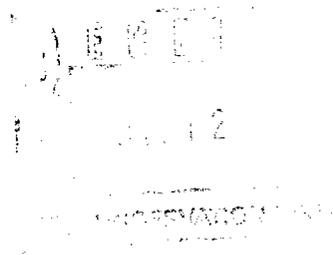


MERRION

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
Blackshawl Com 1
Fulcher Kutz Pictured Cliffs Pool
NE/4 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

The well will be completed as a well in the Fulcher Kutz Pictured Cliffs Pool. The well is non-standard because it is only 493 feet from the northern boundary of the spacing unit. The well is staked within the Farmington City limits in a residential area.

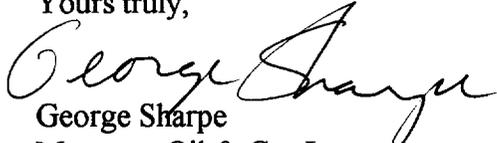
Finding an acceptable drilling location within the city limits is a near impossibility. Merrion has worked with the landowner to place the location so as to minimize the impact on his development plans. As Exhibit 3 shows, the well is just north of future home sites. Moving the well south would mean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

The well is encroaching on the SW/4 of Section 25, T30N, R13W to the north of the location. Merrion is the owner and operator of the only affected offset Pictured Cliffs spacing unit. Therefore, no additional notification of offset owners was done.

assumed Merrion is 100% WF in this offset tract

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

Yours truly,


George Sharpe
Manager, Oil & Gas Investments

cc Frank Chavez, NMOCD – Aztec
Well File

S:\invest\gfs\2001corres\blackshaw1 1 nonstd app

State of New Mexico
Energy, Minerals & Mining Resources Department

Form C - 102

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

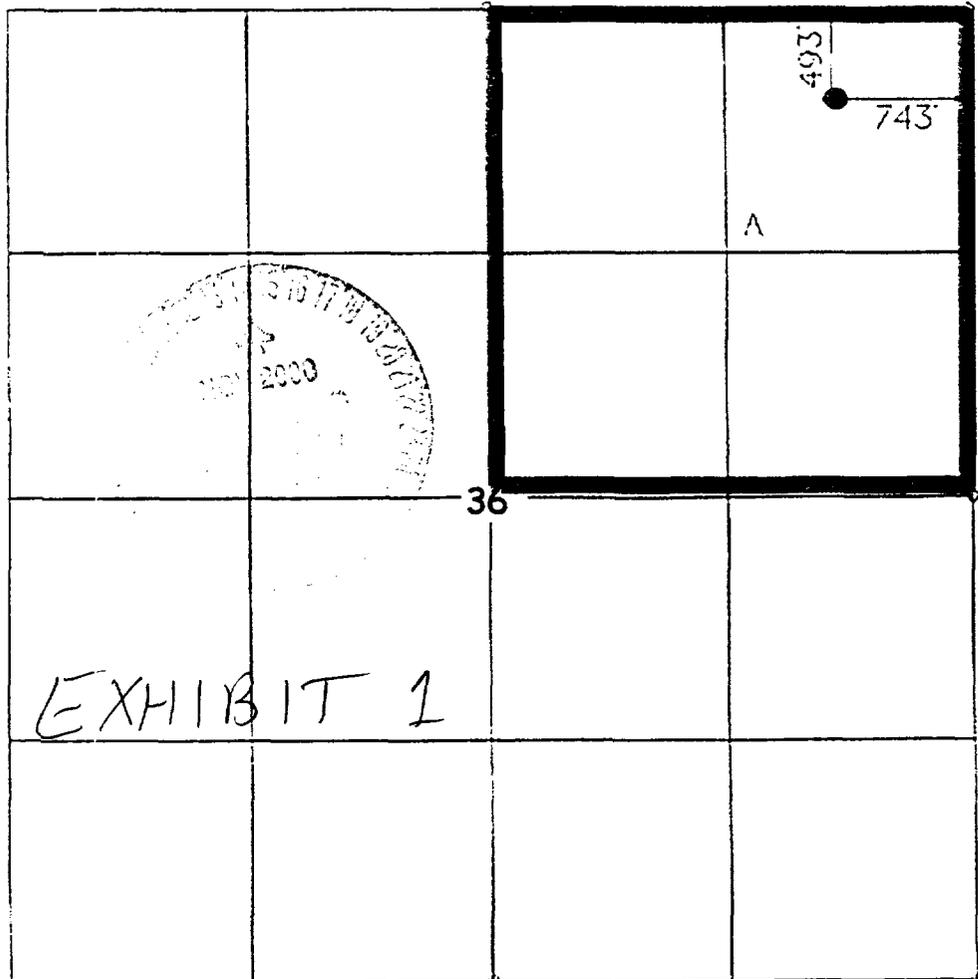
APA Number 30-045-30420	Pool Code 77200	Pool Name Fulcher Kutz
Property Code 26927	Property Name BLACKSHAWL COM	Well Number
OGFD No. 014634	Operator Name MERRION OIL & GAS	Elevation 5600'

