

MERRION

OIL & GAS

December 9, 1997

Mr. William J. Lemay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

**Re: Application for Administrative Approval
Non-Standard Location
Nelson A-1
Basin Fruitland Coal Pool
N/2 Section 9, T26N, R12W
San Juan County, New Mexico**

Dear Mr. Lemay:

Merrion Oil & Gas Corporation plans to recompleate the subject well from the Gallup Formation into the Fruitland Coal Formation. The wells location of 1980' FNL and 1978' FWL is at standard setbacks from the N/2 spacing unit. However, the well is located in the NW/4 instead of the standard NE/4 outlined in the Basin Fruitland Coal Pool Rules. Therefore, Merrion requests your approval of a non-standard location.

The justification for the request is based on the ability to recompleate the existing well instead of drilling a new well. The well is uneconomic in the Gallup Formation and, unless recompleated, needs to be plugged out. The proposed recompleation would put the wellbore to beneficial use and save significant money over drilling a new well.

Attached in support of this application are the following:

- 1.) C-102 Plat
- 2.) Location plat showing offset operators.
- 3.) List of offset operators that received a certified copy of this application.

Page Two
December 9, 1997

Please call me with any questions.

Sincerely,

A handwritten signature in cursive script that reads "George Sharpe". The signature is written in black ink and is positioned above the typed name and title.

George F. Sharpe
Manager - Oil & Gas Investments

xc: Frank Chavez - OCD, Aztec
BLM - Farmington

District I
PO Box 1980, Hobbs, NM 87411-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 APN Number 30-045-05953		2 Pool Code 71629		3 Pool Name Basin Fruitland	
4 Property Code 007823		5 Property Name Nelson A			6 Well Number 1
7 OGRID No. 014634		8 Operator Name Merrion Oil & Gas Corporation			9 Elevation 6005' GL

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	9	26N	12W	SENW	1980	north	1978	west	San Juan

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 320	13 Joint or Infill	14 Consolidation Code	15 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

<p>16</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>[Signature]</i></p> <p>Signature Steven S. Dunn Printed Name Drlg & Prod Manager Title Date Dec. 10, 1997</p>	
	<p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor:</p>	
	<p>EXHIBIT I</p>	
	<p>Certificate Number</p>	

