

NSL 5/13/99

MERRION

OIL & GAS



April 18, 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.
"Off-Pattern" Non-Standard Location
U-Da-Well Com #1
Basin Fruitland Coal Pool
NW/4 Section 2, T31N, R8W
San Juan County, New Mexico**

Dear Mr. Stogner:

Merrion Oil & Gas Corporation (Merrion) requests administrative approval for an off-pattern non-standard location for the subject well for both topographic and geologic reasons.

The well will be completed in the Basin Fruitland Coal Pool on a N/2 laydown spacing unit (the C-102 is displayed in Exhibit 1). The well is located in extremely rugged terrain near the north end of Navajo Lake. Exhibit 2, a topographic map, shows that the standard NE/4 of the section has a significant amount of relief that would make it very difficult and expensive to access and build a location. Therefore, for topographic reasons, the proposed well location on a relatively level bench in the NW/4 of the section is a much better location.

Geologically, Merrion also feels that the NW/4 of the section is the right place to drill. Exhibit 3 is a well location map showing the offset producers. Exhibit 4 is a log cross-section of the Fruitland Coal going west to east across the location. The cross-section clearly shows that both the coal thickness and quality degrade to the east, with only half the coal thickness on the eastern portion of the area. Merrion believes that a well in the NE/4 of the section will not encounter and drain all of the coals in the NW/4 of the section, which would damage the correlative rights of the mineral owners in the N/2 of Section 2.

Exhibit 5 is a map showing the offset operators to the U-Da-Well Com #1. Exhibit 6 is an address list of those same operators. All affected operators received certified copies of this application.

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In summary, Merrion believes there are compelling topographic and geologic arguments for allowing us to drill our well in the off-pattern NW/4 of the section. Therefore, we request your approval of this application. If you have any questions, please call me at (505) 327-9801, ext. 114.

Sincerely,



George F. Sharpe
Manager – Oil & Gas Investments

Xc: Well file
Frank Chavez – Aztec OCD
Offset Operators

District I
1625 N. French Dr., Hobbs, NM 88240
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
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised March 17, 1994

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code		³ Pool Name	
⁴ Property Code		⁵ Property Name U-DA Well Com			⁶ Well Number 1
⁷ OGRID No.		⁸ Operator Name MERRION OIL & GAS			⁹ Elevation 6690'

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	2	31 N	8 W		1500'	North	1445'	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		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

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 style="text-align: center; font-size: 2em;">EXHIBIT 1</p>	<p>17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>
	<p>18 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.</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor _____</p> <div style="text-align: center;"> <p>6844</p> </div> <p>Certificate Number _____</p>

