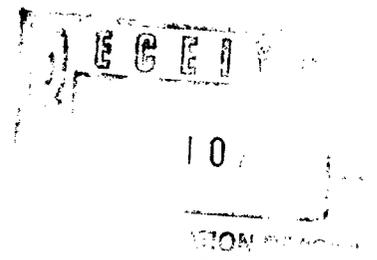


NSL 1/30/01  
102236431

# **MERRION**

OIL & GAS



January 8, 2001

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

**RE: Application of Merrion Oil & Gas  
Non-Standard Location  
Pinon Hills Com 1E  
Basin Dakota Pool  
E/2 Section 36, T30N, R13W  
San Juan County, New Mexico**

Dear Mr. Stogner:

Merrion Oil & Gas Corp. (Merrion) requests administrative approval for a non-standard location for the subject well for topographic reasons.

Enclosed in support of this application are the following:

- Exhibit 1: C-102 Plat
- Exhibit 2: Topographic Map (1963)
- Exhibit 3: Landowners Development Plat
- Exhibit 4: Offset Operator Plat
- Exhibit 5: Address List of Offset Operators

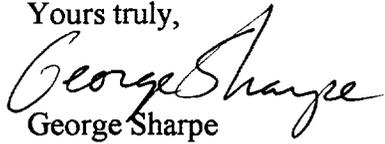
The well will be completed as an infill well in the Basin Dakota Pool. The well is non-standard because it is only 456 feet from the northern boundary of the spacing unit. The well is staked within the Farmington City limits in a residential area.

Finding an acceptable drilling location within the city limits is a near impossibility. Merrion has worked with the landowner to place the location so as to minimize the impact on his development plans. As Exhibit 3 shows, the well is just north of future home sites. Moving the well south would mean the landowner would lose the ability to develop those lots.

The well is encroaching on the south half of Section 25, T30N, R13W to the north of the location and the SW/4 of Section 19, T30N, R12W to the northeast. Exhibit 4 is a map showing the offset operators of those spacing units. Exhibit 5 is an address list of these operators. All offset operators received certified copies of this application.

Please call me at 505-327-9801 ext 114 if additional information is needed.

Yours truly,

A handwritten signature in black ink that reads "George Sharpe". The signature is written in a cursive style with a large, prominent initial "G".

George Sharpe  
Manager, Oil & Gas Investments

cc Frank Chavez, NMOCD – Aztec  
Well File

S:\invest\gfs\2000 corres\smith 1e nonstd app

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

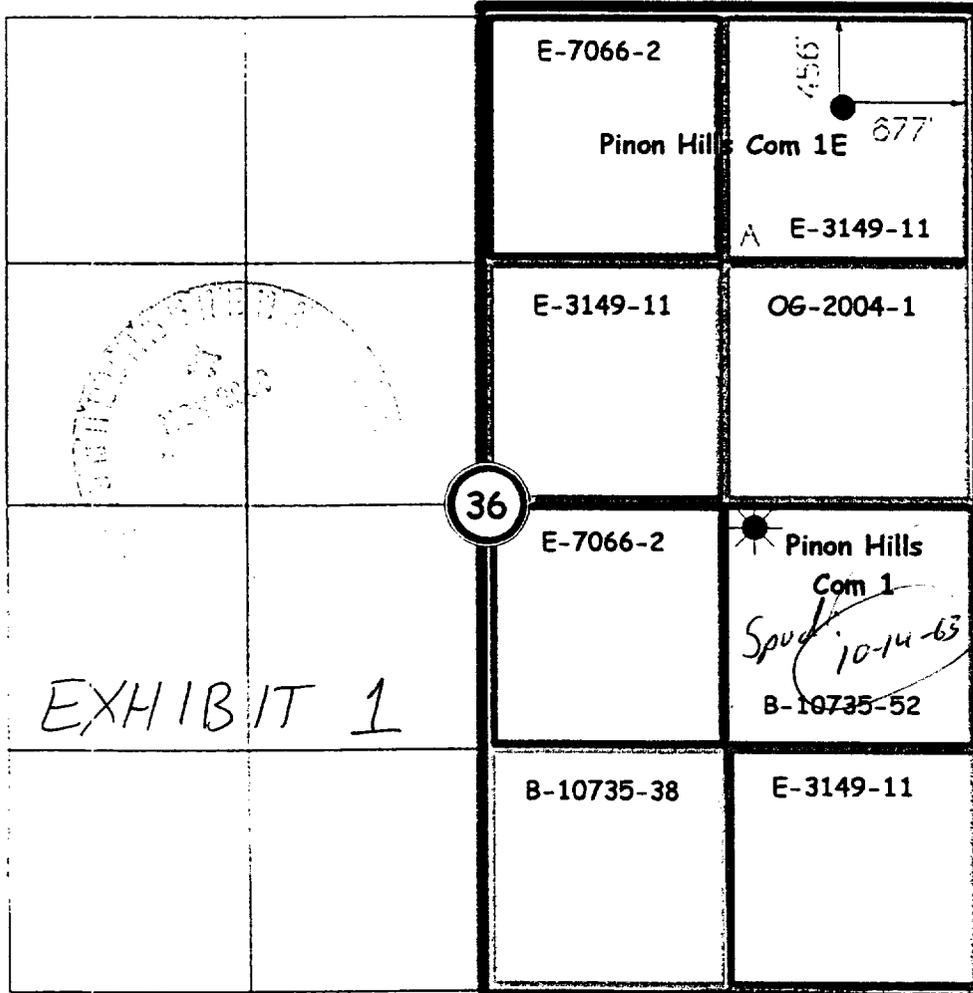
APA Number <b>30-045-30425</b>	Pool Code <b>71599</b>	Pool Name <b>Basin Dakota</b>
Property Code <b>26820</b>	Property Name <b>PINON HILLS COM</b>	Well Number <b>1E</b>
OCRC No. <b>014634</b>	Operator Name <b>MERRION OIL &amp; GAS</b>	Elevation <b>5601</b>

