

MERRION

OIL & GAS

NSL 5/3/99
APR 12 1999

April 7, 1999

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
2040 S. Pacheco St.
Santa Fe, New Mexico 87505

**Re: Application of Merrion Oil & Gas Corp.
Non-Standard Location
Ired State 1A
Blanco Mesaverde Pool
SW/4 Section 32, T30N, R7W
Rio Arriba County, New Mexico**

Dear Mr. Stogner:

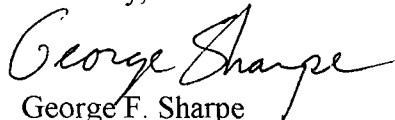
Merrion Oil & Gas Corporation (Merrion) requests administrative approval for a non-standard location for the subject well. Merrion has submitted an APD to drill the subject well 1945' FWL and 1995' FSL of Section 32, T30N, R7W. Since the well is only 645 feet from the northern boundary of the spacing unit, it is non-standard by 15 feet.

Exhibit 1 is the C-102 for the well and Exhibit 2 is a topographic map showing the proposed well location. We originally planned to drill the well at 1950' FWL and 1950' FSL. However, that was pushing us up against the edge of a large rock outcrop, an impossible spot to build the location. We had to move the well slightly north to get away from the cliff so that we had room for the location.

Exhibit 3 is a map showing the offset operators to the north of our spacing unit. Exhibit 4 is an address listing of the offset operators. Each operator received a certified copy of this application.

Please notify me at (505) 327-9801, ext. 114 if additional information is needed.

Sincerely,



George F. Sharpe
Manager - Oil & Gas Investments

Xc: Well file
Frank Chavez - Aztec OCD

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 PO Drawer 010, Arado, NM 88211-0719
 District III
 1000 Rio Grande Rd., Aztec, NM 87410
 District IV
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 PO Box 2088
 Santa Fe, NM 87504-2088

Form C-102
 Revised February 21, 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

* APN Number		* Pool Code 72319	* Pool Name Blanco Mesaverde
* Property Code 14133	* Property Name IRED State		* Well Number 1A
* OCMN No. 014634	* Operator Name Merrion Oil & Gas Corporation		* Depth 6210'

" Surface Location

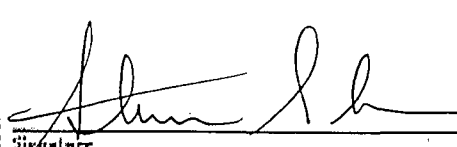
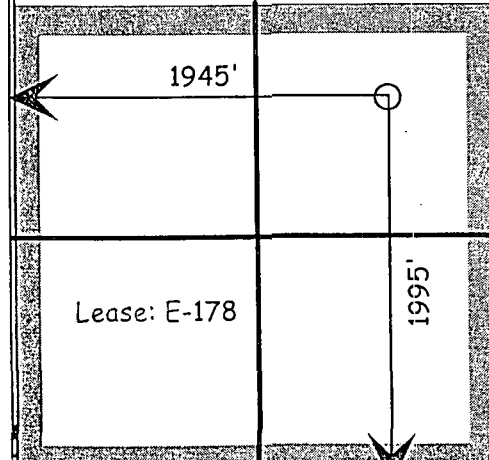
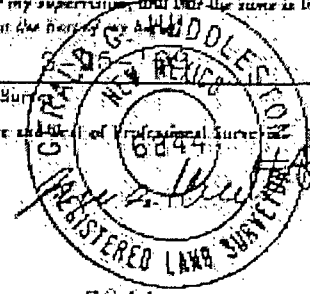
UL or BL sec.	Section	Township	Range	East line	Feet from line	North/South line	Feet from line	East/West Sec	County
K	32	30 N	7 W		1995'	South	1945'	West	Rio Arriba

" Bottom Hole Location If Different From Surface

UL or BL sec.	Section	Township	Range	East line	Feet from line	North/South line	Feet from line	East/West Sec	County

* Dedication Number 160	* Joint or Leased Y	* Consolidation Code	* Order No. Applying for NSL
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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

