



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

November 19, 1998

Merrion Oil & Gas Corporation
610 Reilly Avenue
Farmington, New Mexico 87401
Attention: George F. Sharpe

Telefax No. (505) 326-5900

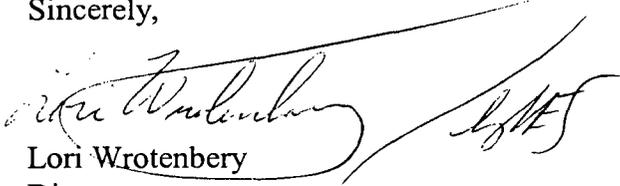
Administrative Order NSL-4166

Dear Mr. Sharpe:

Reference is made to your application dated October 28, 1998 for an off-pattern non-standard Basin-Fruitland coal gas well location for your proposed Shank Com. Well No. 1 (API No. 30-045-29516) to be drilled 1840 feet from the North and West lines (Unit F) of Section 2, Township 26 North, Range 13 West, NMPM, Basin Fruitland Coal (Gas) Pool, San Juan County, New Mexico. Lots 3 and 4, the S/2 NW/4, and the SW/4 of Section 2 is to be dedicated to this well in order to form a standard 319.96-acre gas spacing and proration unit for the Basin Fruitland Coal (Gas) Pool.

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 coal gas well location is hereby approved.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
New Mexico State Land Office - Santa Fe