Surface Location								
UL or Lot	Sec.	Twp.	Rge.	Lot No.	Feet from North/South	Feet from East/West	East/West	County
A	36	30 N.	3 W.		455 NORTH	677	EAST	SAN JUAN

Bottom Hole Location if Different from Surface								
UL or Lot	Sec.	Twp.	Rge.	Lot No.	Feet from North/South	Feet from East/West	East/West	County

Dedication <b>320</b>	Joint? <b>Y</b>	Consolidation <b>C</b>	Order No. <b>Communitization Dated January 27, 1965</b>
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NO ALLOWABLE WELL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

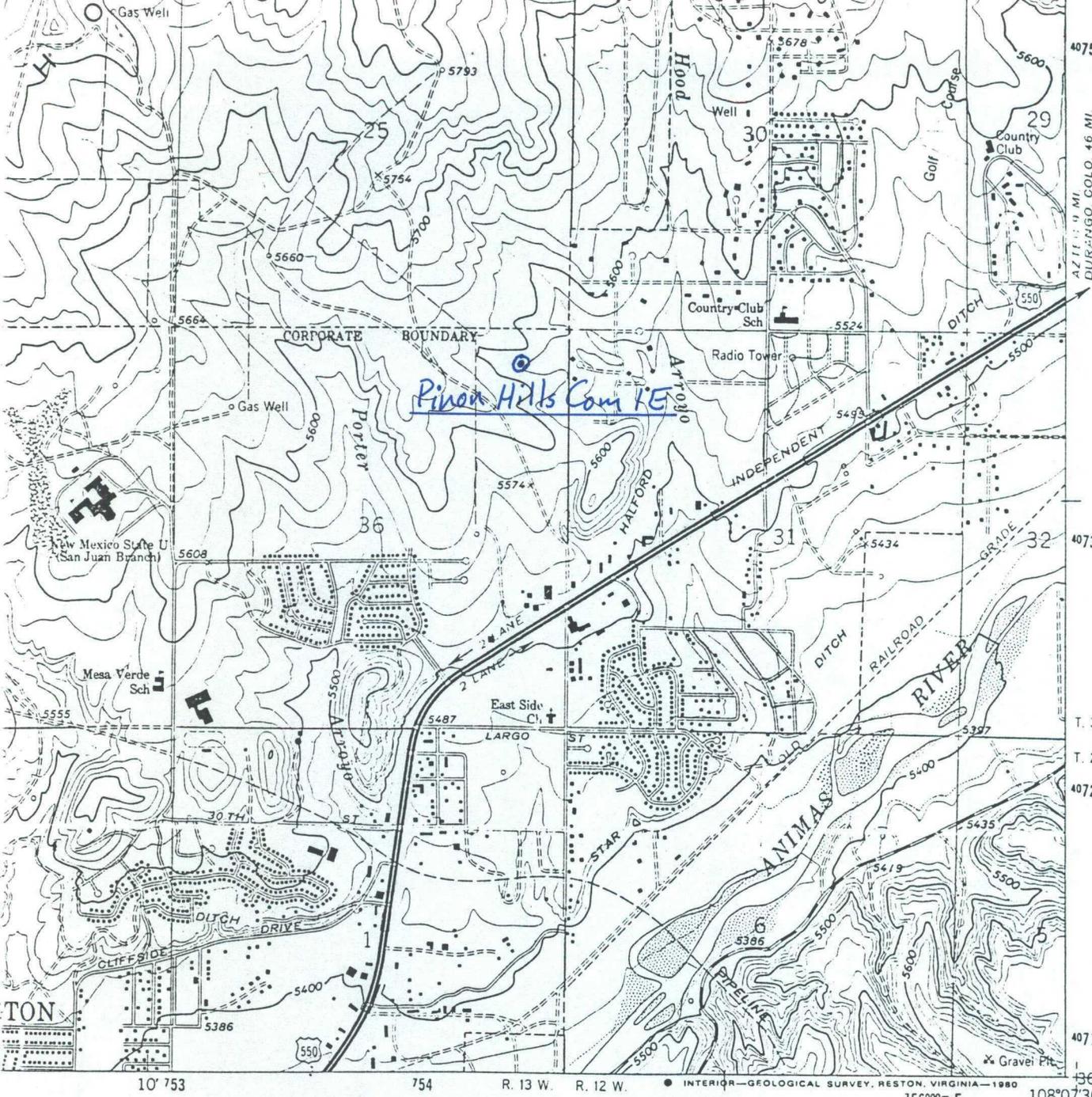


**OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Steven S. Dunn*  
Printed Name: **Steven S. Dunn**  
Title: **Drilling & Production Manager**  
Date: **November 14, 2000**

**SURVEYOR CERTIFICATION**  
I hereby certify that the well location 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.  
Date of Survey: **OCTOBER 2000**

Signature and Seal: *Sheddleston*  
Professional Seal: **GERALD S. SHEDDLESTON**  
NEW MEXICO  
6844  
REGISTERED LAND SURVEYOR



4075  
AZ 11.9 MI. DURANGO COLO 46 MI.  
4073  
T. 30 N.  
T. 29 N.  
4072  
4071000m. N.  
36°45'  
108°07'30"

10° 753 754 R. 13 W. R. 12 W. INTERIOR—GEOLOGICAL SURVEY, RESTON, VIRGINIA—1980 756000m. E. 108°07'30"

1 MILE  
30 FEET  
ER



ROAD CLASSIFICATION

- Heavy-duty \_\_\_\_\_
- Medium-duty \_\_\_\_\_
- Light-duty \_\_\_\_\_
- Unimproved dirt \_\_\_\_\_
- U.S. Route (shield symbol)
- State Route (circle symbol)

