



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

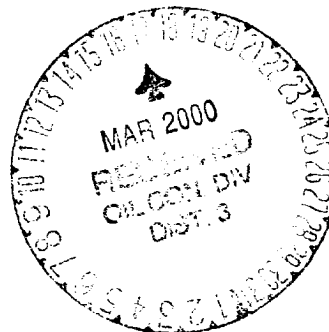
Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
NMSF079086
3162.7 (07100)

March 14, 2000

Mr. George Sharpe
Merrion Oil & Gas Corporation
610 Reilly Avenue
Farmington, NM 87401-2634

RE: Canada Mesa No. 3E
790' FNL & 1190' FWL
Sec. 14, T. 24 N., R. 6 W.
Rio Arriba County, NM



Dear Mr. Sharpe:

We have received your Application for Downhole Commingling of the Devils Fork Gallup and Basin Dakota formations in the above mentioned well. After review, we hereby approve your application for downhole commingling and the submitted allocation factors. The effective date is the date that downhole commingling occurs. The approved allocation factors are:

Basin Dakota	21% OIL	79% GAS
Devils Fork Gallup	79% OIL	21% GAS

If you have any questions, please contact Wayne Townsend with this office at (505) 599-6359.

Sincerely,

/s/ Charlie Beecham

Charlie Beecham
Acting Team Lead
Petroleum Management Team

cc: NMOCD, Santa Fe, NM
NMOCD, Aztec, NM