**EXHIBIT II
NELSON A-1
WELL LOCATION PLAT
OFFSET OPERATOR PLAT
T26N, R12W, San Juan County, NM**

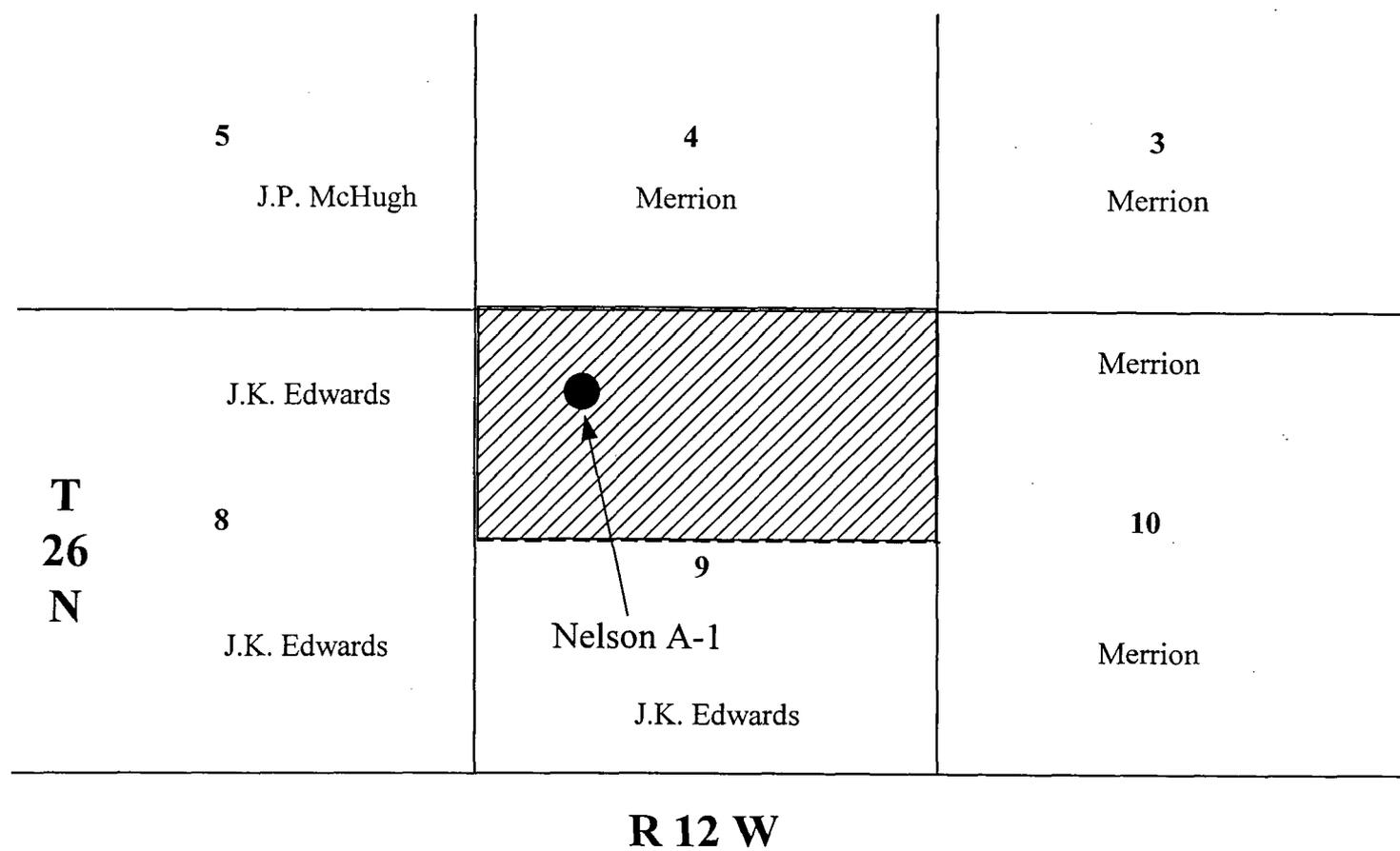


Exhibit III

Application of Merrion Oil & Gas Corp.
Non-standard Basin Fruitland Coal Location
Nelson A-1 Well
N/2 Section 9, T26N, R12W
San Juan County, New Mexico

The following offset operators received certified copies of this letter.

To: Offset Operators

Any objections to this application need to be made in writing to the NMOCD within 20 days from receipt of notice.

J K Edwards Associates, Inc.
1401 17th Street, Suite 1400
Denver, CO 80202

J P McHugh
650 S. Cherry Street, Suite 1225
Denver, CO 80222

WAIVER

_____ hereby waives any objection to this application.
Company

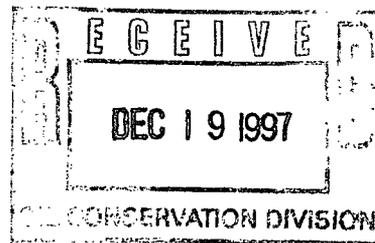
Signature _____ Date _____

Please return to:

George F. Sharpe
Merrion Oil & Gas Corporation
610 Reilly Ave.
Farmington, NM 87401

MERRION

OIL & GAS



December 17, 1997

Mr. William J. Lemay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

Re: REVISED
Application for Administrative Approval
Non-Standard Location
Nelson A-1
Basin Fruitland Coal Pool
N/2 Section 9, T26N, R12W
San Juan County, New Mexico

Dear Mr. Lemay:

Merrion Oil & Gas Corporation plans to recomplete the subject well from the Gallup Formation into the Fruitland Coal Formation. Merrion submitted an application for a non-standard location dated December 9, 1997 which was in error. This revised application replaces the original submittal.

The well's location of 1980' FNL and 1978' FWL is at a non-standard setback from the spacing unit boundary. In addition, the well is located in the NW/4 instead of the standard NE/4 outlined in the Basin Fruitland Coal Pool Rules. Therefore, Merrion requests your approval of a non-standard location.

The justification for the request is based on the ability to recomplete the existing well instead of drilling a new well. The well is uneconomic in the Gallup Formation and, unless recompleted, needs to be plugged out. The proposed recompletion would put the wellbore to beneficial use and save significant money over drilling a new well.