Surface Location									
UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from North/South	Feet from East/West	County		
A	36	30 N.	13 W.	ne ne	493	NORTH 743	EAST	SAN JUAN	

Bottom Hole Location if Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from North/South	Feet from East/West	County		

Dedication 160	Joint? Y	Consolidation C	Order No. Communitization in Progress
--------------------------	--------------------	---------------------------	---

NO ALLOWABLE WILL 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: *[Signature]*

Printed Name: **Steven S. Dunn**

Title: **Drilling & Production Manager**

Date: **November 10, 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: *[Signature]*

Professional Seal: **GERALD R. RUDDESTON, REGISTERED LAND SURVEYOR, NEW MEXICO, 6844**

EXHIBIT 1

EXHIBIT 2
Merrion Oil & Gas Corporation
Topographic Vicinity Map
Blackshawl Com No. 1

493' fnl & 743' fel (ne ne)
Sec 36, T30N, R13W, NMPM
San Juan County, New Mexico

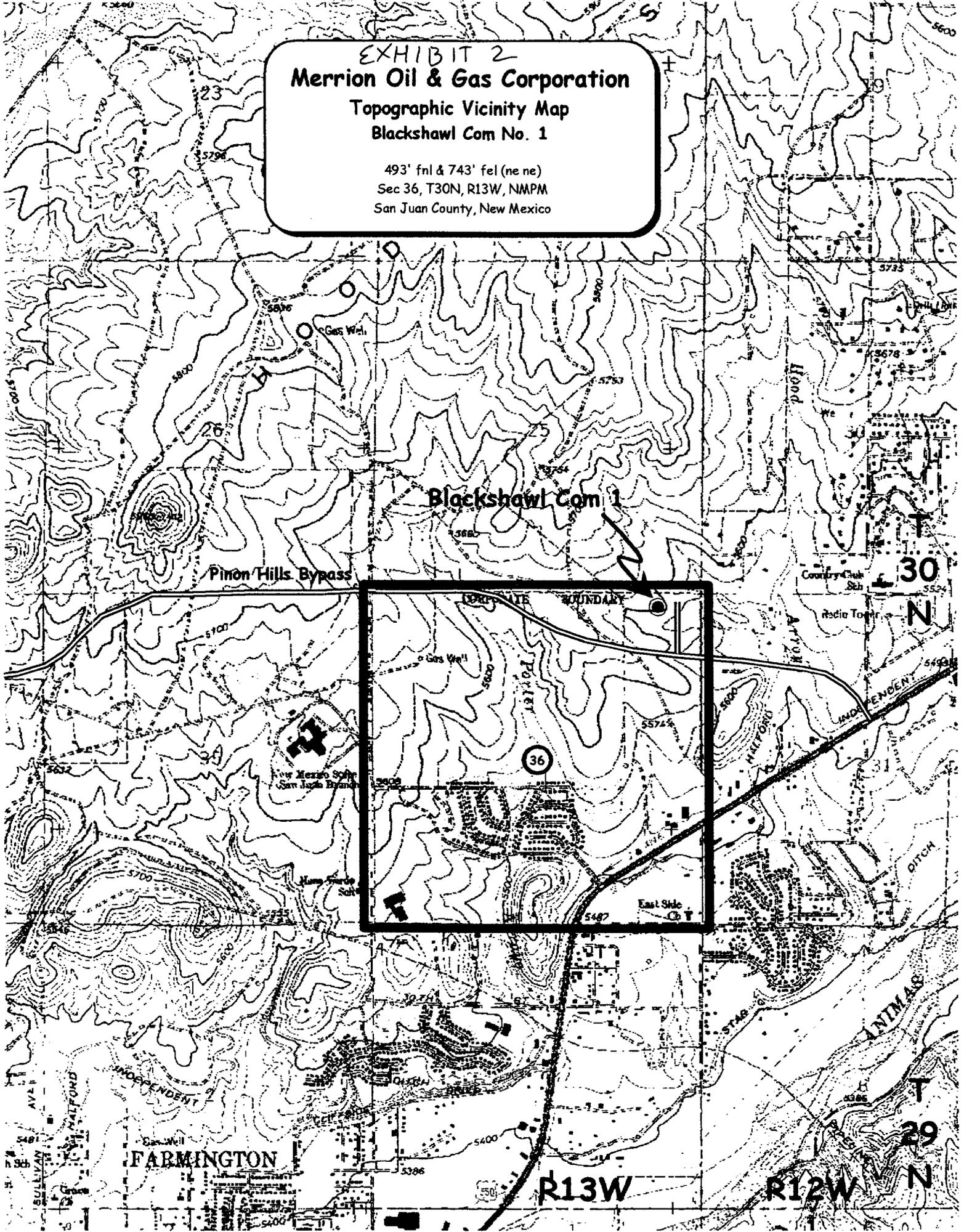


EXHIBIT 3
Developers Plat

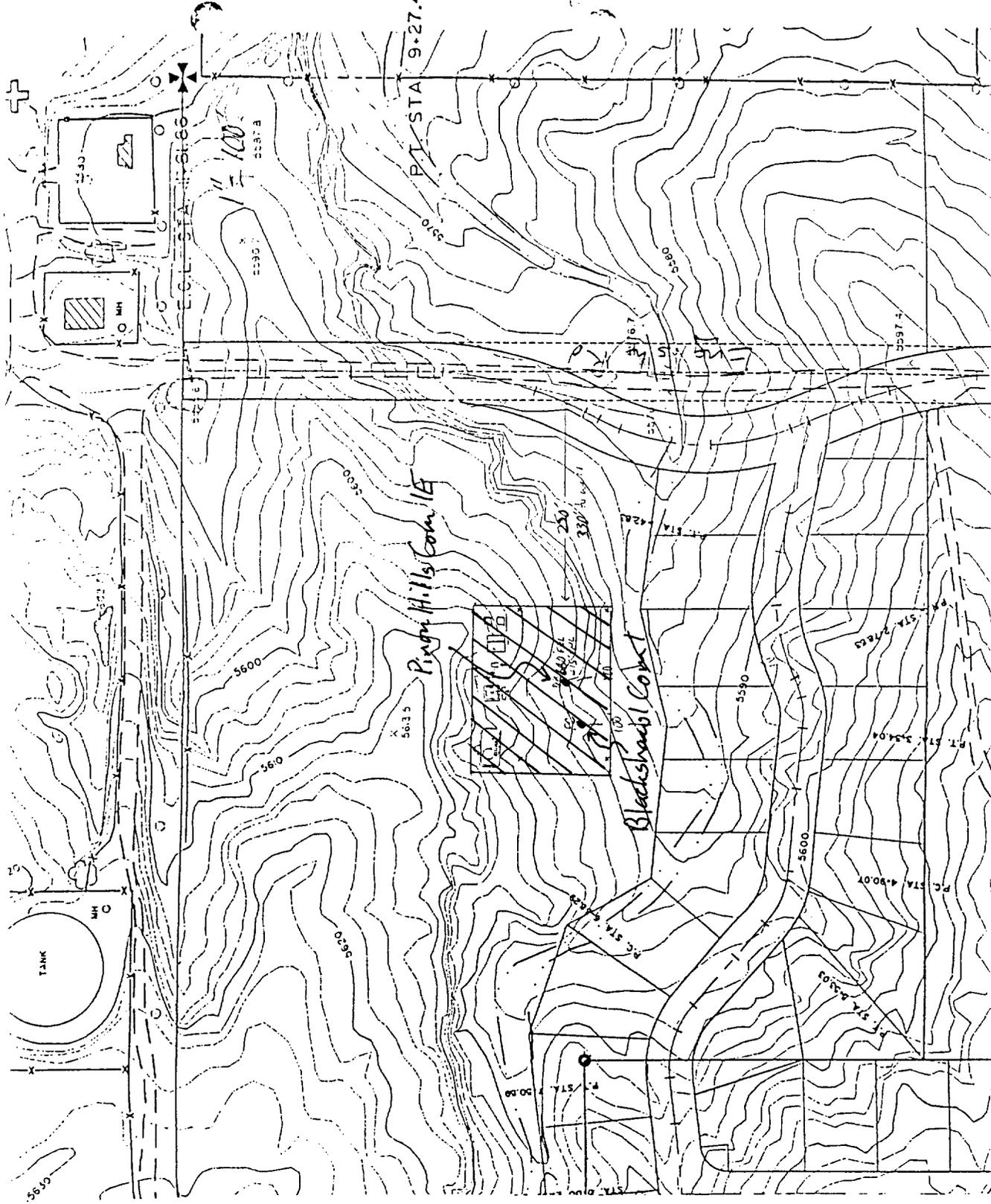


EXHIBIT B

Attached to and made
 part of that
 agreement dated
 October 6, 2000
 between SOCUNO, L^{td}
 and Merriem Oil & Gas

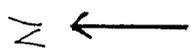
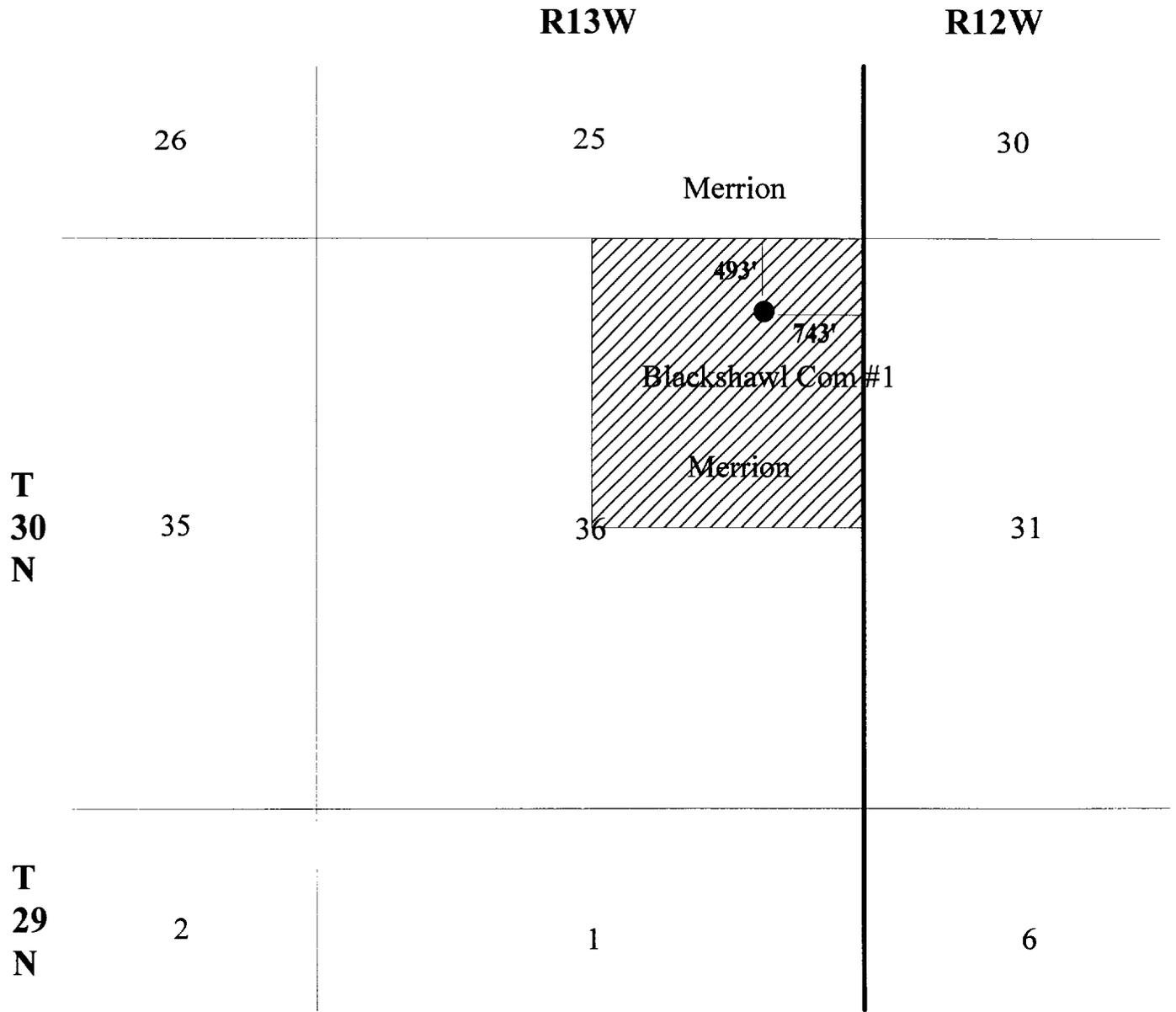


