

MERRION OIL & GAS CORPORATION

610 REILLY AVE. • P. O. BOX 840

FARMINGTON, NEW MEXICO 87499

April 17, 1989

RECEIVED

New Mexico Oil Conservation Department
310 Old Santa Fe Trail Room 206
Santa Fe, New Mexico 87503

APR 20 1989

**OIL CONSERVATION DIV.
SANTA FE**

Attention: Mr. Michael Stogner

Subject: Application for Nonstandard Proration Unit
Basin Fruitland Pool
Da On Pah No. 1
Sec. 35, T27N, R12W
San Juan County, New Mexico

Dear Mr. Stogner:

By this letter Merrion Oil & Gas Corporation requests administrative approval for a Nonstandard Proration Unit for the Da On Pah No. 1 well in accordance with the provisions of Order No. R-8768, Section No. 5.

The Da On Pah was a productive well prior to the existence of the Basin Fruitland pool which was established by Order R-8768 on November 1, 1988. This well is drilled on an Indian Allotted Lease, No. NOO-C-7472, consisting of 160 acres and described as the NE/4 of Section 35, T27N, R12W, San Juan County, New Mexico. The offset acreage to the South is also an Indian Allotted Lease, No. NOO-C-7471, consisting of 160 acres of differing ownership and upon which Fruitland Coal seam production exists from the Pete No. 1R well. Consequently, we have two leases with different ownership. The Pete No. 1R is a much poorer producer than the subject well. Therefore we do not believe it is feasible to communitize the E/2 of Section 35 inasmuch as such an arrangement would be inequitable to the Royalty owners of the lease with the better well.

Merrion has notified, by certified mail, the offsetting operators or lessees of this application and has requested written waivers to be submitted.

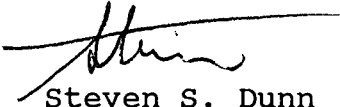
Enclosed for your review and approval are a lease map of the affected area along with a C-102 acreage dedication plat for the subject well.

N.M. Oil Conservation Dept.
April 17, 1989

Page 2

If you require further information or wish to discuss this application, please give me a call.

Yours truly,

A handwritten signature in dark ink, appearing to read "Steven S. Dunn", is written over a horizontal line.