<div style="text-align: center; font-size: 2em; font-weight: bold;">EXHIBIT 1</div>				11 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
				 Signature	
				Steven S. Dunn Printed Name	
				Drilling & Production Manager Title	
Lease: E-178				March 31, 1999 Date	
				12 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 in the hands of the surveyor.	
				Date of Survey	
				Signature and Seal of Professional Surveyor 	
				6844 Certificate Number	

1950' fsl & 1950' fwl (ne sw)
Sec 32, T30N, R7W, NMPM
Rio Arriba Co, New Mexico

By Steve Dunn

EXHIBIT 2

March 19, 1999

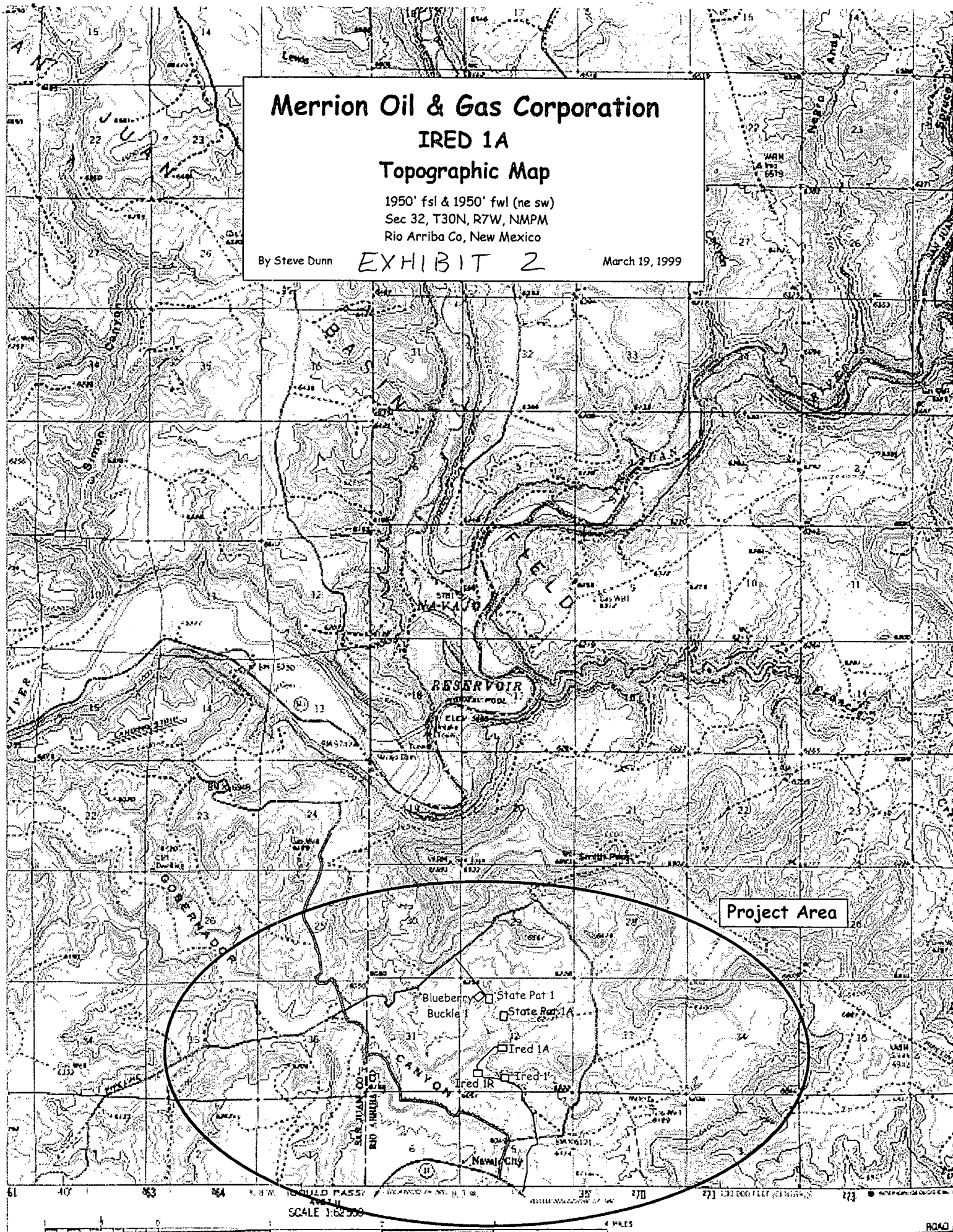


EXHIBIT 3
OFFSET OPERATOR PLAT
IREN STATE 1A NON-STANDARD LOCATION

R7W

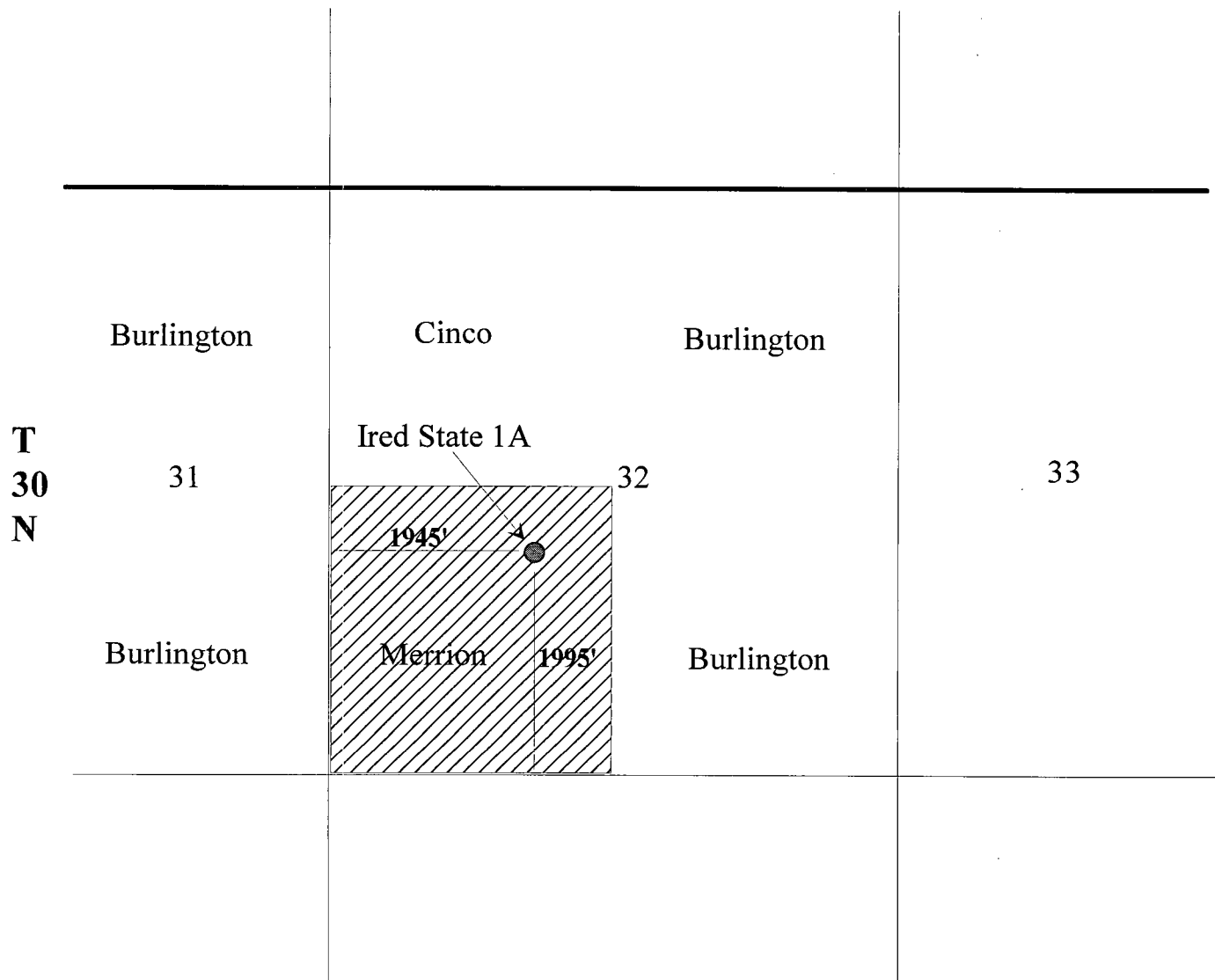


Exhibit 4

Offset Operator Notification
Ired State 1A
Non-Standard Location

To: Offset Operators

If you have questions, please call George Sharpe at (505) 327-9801, ext. 114. If you have any objections to this application, please notify the NMOCD in writing within 20 days of receipt of this application.

Mr. Dean Price
Burlington Resources
P.O. Box 4289
Farmington, NM 87499

Mr. Frank Gorham III
Cinco General Partnership
P.O. Box 451
Albuquerque, NM 87103

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8972
Order No. R-8320

APPLICATION OF THE ESTATE OF
EDWARD GERBER AND IRIS GERBER
DAMSON FOR A NON-STANDARD GAS
PRORATION UNIT AND SPECIAL GAS
ALLOWABLE CALCULATION IN THE
BLANCO-MESAVERDE POOL, RIO
ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 20 and September 3 and 17, 1986, at Santa Fe, New Mexico, before Examiners David R. Catanach and Michael E. Stogner.

NOW, on this 9th day of October, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) Division Case Nos. 8972 and 8971 were consolidated at the time of the hearing for the purpose of testimony.

(3) The applicant, The Estate of Edward Gerber and Iris Gerber Damson, seeks approval of a 160-acre non-standard gas proration unit consisting of the SW/4 of Section 32, Township 30 North, Range 7 West, NMPM, Blanco-Mesaverde Pool, Rio Arriba County, New Mexico, to be dedicated to its existing Ired State Well No. 1 located at a standard gas well location 790 feet from the South line and 1630 feet from the West line (Unit N) of said Section 32.

(4) The subject of Division Case No. 8971, also heard on this day, is the application of Cinco, Ltd. for a 160-acre non-standard gas proration unit consisting of the NW/4 of said Section 32, to be dedicated to a well to be drilled at a standard location thereon.

(5) The entire non-standard proration unit in the subject case may reasonably be presumed productive of gas from the Blanco-Mesaverde Pool and the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(6) The applicants in the immediate case and in said Case No. 8971 both further seek a variance to the method of calculating the gas allowable for the Blanco-Mesaverde Pool as promulgated by Division Order No. R-8170, in order to give the two proposed 160-acre non-standard units located in the W/2 of Section 32 approximately the same total gas allowable which would normally be assigned to a standard 320-acre unit containing two wells with like deliverabilities.

(7) In utilizing the current formula for calculating gas allocations in the Blanco-Mesaverde Pool as contained in Division Order No. R-8170, there exists an inequity in the gas allowable assigned to a standard 320-acre proration unit containing two wells as compared to the total gas allowable assigned to two 160-acre non-standard proration units which, in effect, gives an allowable advantage to the standard 320-acre unit.

(8) In order to arrive at a more equitable gas allocation to be assigned to the proposed 160-acre non-standard gas proration unit, the gas allocation formula for this particular unit should be modified to assign the full deliverability as the (AD) factor for allowable calculations.

(9) An approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas from the Blanco-Mesaverde Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, The Estate of Edward Gerber and Iris Gerber Damson, is hereby authorized a 160-acre non-standard gas proration unit in the Blanco-Mesaverde Pool comprising

the SW/4 of Section 32, Township 30 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, to be dedicated to its existing Ired State Well No. 1.