FARMINGTON NORTH, N. MEX.  
N3645-W10807.5/7.5

1963  
PHOTOREVISED 1979  
DMA 4357 I SW—SERIES V881

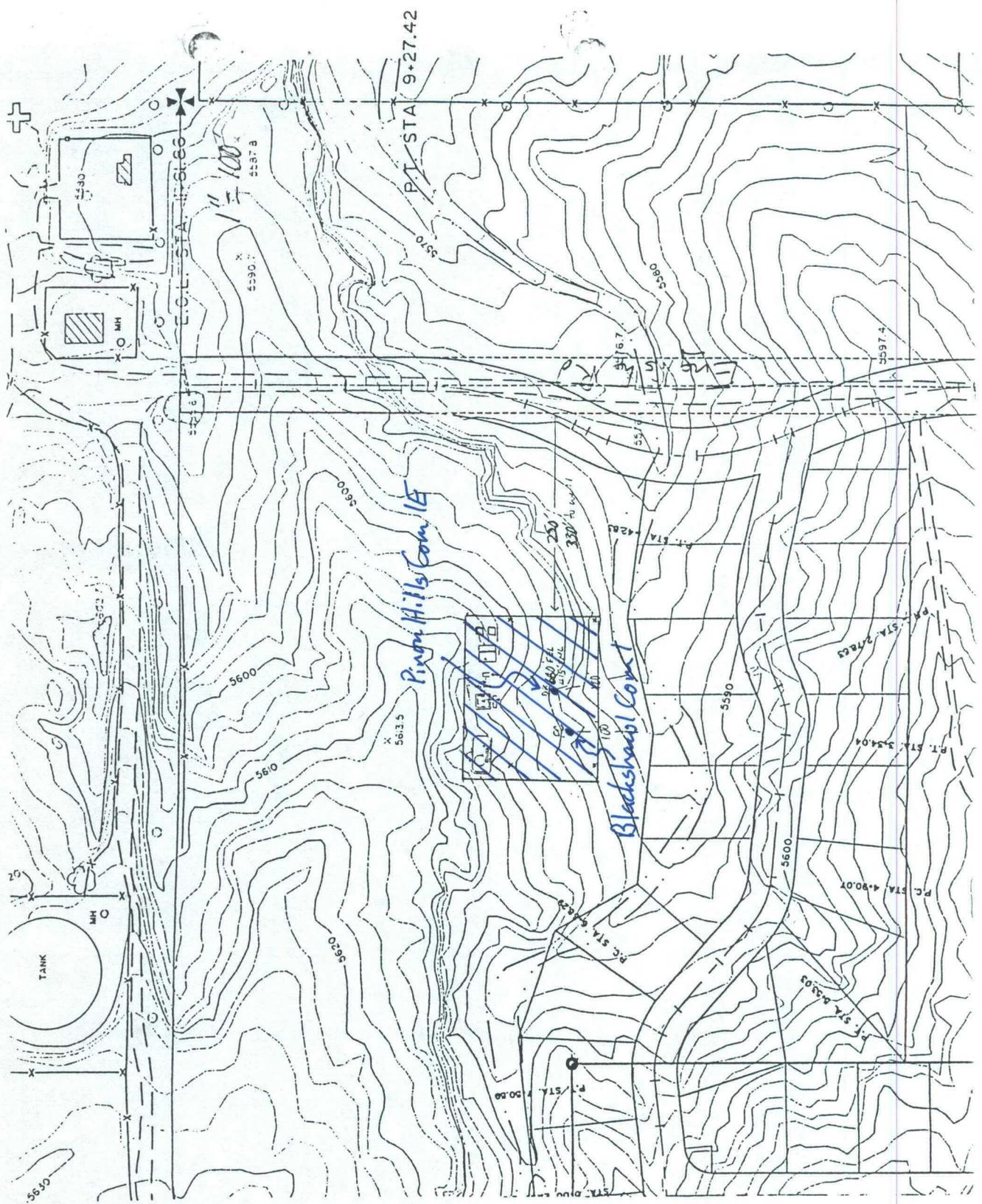
*EXHIBIT 2*  
*Topographic Map*

(HORN CANYON)  
4357 I NE

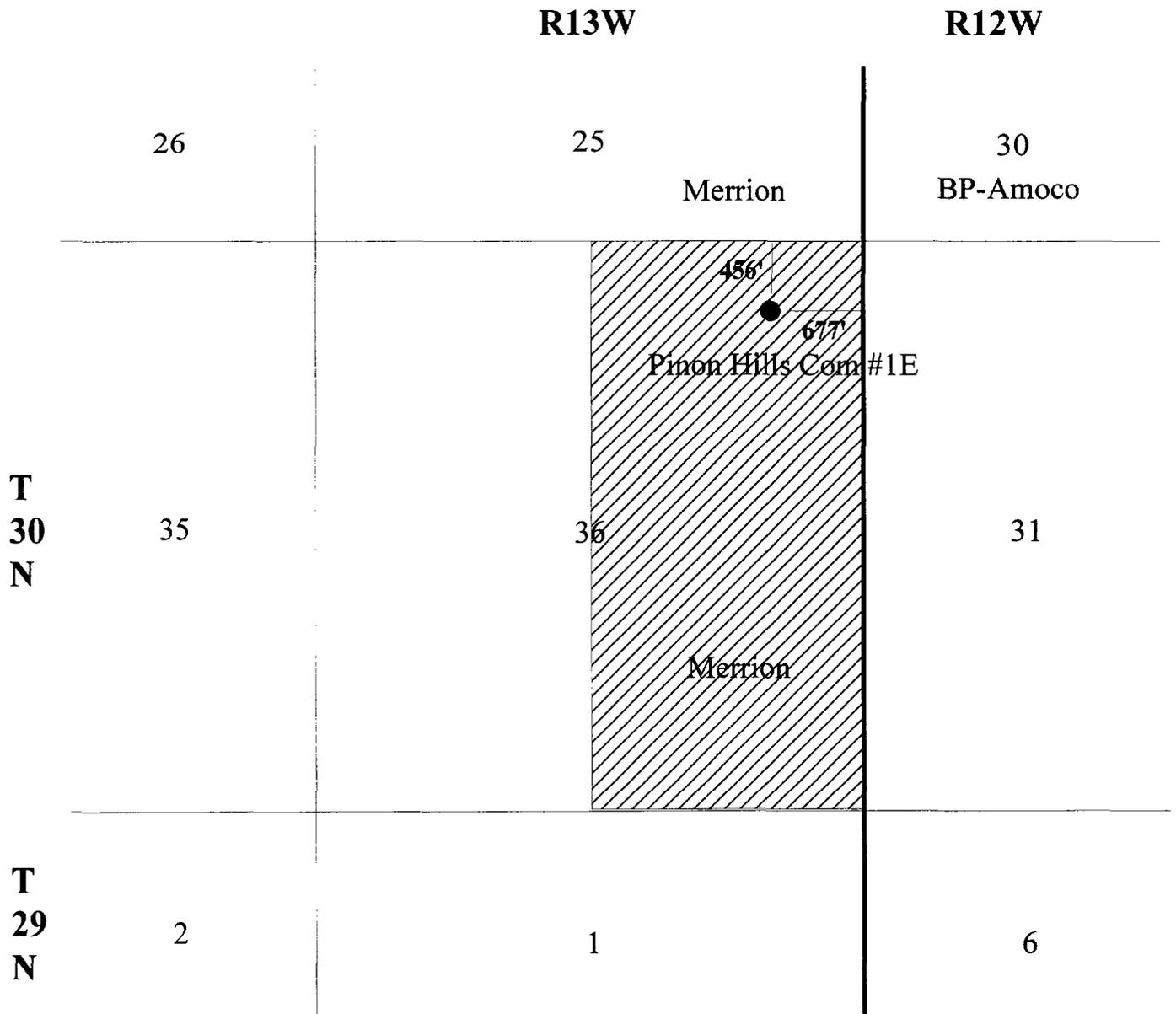
**EXHIBIT 3**  
**Developers Plat**

EXHIBIT B

Attached to and made  
part of that  
agreement dated  
October 6, 2000  
between SOCUNO, Ltd  
and Merriem Oil & Gas



**EXHIBIT 4**  
**OFFSET OPERATOR PLAT**  
**PINON HILLS COM #1E**  
**NON-STANDARD LOCATION APPLICATION**



**EXHIBIT 5**

**Offset Operator Notification  
Pinon Hills Com 1E  
Non-Standard Location Application**

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. David Penner  
BP-Amoco  
200 Amoco Ct.  
Farmington, NM 87401

**WAIVER OF OBJECTION**

\_\_\_\_\_ does not object to the proposed non-standard location.  
Company Name

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

If you have no objections, please sign and return this page to George Sharpe at Merrion Oil & Gas, 610 Reilly Ave., Farmington, NM 87401. Thanks.

# MERRION

OIL & GAS

January 22, 2001

Mr. Gary Markestad  
Cross Timbers Operating Co.  
2700 Farmington Ave., Bldg K, Suite 1  
Farmington, NM 87401

CERTIFIED MAIL

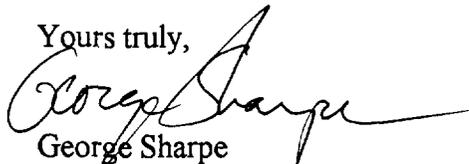
**RE: Application of Merrion Oil & Gas  
Non-Standard Location  
Pinon Hills Com 1E  
Basin Dakota Pool  
E/2 Section 36, T30N, R13W  
San Juan County, New Mexico**

Dear Gary:

Attached is an application by Merrion Oil & Gas Corp. (Merrion) for NMOCD approval for a non-standard location for the subject well. We inadvertently sent this to BP-Amoco. If you have objections to this application, please notify Michael Stogner of the OCD. If you have no objections, please sign the enclosed waiver and fax me a copy for our records.