Attached in support of this application are the following:

- 1.) C-102 Plat

Page Two
December 17, 1997

- 2.) Location plat showing offset operators.
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Sincerely,



George F. Sharpe
Manager - Oil & Gas Investments

xc: Frank Chavez - OCD, Aztec
BLM - Farmington

O:GS Lemay5.doc

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State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 13, 1994
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12 Dedicated Acres 320	13 Joint or Infill	14 Consolidation Code	15 Order No.
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<div data-bbox="90 1000 1065 1979" data-label="Diagram"> </div>	<div data-bbox="1073 1000 1561 1489" data-label="Form"> <p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Signature</i> </p> <p><i>Signature</i> Steven S. Dunn</p> <p><i>Printed Name</i> Drlg & Prod Manager</p> <p><i>Title</i> Drlg & Prod Manager</p> <p><i>Date</i> Dec. 10, 1997</p> <p><i>Date</i></p> </div>
	<div data-bbox="1073 1489 1561 1979" data-label="Form"> <p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p><i>Date of Survey</i></p> <p><i>Signature and Seal of Professional Surveyor</i></p> <p>EXHIBIT I</p> <p><i>Certificate Number</i></p> </div>

**EXHIBIT II
NELSON A-1
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OFFSET OPERATOR PLAT
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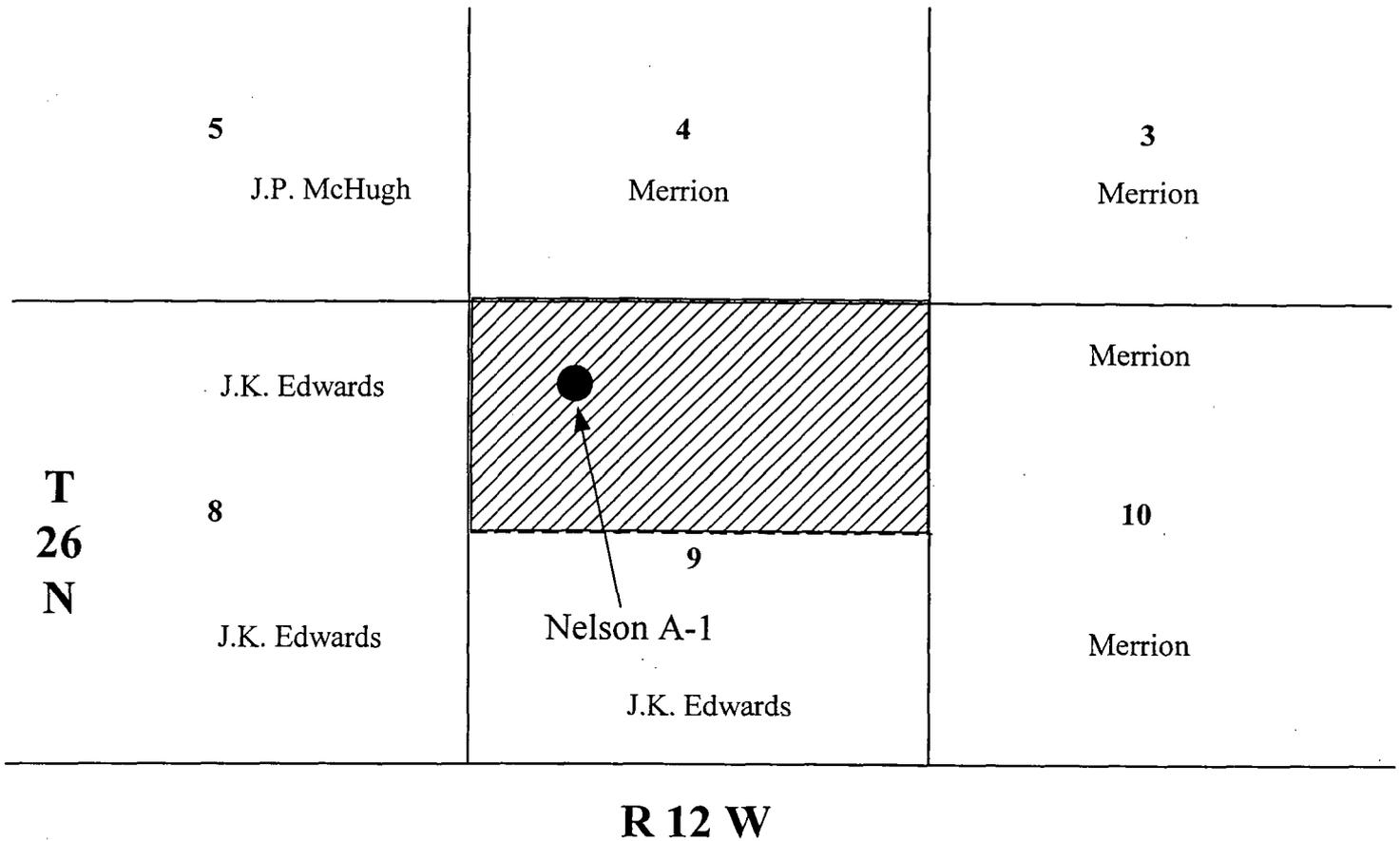


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