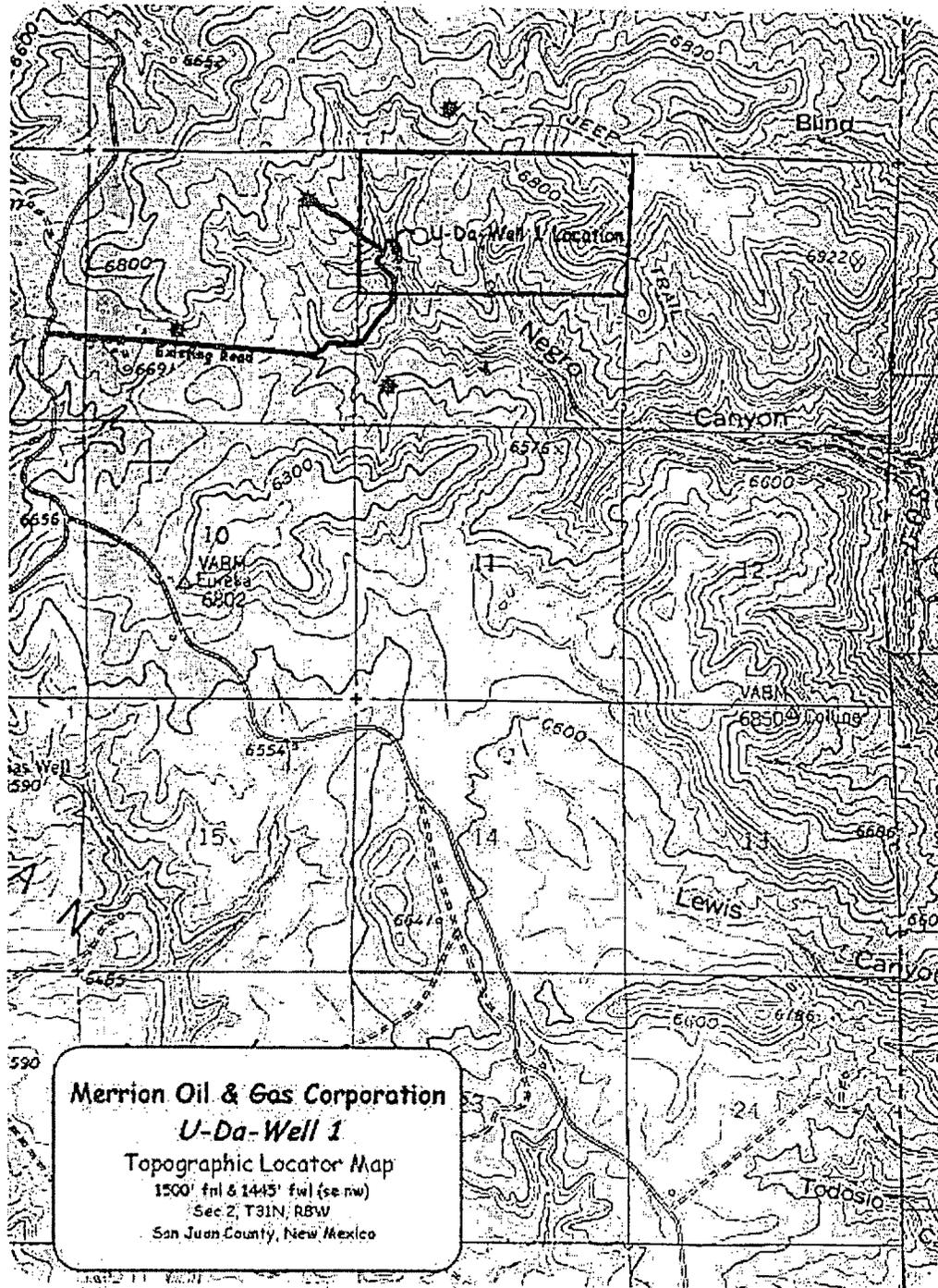


EXHIBIT 2

EXHIBIT 3

FRUITLAND COAL PRODUCTION MAP

TOWNSHIP 31N RANGE 8W COUNTY SAN JUAN STATE NM

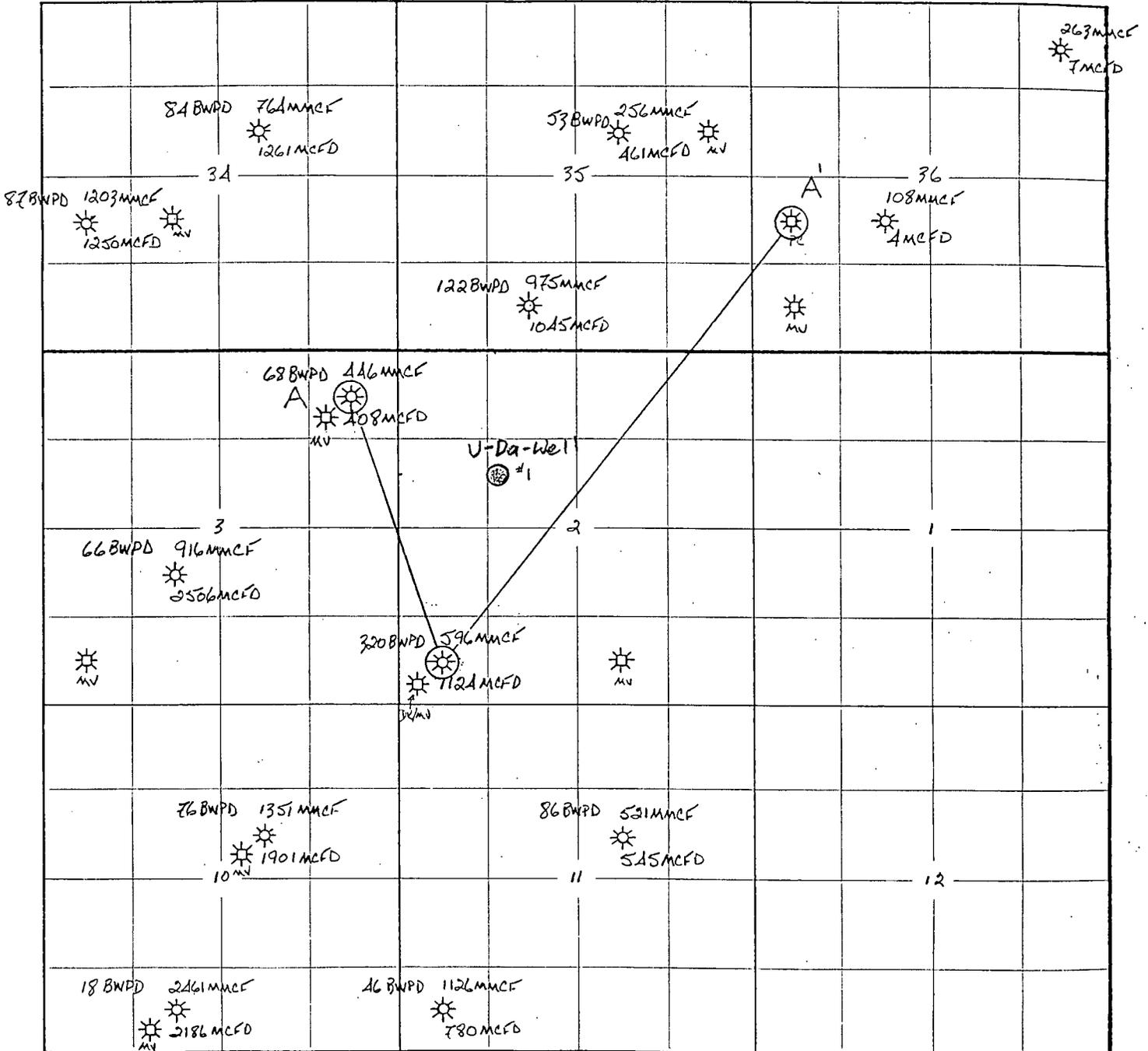


EXHIBIT 5
OFFSET OPERATOR PLAT
U-DA-WELL COM #1
NON-STANDARD LOCATION APPLICATION

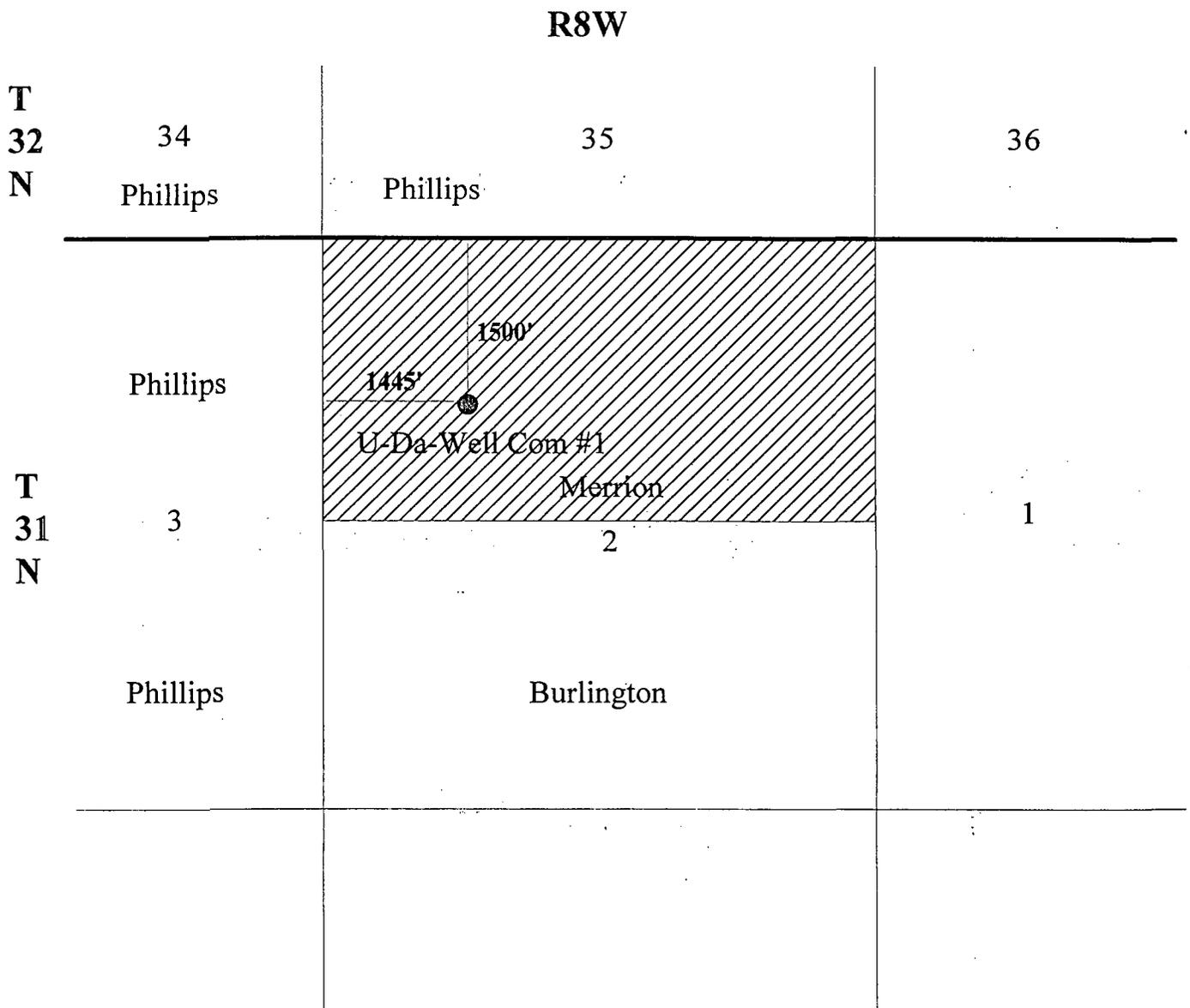


EXHIBIT 6

Offset Operator Notification
U-Da-Well Com #1
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. Scott Prather
Phillips Petroleum Corp.
5525 Highway 64
Farmington, NM 87401

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

04/23/99 15:09:35
OGOMES -TP01
PAGE NO: 1

Sec : 02 Twp : 31N Rng : 08W Section Type : NORMAL

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E 40.00 CS V05331 0000 07/03 MERRION OIL & GAS	F 40.00 CS E03707 0013 07/60 RIGGS OIL & GAS C	G 40.00 CS E03707 0013 07/60 RIGGS OIL & GAS C	H 40.00 CS E03707 0013 07/60 RIGGS OIL & GAS C

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12

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 81.09 \\
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 323.02
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CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

04/23/99 15:09:39
OGOMES -TP01
PAGE NO: 2

Sec : 02 Twp : 31N Rng : 08W Section Type : NORMAL

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<p>M 40.00 CS V00100 0004 05/82 MERIDIAN OIL PROD C A A</p>	<p>N 40.00 CS V00100 0004 05/82 MERIDIAN OIL PROD C</p>	<p>O 40.00 CS V00100 0004 05/82 MERIDIAN OIL PROD C A A</p>	<p>P 40.00 CS V00100 0004 05/82 MERIDIAN OIL PROD C</p>

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06
PF07 BKWD PF08 FWD PF09 PRINT PF10 SDIV PF11 PF12