      <input type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name)  <i>Black</i></p> <p>C. Date of Delivery  <i>JAN 29 2008</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes            If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type  <input checked="" type="checkbox"/> Certified Mail    <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered        <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail      <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee)    <input type="checkbox"/> Yes</p>
2. Article Number (Transfer from service label)	7007 1490 0003 6189 5343

**EXHIBIT 1**