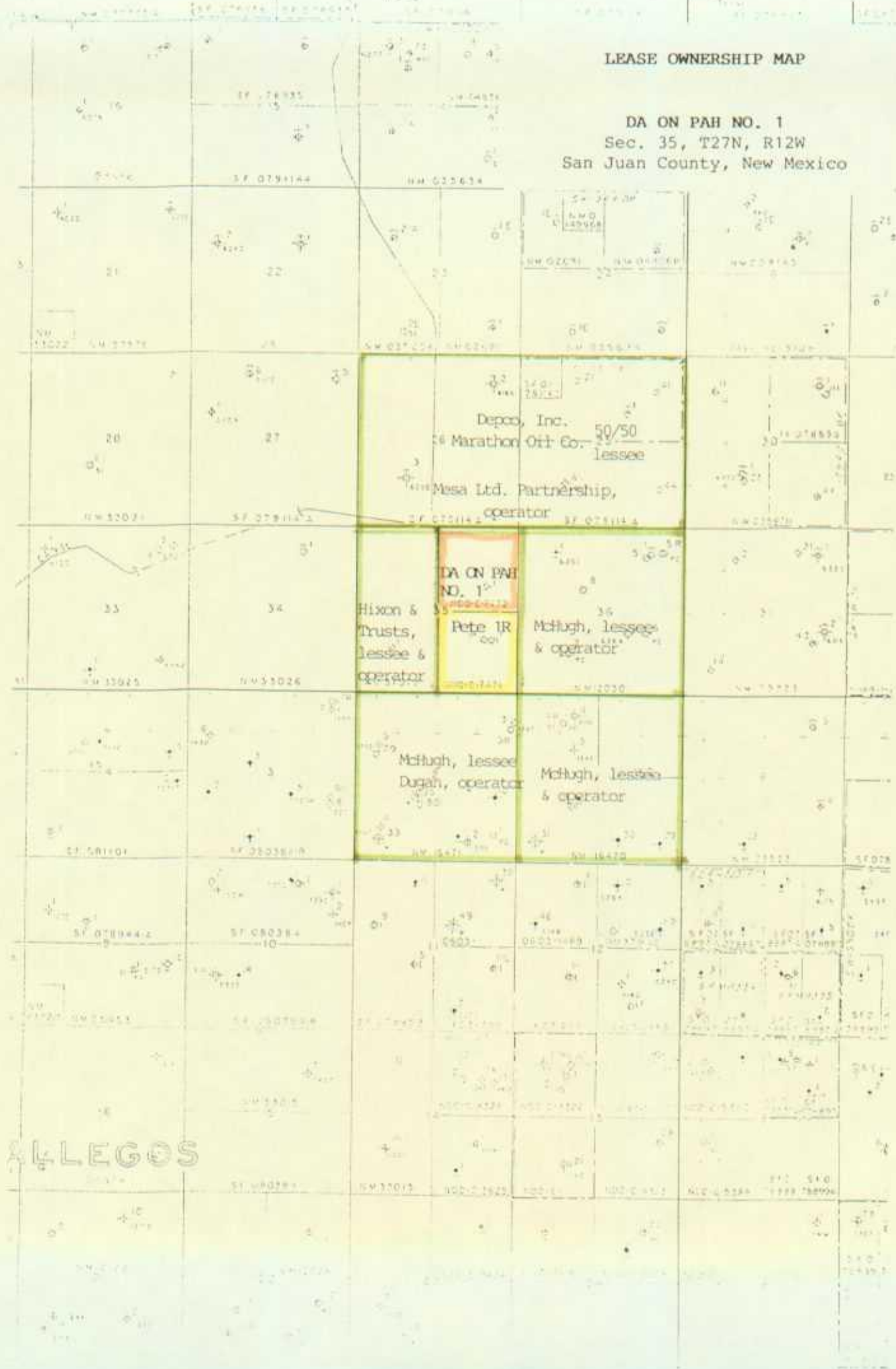
Steven S. Dunn
Operations Manager

SSD:ks
Enc.

cc: Mr. Ernie Busch

LEASE OWNERSHIP MAP

DA ON PAH NO. 1
Sec. 35, T27N, R12W
San Juan County, New Mexico



ALLEGOS

All distances must be from the outer boundaries of the Section.

Operator MERRION Oil & GAS CORP.		Lease Da On Pah		Well No. 1
Unit Letter H	Section 35	Township 27N	Range 12W	County San Juan
Actual Footage Location of Well: 1900 feet from the North line and 1050 feet from the East line				
Ground Level Elev. 5950	Producing Formation Fruitland	Pool Basin Fruitland Coal	Dedicated Acreage: 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

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

Name Steven S. Dunn
Position Operations Manager
Company Merrion Oil & Gas Corp.
Date 4/17/89

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 knowledge and belief.

Date Surveyed _____
Registered Professional Engineer and/or Land Surveyor _____

Certificate No. _____

Mid-Continent Region
Production United States



**Marathon
Oil Company**

P.O. Box 552
Midland, Texas 79702
Telephone 915/682-1626

May 26, 1989

State of New Mexico
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501-2088

Re: Application for Non-Standard Proration Unit - Merrion Oil & Gas
Our Lease NM-3073 - U.S.A. Lease SF-07911-C
NM-3074 - U.S.A. Lease SF-07911-A
Sections 25 & 26, T-27-N, R-12-W,
Our West Kutz Area
San Juan County, New Mexico

Gentlemen:


Merrion Oil and Gas (Merrion) has applied to the New Mexico Oil Conservation Division (NMOCD) requesting administrative approval for a non-standard proration unit for the Da On Pah No. 1 well located 1900' FNL and 1050' FEL of Section 35, T-27-N, R-12-W, San Juan County, New Mexico.

Please be advised that Marathon, as an offset operator to the above well, has reviewed the above and has no objection to Merrion's application.

Please contact this office as to any questions you may have concerning this matter.