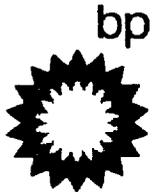
Please call me at 505-327-9801 ext 114 if additional information is needed. Thank you for your attention to this matter.

Yours truly,

  
George Sharpe  
Manager, Oil & Gas Investments

cc Michael Stogner, NMOCD – Santa Fe  
Frank Chavez, NMOCD - Aztec  
Well File

S:\invest\gfs\2000 corres\pinon hills 1e nonstd app-2



**Amoco Production Company  
Vastar Resources, Inc.**

A Part of the BP Amoco p.l.c. Group  
501 WestLake Park Blvd.  
Houston, TX 77079-3092

Phone: 281-366-4491

January 18, 2001

George Sharpe  
Manager Oil & Gas Investments  
Merrion Oil & Gas  
610 Reilly Avenue  
Farmington, NM 87401

RE: Application of Merrion Oil & Gas  
Non-Standard Location  
Pinon Hill Com 1E  
Basin Dakota Pool  
E/2 Section 36, T30N, R13W  
San Juan County, New Mexico

According to our records the acreage offsetting the subject well was sold to Crosstimber Operating Company, therefore, we are returning your request for waiver.

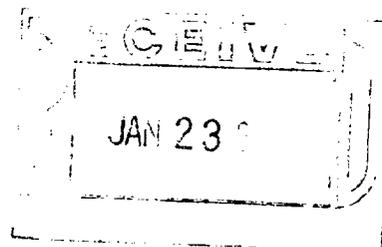
Should you have any questions concerning this matter please do not hesitate to call me at 281-366-4491.

Yours very truly

A handwritten signature in cursive script that reads "Mary Corley".

Mary Corley  
Sr. Regulatory Analyst  
Amoco Production Company  
Vastar Resources, Inc.

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



CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

02/07/01 10:42:06  
OGOMES -TPXC  
PAGE NO: 1

Sec : 36 Twp : 30N Rng : 13W Section Type : NORMAL

D 40.00 CS E03149 0012 MERRION OIL & GAS C 12/10/59 A A	C 40.00 CS E07066 0003 MERRION OIL & GAS C 04/10/63	B 40.00 CS E07066 0003 MERRION OIL & GAS C 04/10/63	A 40.00 CS E03149 0012 MERRION OIL & GAS C 12/10/59 A A
E 40.00 CS OG2004 0001 CROSS TIMBERS OIL C 02/18/68	F 40.00 CS VC0014 0002 CROSS TIMBERS OIL C 08/01/99	G 40.00 CS E03149 0012 MERRION OIL & GAS C 12/10/59	H 40.00 CS OG2004 0001 CROSS TIMBERS OIL C 02/18/68

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

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

02/07/01 10:42:09  
OGOMES -TPXC  
PAGE NO: 2

Sec : 36 Twp : 30N Rng : 13W Section Type : NORMAL

L 40.00 CS E07066 0003 MERRION OIL & GAS C 04/10/63	K 40.00 CS VC0014 0002 CROSS TIMBERS OIL C 08/01/99	J 40.00 CS E07066 0003 MERRION OIL & GAS C 04/10/63	I 40.00 CS B10735 0052 ENRON OIL & GAS C C 10/20/53 A A
M 40.00 CS E00453 0022 DUGAN PRODUCTION C 07/16/55 A A	N 40.00 CS B11242 0050 CROSS TIMBERS OIL C 05/26/54	O 40.00 CS B10735 0038 EVKO DEVELOPMENT C 10/20/53	P 40.00 CS E03149 0012 MERRION OIL & GAS C 12/10/59

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

CMD : ONGARD 02/07/01 10:43:29  
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPXC

OGRID Idn : 14634 API Well No: 30 45 30425 APD Status(A/C/P): A  
Opr Name, Addr: MERRION OIL & GAS CORP Aprvl/Cncl Date : 11-16-2000  
610 REILLY AVE  
FARMINGTON,NM 87401-2634