(2) For purposes of calculating the gas allowable to be assigned to this non-standard unit the acreage factor shall be equal to .50, and the acreage times deliverability factor shall be equal to the deliverability of the well multiplied by 1.0.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



R. L. STAMETS
Director

S E A L

fd/

CMD : ONGARD 04/14/99 13:02:27
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPZU

OGRID Idn : 14634 API Well No: 30 39 26160 APD Status(A/C/P): A
Opr Name, Addr: MERRION OIL & GAS CORP Aprvl/Cncl Date : 04-06-1999
610 REILLY AVE
FARMINGTON,NM 87401-2634

Prop Idn: 14133 IRED STATE Well No: 1 A

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
Surface Locn	: K	32	30N	07W			FTG 1995 F S	FTG 1945 F W
OCD U/L	: K		API County	: 39				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): G Cable/Rotary (C/R) : F
Lease typ(F/S/P/N/J/U/I): S Ground Level Elevation : 6210

State Lease No: Multiple Comp (Y/N) : N
Prpsd Depth : 5500 Prpsd Frmtn : BLANCO MESAVERDE

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

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OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPZU

API Well No : 30 39 25416 Eff Date : 08-22-1994 WC Status : A
Pool Idn : 72319 BLANCO-MESAVERDE (PRORATED GAS)
OGRID Idn : 14634 MERRION OIL & GAS CORP
Prop Idn : 14133 IRED STATE

Well No : 001R
GL Elevation: 6191

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
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B.H. Locn	: M	32	30N	07W	FTG 1050 F S FTG	790 F W	P

Lot Identifier:
Dedicated Acre: 160.00
Lease Type : S
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

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OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPZU

API Well No : 30 39 7713 Eff Date : 11-18-1994 WC Status : P
Pool Idn : 72319 BLANCO-MESAVERDE (PRORATED GAS)
OGRID Idn : 14634 MERRION OIL & GAS CORP
Prop Idn : 14133 IRED STATE

Well No : 001
GL Elevation: 6168

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
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B.H. Locn	:	N	32	30N	07W	FTG 790 F S FTG 1630 F W	P

Lot Identifier:

Dedicated Acre:

Lease Type : S

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

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PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

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INQUIRE LAND BY SECTION04/14/99 13:02:00
OGOMES -TPZU
PAGE NO: 1

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D 40.00 CS E00178 0013 02/55 CINCO GENERAL PAR C A A	C 40.00 CS E00178 0013 02/55 CINCO GENERAL PAR C	B 40.00 CS E01214 0012 02/57 SOUTHLAND ROYALTY U	A 40.00 CS E01214 0012 02/57 SOUTHLAND ROYALTY U A
E 40.00 CS E00178 0013 02/55 CINCO GENERAL PAR C	F 40.00 CS E00178 0013 02/55 CINCO GENERAL PAR C	G 40.00 CS E03707 0014 07/60 PHILLIPS PETROLEU U	H 40.00 CS E03707 0015 07/60 PHILLIPS PETROLEU U A

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CMD :
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OGOMES -TPZU
PAGE NO: 1

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E 40.00 CS E00178 0013 02/55 CINCO GENERAL PAR C	F 40.00 CS E00178 0013 02/55 CINCO GENERAL PAR C	G 40.00 CS E03707 0014 07/60 PHILLIPS PETROLEU U	H 40.00 CS E03707 0015 07/60 PHILLIPS PETROLEU U A

PF01 HELP
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PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

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OG5SECTONGARD
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OGOMES -TPZU
PAGE NO: 2

Sec : 32 Twp : 30N Rng : 07W Section Type : NORMAL

L 40.00 CS E00178 0012 02/55 MERRION OIL & GAS C	K 40.00 CS E00178 0012 02/55 MERRION OIL & GAS C A	J 40.00 CS B10037 0059 01/53 SOUTHLAND ROYALTY U A	I 40.00 CS B10037 0059 01/53 SOUTHLAND ROYALTY U
M 40.00 CS E00178 0012 02/55 MERRION OIL & GAS C A	N 40.00 CS E00178 0012 02/55 MERRION OIL & GAS C A	O 40.00 CS B10037 0059 01/53 SOUTHLAND ROYALTY U	P 40.00 CS B10037 0059 01/53 SOUTHLAND ROYALTY U

PF01 HELP
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PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12