Very truly yours,

MARATHON OIL COMPANY


J. F. Strong
Attorney-in-Fact

JFS/SMD:mmc'

xc: Merrion Oil and Gas Corporation
P. O. Box 840
Farmington, New Mexico 87499-0840
Attention: Mr. Steven S. Dunn

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MAY 30 1989

OIL CONSERVATION DIV.
SANTA FE

Hixon Development
COMPANY

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April 20, 1989

APR 24 1989

NM Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

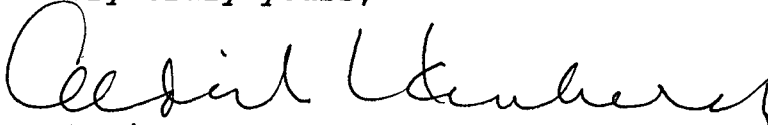
OIL CONSERVATION DIV.
SANTA FE

Subject: Application for Nonstandard Proration Unit
Basin Fruitland Pool
Merrion Oil and Gas
Da On Pah No. 1
Sec 35, T27N, R12W
San Juan Co., New Mexico

Gentlemen:

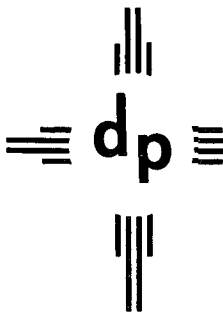
Hixon Development Company has been informed of the referenced application and has no objections to it being approved.

Very truly yours,



Aldrich L. Kuchera
President and Chief Executive Officer

ALK:jab



dugan production corp.

April 24, 1989

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New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

APR 28 1989

OIL CONSERVATION DIV.
SANTA FE

Attn: Mr. William LeMay

RE: Merrion Oil and Gas Corporation's
Application for Non-Standard
Spacing Unit
Da On Pah No. 1
T27N-R12W, Sec. 35
San Juan County, NM

Gentlemen:

Reference is made to an application filed by Merrion Oil and Gas Corporation for administrative approval of a non-standard spacing unit covering the NE/4 of Section 35-27N-12W.

Please be advised that Dugan Production Corp, an offsetting leasehold operator, has no objection to Merrion's request for administrative approval of a non-standard spacing unit covering the NE/4-Section 35-27N-12W.

Sincerely,

Richard Corcoran
Landman

RC/mmm

cc: Steven S. Dunn
Merrion Oil and Gas Corporation



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501

DATE 5-2-89

RE: Proposed MC _____
Proposed DHC _____
Proposed NSL _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

NSP

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MAY - 4 1989

OIL CONSERVATION DIV.
SANTA FE

Gentlemen:

I have examined the application dated 4-19-89
for the Merritt Oil & Gas Corp. Da On Pali #1 H -35-27N+2W
Operator Lease and Well No. Unit, Block

and my recommendations are as follows:

Approve

Yours truly,

E. J. Bussell



May 1, 1989

New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87504

RE: Non-Standard Proration Unit Application
Basin Fruitland Pool
Da On Pah No. 1
Section 35-27N-12W
San Juan County, New Mexico

Gentlemen:

This will advise you that DEKALB Energy Company (formerly DEPCO, Inc.) waives any objection to Merrion Oil & Gas Corporation's application for a Non-Standard Proration Unit for its Da On Pah Well No. 1.

Sincerely,

DEKALB Energy Company

A handwritten signature in cursive script that reads "K. G. Ranum".

K. G. Ranum
Land Department

KGR/jas

xc: Merrion Oil & Gas Corporation
P.O. Box 840
Farmington, NM 87499

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OIL CONSERVATION DIV.
SANTA FE