Prop Idn: 26820 PINON HILLS COM Well No: 1 E

	U/L	Sec	Township	Range	Lot Idn	North/South	East/West
Surface Locn : A	36	30N	13W			FTG 456 F N	FTG 677 F E
OCD U/L : A	API County :		45				

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 : 5601

State Lease No: Multiple Comp (S/M/C) : S  
Prpsd Depth : 6460 Prpsd Frmtn : BASIN DAKOTA

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

CMD : ONGARD 02/07/01 10:43:50  
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPXC

API Well No : 30 45 9005 Eff Date : 10-18-2000 WC Status : A  
Pool Idn : 71599 BASIN DAKOTA (PRORATED GAS)  
OGRID Idn : 14634 MERRION OIL & GAS CORP  
Prop Idn : 26820 PINON HILLS COM

Well No : 001  
GL Elevation: 5560

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
B.H. Locn	I	36	30N	13W	FTG 2500 F S	FTG 1190 F E	P

Lot Identifier:  
Dedicated Acre: 320.00  
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

CMD :  
OG6ACRE

ONGARD  
C102-DEDICATE ACREAGE

02/07/01 10:43:58  
OGOMES -TPXC  
Page No : 1

API Well No : 30 45 9005 Eff Date : 04-30-1991  
Pool Idn : 71599 BASIN DAKOTA (PRORATED GAS)  
Prop Idn : 26820 PINON HILLS COM Well No : 001  
Spacing Unit : 30117 OCD Order : Simultaneous Dedication:  
Sect./Twp/Rng : Acreage : 320.00 Revised C102? (Y/N) :  
Dedicated Land:

S	Base	U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot Idn
	A		36	30N	13W	40.00	N	ST	
	B		36	30N	13W	40.00	N	ST	
	G		36	30N	13W	40.00	N	ST	
	H		36	30N	13W	40.00	N	ST	
	I		36	30N	13W	40.00	N	ST	
	J		36	30N	13W	40.00	N	ST	
	O		36	30N	13W	40.00	N	ST	
	P		36	30N	13W	40.00	N	ST	

E0005: Enter data to modify or PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07 BKWD	PF08 FWD	PF09	PF10 LAND	PF11 NXTSEC	PF12 RECONF

-----  
**From:** Stogner, Michael  
**Sent:** Wednesday, February 07, 2001 3:43 PM  
**To:** Hayden, Steven  
**Subject:** RE: 2 Merrion NSL requests

I show to have only four. Thanks. Consider the Heights Com #1-E and Pinon Hills #1-E processed and approved. The other two (Knight Com. #1 and Blackshawl Com. #1) I'll try to get out this week. Thanks again Steve.

-----  
**From:** Hayden, Steven  
**Sent:** Wednesday, February 07, 2001 2:56 PM  
**To:** Stogner, Michael  
**Subject:** RE: 2 Merrion NSL requests

There were a total of five wells that Merrion has applied to drill within the city limits of Farmington that are all constrained by the location of things like schools. The city has OKed four of them so far. As long as they can get the city's approval, I would not object to non-standard locations. They appear to have done things right on this. I talked to the city engineer about this a couple of weeks ago and he is satisfied.

Steve

-----  
**From:** Stogner, Michael  
**Sent:** Wednesday, February 07, 2001 2:25 PM  
**To:** Hayden, Steven; Perrin, Charlie  
**Subject:** FW: 2 Merrion NSL requests

While ya'll are reviewing the two Merrion wells below, I should soon be getting down to two other Merrion applications that are in the same section: (1) Knight Com. #1 and (2) Blackshawl Com. #1, both PC wells. Your thoughts on those. Thanks.

-----  
**From:** Stogner, Michael  
**Sent:** Wednesday, February 07, 2001 1:47 PM  
**To:** Hayden, Steven; Perrin, Charlie; Valdes, Kathy  
**Subject:** 2 Merrion NSL requests

Attached are two draft NSL orders for Merrion's Heights Well No. 1-E and Pinon Hills Com. Well No. 1-E, both in Sec. 36-T30N-R13W, Basin-Dakota Pool. Within the applications, both dated Jan. 8th, Merrion shows copies were provided Aztec. Since I haven't seen anything from Aztec can I assume both are OK to release? If there are problems call me ASAP and I'll stop them. Thanks.

<<File: DKNFL038.doc>><<File: DKNFL037.doc>>