EXHIBIT 4
OFFSET OPERATOR PLAT
BLACKSHAWL COM 1
NON-STANDARD LOCATION APPLICATION



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) ~~Blackshaw Com. #1~~, both PC wells. Your thoughts on those. Thanks.

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Sent: Wednesday, February 07, 2001 1:47 PM
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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>>

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
Revised March 17, 1999

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Merrion Oil & Gas Corporation		² OGRID Number 014634
		³ API Number 30-045-30420
³ Property Code 26927	³ Property Name Blackshawl Com	⁶ Well No. 1

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	36	30N	13W	ne ne	493	North	743	East	San Juan

⁸ Proposed 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

⁹ Proposed Pool 1

Fulcher Kutz *PC*

¹⁰ Proposed Pool 2

¹¹ Work Type Code N	¹² Well Type Code G	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 5600'
¹⁶ Multiple No	¹⁷ Proposed Depth 1825'	¹⁸ Formation Pictured Cliffs	¹⁹ Contractor L&B Speed Drill	²⁰ Spud Date When Permitted

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
8 1/2"	7"	23 ppf	120'	50 sx	Surface
6 1/2"	4 1/2"	10.5 ppf	1825'	160 sx	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Merrion proposes to drill 8 1/2" surface hole with native mud to approx. 120' and set 7" 23 ppf J55 surface casing, cement to surface with ~50 sx 'H' w/ 2% CaCl₂ (59 cuft). Will drill 6 1/2" hole to TD @ approx. 1825' KB with low solids non-dispersed mud. Run open hole surveys. Will set 4 1/2" 10.5 ppf J55 production casing from TD to surface. Will cement with ~100 sx 'B' 2% SMS (206 cuft) and tail in with 60 sx 'B' 2% Gel (73 cuft) cement to fill from total depth to surface (Will adjust volumes based upon caliper log). If cement does not reach surface, a temperature log or cement-bond log will be run to find top of cement.

Will test Pictured Cliffs through perforated casing. Will fracture stimulate and put on production test. Drilling operations below surface casing will be conducted with a bag-type BOP in place, minimum working-pressure - 1000 psig.

This well is located within the city limits of Farmington and a city special use permit and Oil & Gas permit will be obtained prior to commencing drilling.

A second well, the Pinon Hills Com 1E, will be drilled on the same pad.

Tops: Undifferentiated Tertiary - Surface, Ojo Alamo - 60', Kirtland - 202', Fruitland - 1232', Pictured Cliffs - 1625'.

²³ I hereby certify that the information given above 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 10, 2000

Phone: 505.327.9801

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date: *NOV 14 2000*

Expiration Date: *7 8 2001*

Conditions of Approval:

Attached

NSZ

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

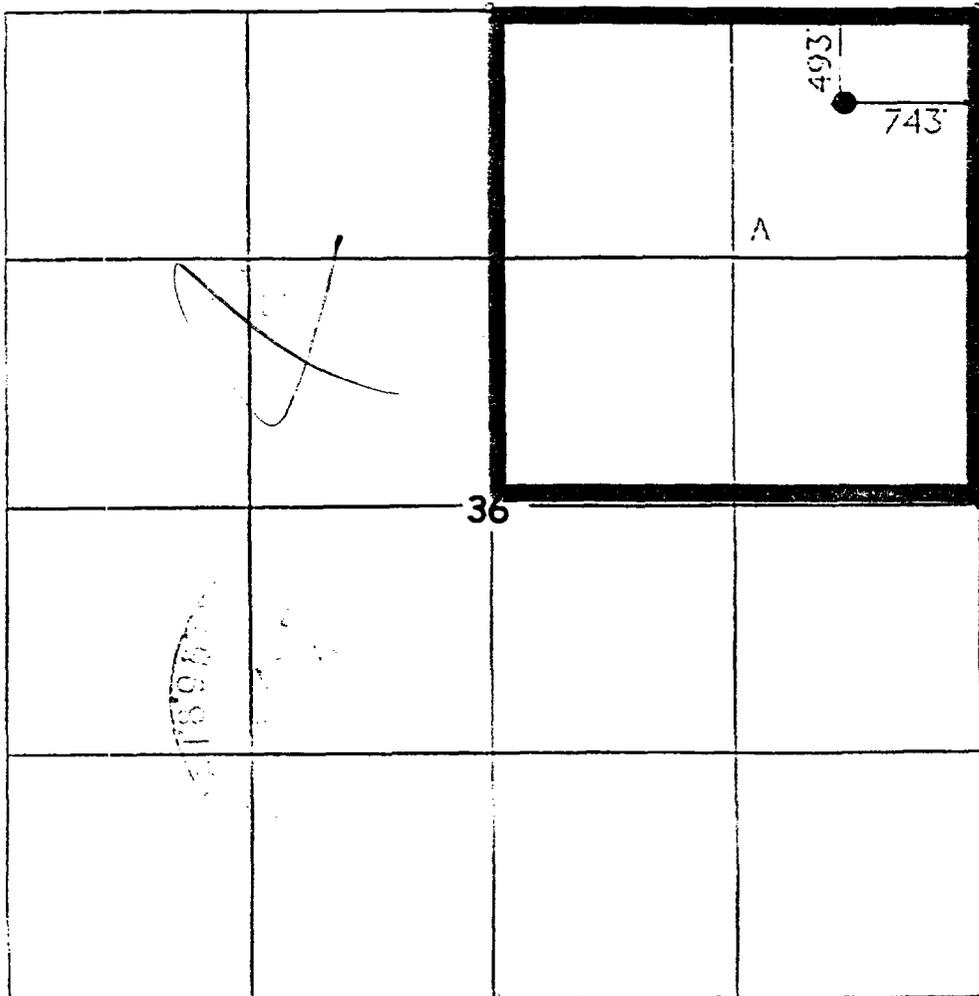
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Dedication 160	Joint ? Y	Consolidation C	Order No. Communitization in Progress
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Printed Name: **Steven S. Dunn**

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Signature: *[Signature]*

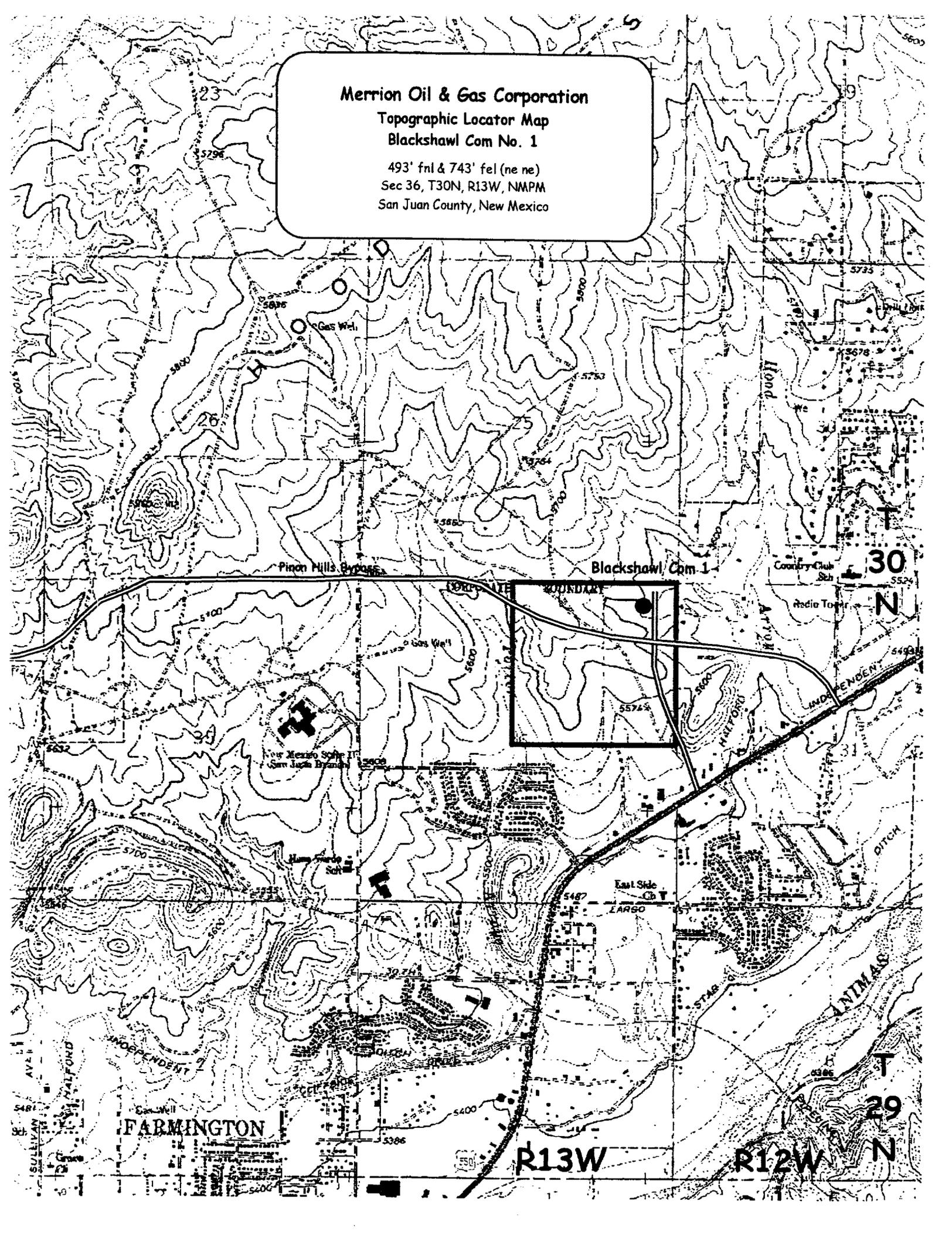
Professional Seal: **GERALD R. HADDLESTON, REGISTERED LAND SURVEYOR, NEW MEXICO, 6844**

Merrion Oil & Gas Corporation

Topographic Locator Map

Blackshaw Com No. 1

493' fnl & 743' fel (ne ne)
Sec 36, T30N, R13W, NMPM
San Juan County, New Mexico



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

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To: Hayden, Steven; Perrin, Charlie
Subject: FW: 2 Merrion NSL requests

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

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

02/08/01 07:48:41
OGOMES -TPOC
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

02/08/01 07:48:47
OGOMES -TPOC
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 02/08/01 17:46:34
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPOC

OGRID Idn : 14634 API Well No: 30 45 30420 APD Status(A/C/P): A
Opr Name, Addr: MERRION OIL & GAS CORP Aprvl/Cncl Date : 11-14-2000
610 REILLY AVE
FARMINGTON,NM 87401-2634

Prop Idn: 26927 BLACKSHAWL COM Well No: 1

	U/L	Sec	Township	Range	Lot Idn	North/South	East/West
	---	---	-----	-----	-----	-----	-----
Surface Locn : A	36	30N	13W			FTG 493 F N	FTG 743 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 : 5600

State Lease No: Multiple Comp (S/M/C) : S
Prpsd Depth : 1825 Prpsd Frmtn : FULCHER KUTZ PC

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