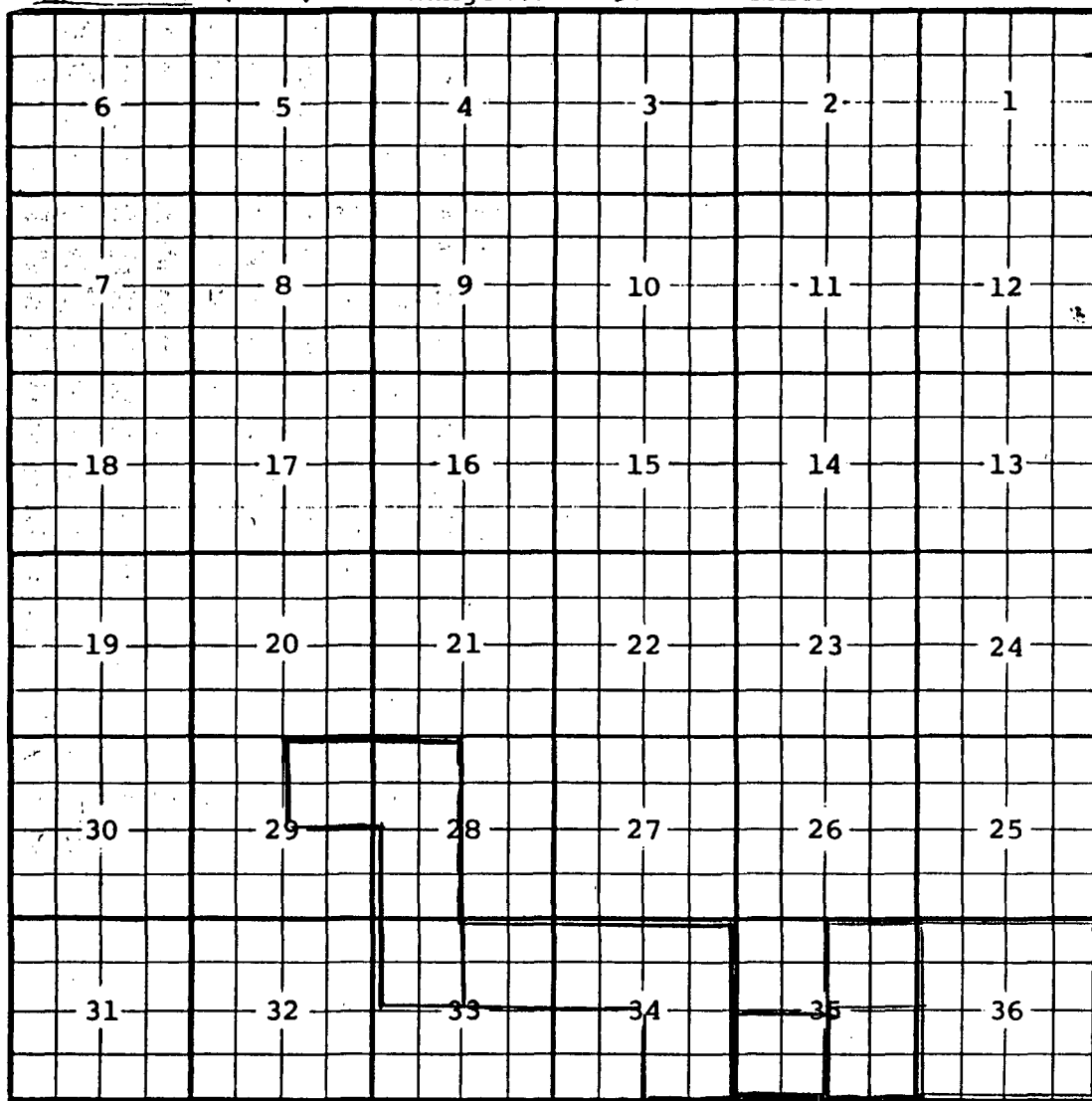
DEKALB Energy Company
1625 Broadway
Denver, Colorado 80202
(303) 592-4600
FAX (303) 592-5901

County San Juan Pool South Gallegos - Fruitland ^{SAND} Pictured Cliffs

TOWNSHIP 27 North

Range 12 West

NMPM



Ext: All Sec 36 (R-5596, 1-1-78) EXT: ^{NE} 1/4 Sec. 35 (R-642, 8-1-80)

Extend horizontal limits to include Pictured Cliffs (R-6886, 1-22-82)

Ext: ^{NE} 1/4 Sec. 33, E/2 and ^{NW} 1/4 Sec. 34 (A-7495, 4-5-84)

Ext: ^{SE} 1/4 Sec. 35 (A-7764, 1-8-85)

Ext: ^W 1/2 Sec. 28, ^{NE} 1/4 Sec. 29, ^{NW} 1/4 Sec. 33 (A-8022, 8-22-85)

REDESIGNATED (R-8769, 10/17/88) EXT: SW 1/4 sec 35 (R-8915, 4-24-89)