



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

October 18, 2000

Lori Wrotenbery
Director
Oil Conservation Division

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

Telefax No. (505) 326-5900

Administrative Order NSL-4512

Dear Mr. Sharpe:

Reference is made to the following: (i) your application dated September 19, 2000; and (iii) the records of the New Mexico Oil Conservation Division ("Division") in Santa Fe: all concerning Merrion Oil & Gas Corporation's ("Merrion") request for an exception to the well location requirements provided within the "*Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 dated June 30, 2000 for a non-standard infill gas well location within an existing standard 320-acre stand-up gas spacing and proration unit for the Basin-Dakota Pool comprising the E/2 of Section 12, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico. This unit is currently dedicated to Merrion's Smith Well No. 1 (API No. 30-045-08520), located at a standard initial gas well location 1850 feet from the South and East lines (Unit J) of Section 12.

The application has been duly filed under the provisions of Division Rules 104.F and 605.B.

By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled at an unorthodox infill gas well location in Section 12 is hereby approved:

Smith Com. Well No. 1-E
735' FNL & 585' FEL (Unit A).

Further, both of the aforementioned Smith Well No. 1 and Smith Com. Well No. 1-E and existing gas spacing and proration unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington