



SUSPENSE	ENGINEER WJ Jones	LOGGED IN 8/15/07	TYPE NSL	APP NO. PTD50722737281
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## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505

ABOVE THIS LINE FOR DIVISION USE ONLY

### ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

#### Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]  
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]  
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]  
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]  
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]  
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

#### [1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication  
NSL NSP SD

Merrion's  
Hickman A 1 E

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement  
DHC CTB PLC PC OLS OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
WFX PMX SWD IPI EOR PPR

[D] Other: Specify \_\_\_\_\_

#### [2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or \_ Does Not Apply

[A] Working, Royalty or Overriding Royalty Interest Owners

[B] Offset Operators, Leaseholders or Surface Owner

[C] Application is One Which Requires Published Legal Notice

[D] Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] Waivers are Attached

#### [3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

BRIAN WOOD  
(505) 466-8120  
FAX 466-9682

Signature

Title

CONSULTANT

Date

8-11-07

e-mail Address

brian@permitswest.com

REQUEST FOR ADMINISTRATIVE APPROVAL  
FOR NONSTANDARD LOCATION  
FOR MERRION OIL & GAS CORPORATION'S  
HICKMAN A 1 E  
1070' FSL & 813' FEL SEC. 10, T. 26 N., R. 12 W.  
SAN JUAN COUNTY, NM

R-5353  
(1) A. Rule 2

✓ I. The well is on Navajo Tribal surface and BLM oil and gas lease NMSF-080384-B. The proposed location is nonstandard for the Gallegos Gallup (Associated) Pool Code 26980 due to surface use (100' wide right-of-way for a 345 kv PNM power line). A standard location must be at least 330' from the quarter-quarter and 790' from the quarter section line. This well is staked 80' further north than is standard. (Closest standard location would be 990' FSL and 813' FEL.) While nonstandard, the well is toward the interior of the lease. The APD cover sheet is attached as EXHIBIT A.

II. A C-102 showing the well location and pro ration unit (S2 Section 10) is attached (EXHIBIT B). The BLM oil and gas lease (957.92 acres) boundary is marked as a solid line on the attached (EXHIBIT C) copy of the USGS topographic map. The BLM is the mineral lessor for a  $\geq 1,570'$  radius.

The well encroaches on the NESE of Section 10. There are no Gallegos Gallup (Associated) wells in any of the eight offset quarter-quarters. The three wells which are in the offset quarter-quarters (EXHIBIT D) are either Fruitland coal or Fruitland sand wells.

The proposed dedication Gallegos Gallup (Associated) dedication (S2 Section 10 (=320 acres)) is shown on EXHIBIT E. Merrion's Hickman A 1 R (API 30-045-26781) is the only existing Gallegos Gallup (Associated) well in that dedication. The Hickman A 1 R is 2,876' west-northwest.   
E (Gas)   
Gas

III. According to NM Oil Conservation Division records, the closest existing or planned Gallegos Gallup (Associated) well is Merrion's producing Hickman A 1 R well. It is 2,876' west-northwest at 1650' FSL & 1650' FWL 10-26n-12w. EXHIBIT F shows the proposed NSL well, all existing Gallegos Gallup (Associated) wells (circled), and all existing adjacent Gallegos Gallup

(Associated) dedicated spacing units.

Registered letters were sent on August 11, 2007 to all of the offset interest owners. Copies of the postal receipts and letters are attached.

IV. A copy of the USGS map is attached (EXHIBIT E). The proposed well site is marked. Pro ration unit (solid line) for the Gallegos Gallup (Associated) is the 320 acre south half of Section 10, Township 26 North, Range 12 West, San Juan County, NM.

V. The nonstandard location is due to surface use. A 345 kv over head power line (see bottom picture in EXHIBIT G) runs northwest-southeast through the drilling window. The well is  $\approx 160'$  from the closet power line (see EXHIBIT H). The edge of the pad is  $\approx 60'$  from the closest power line.

VI. Archaeology is not an issue.

VII. See item V. above and attached EXHIBITS G and H for a description and depiction of the surface conditions.

VIII. Directional drilling is not feasible because it is not cost effective.

IX. I hereby certify notice (EXHIBIT I) has been sent to the following lessees, lessors, operators of existing spacing units, or owners of undrilled leases which adjoin the applicant's spacing unit on one or more of the two sides or the single closest corner to the proposed well and that the information is current and correct.

BLM  
BP America Production Co.  
Coleman Oil & Gas Inc.  
El Paso Products Co.  
FIMO  
Cherie Gallagher

*B. Wood*

Brian Wood, Consultant

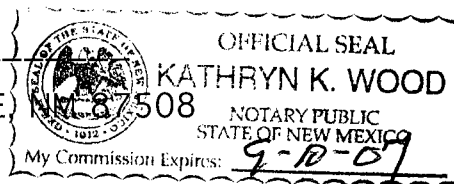
*8-11-07*

STATE OF NEW MEXICO       )  
  ) SS:  
COUNTY OF SANTA FE       )

The foregoing instrument was acknowledged before me this 11th day of August, 2007 by Brian Wood. Witness my hand and official seal.

*Kathryn K. Wood*  
Notary Public

My Commission Expires: *9-10-07*  
Business Address: 37 VERANO LOOP, SANTA FE



cc: Aztec OCD, Foutz

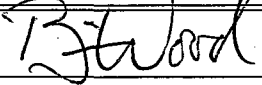
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMSF-080384-B
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator MERRION OIL & GAS CORPORATION		7. If Unit or CA Agreement, Name and No. N/A
3a. Address 610 REILLY AVE. FARMINGTON, NM 87401	3b. Phone No. (include area code) (505) 324-5300	8. Lease Name and Well No. HICKMAN A 1 E
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1070' FSL & 813' FEL At proposed prod. zone SAME		9. API Well No. 30-045-
10. Field and Pool, or Exploratory GAL'GOS GAL'P & BAS. DAK.		11. Sec., T. R. M. or Blk. and Survey or Area 10-26N-12W NMPM
12. County or Parish SAN JUAN		13. State NM
14. Distance in miles and direction from nearest town or post office* 15 AIR MILES SSE OF FARMINGTON	15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 813'	16. No. of acres in lease 957.92
17. Spacing Unit dedicated to this well S2	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 531' (Bunko 1)	19. Proposed Depth 6,300'
20. BLM/BIA Bond No. on file NM-0883	21. Elevations (Show whether DF, KDB, RT, GL, etc.) 6,157' GL	22. Approximate date work will start* 04/01/2007
23. Estimated duration 2 WEEKS	24. Attachments	

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- |   |  |
|---|--|
| 1. Well plat certified by a registered surveyor.  | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).    |
| 2. A Drilling Plan.   | 5. Operator certification  |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

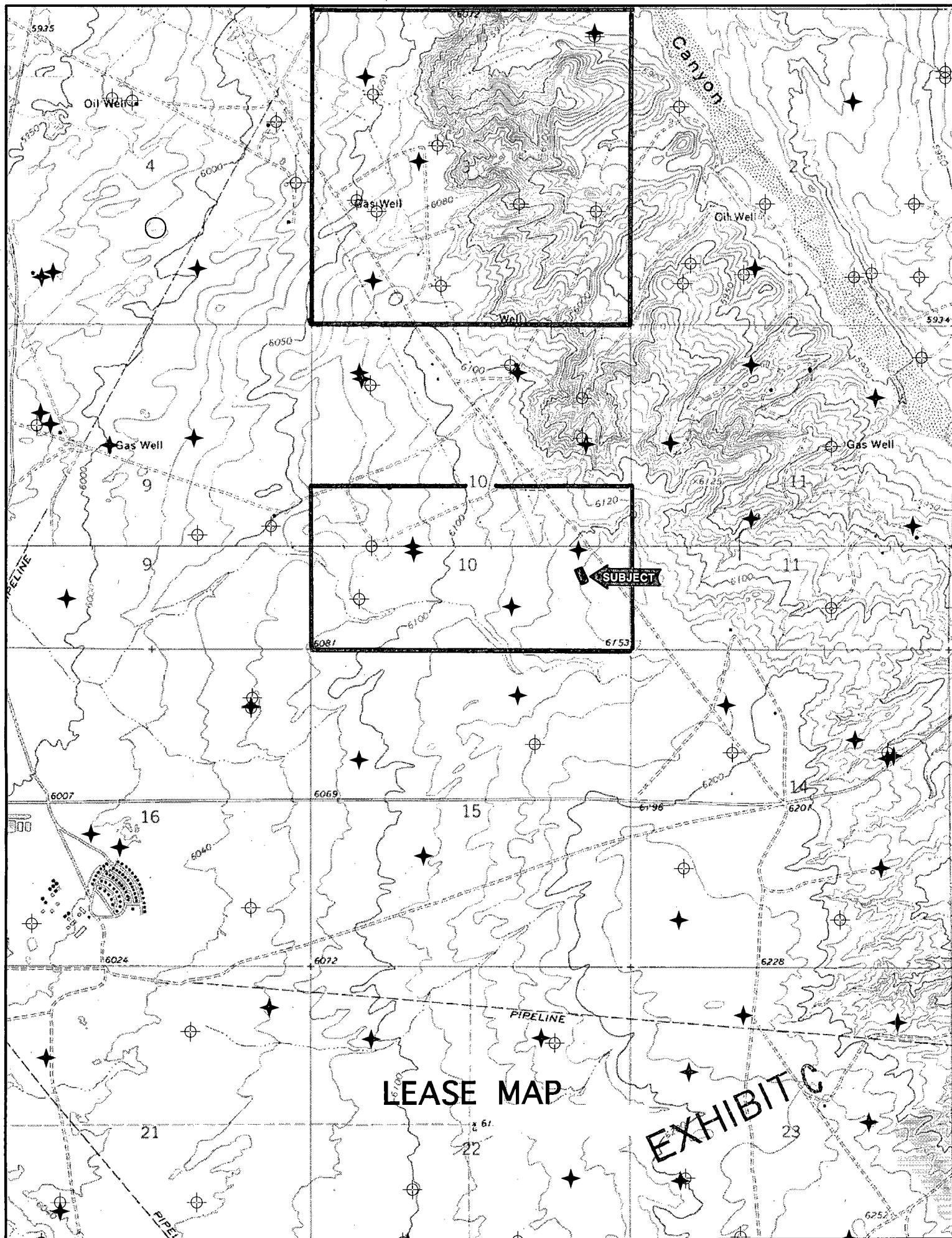
25. Signature 	Name (Printed/Typed) BRIAN WOOD	Date 09/07/2006
Title CONSULTANT		
PHONE: (505) 466-8120 FAX: (505) 466-9682		
Approved by (Signature)	Name (Printed/Typed)	Date
Title	Office	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

EXHIBIT A



State of New Mexico  
Energy, Minerals & Mining Resources Department  
OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C - 102

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

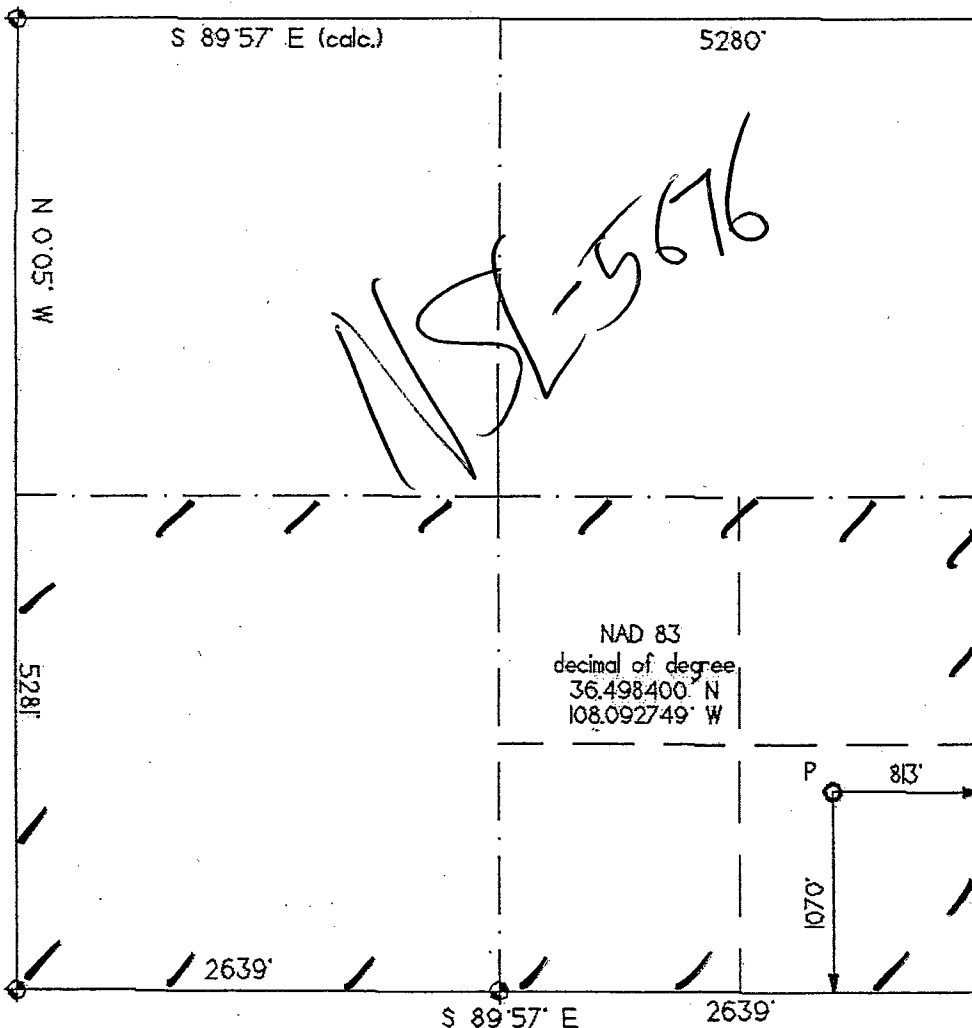
APA Number <b>30-045-33936</b>	Pool Code <b>26980 &amp; 71599</b>	Pool Name <b>GALLEGOS GALLUP (ASSOC.) &amp; BASIN DAKOTA</b>
Property Code <b>1</b>	Property Name <b>HICKMAN A</b>	Well Number <b>1 E</b>
GRID No. <b>014634</b>	Operator Name <b>MERRION OIL &amp; GAS</b>	Elevation <b>6157</b>

Surface Location									
UL or Lot <b>P</b>	Sec. <b>10</b>	Twp. <b>26 N.</b>	Rge. <b>12 W.</b>	Lot Lth.	Feet from <b>1070'</b>	North/South <b>SOUTH</b>	Feet from <b>813'</b>	East/West <b>EAST</b>	County <b>SAN JUAN</b>

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

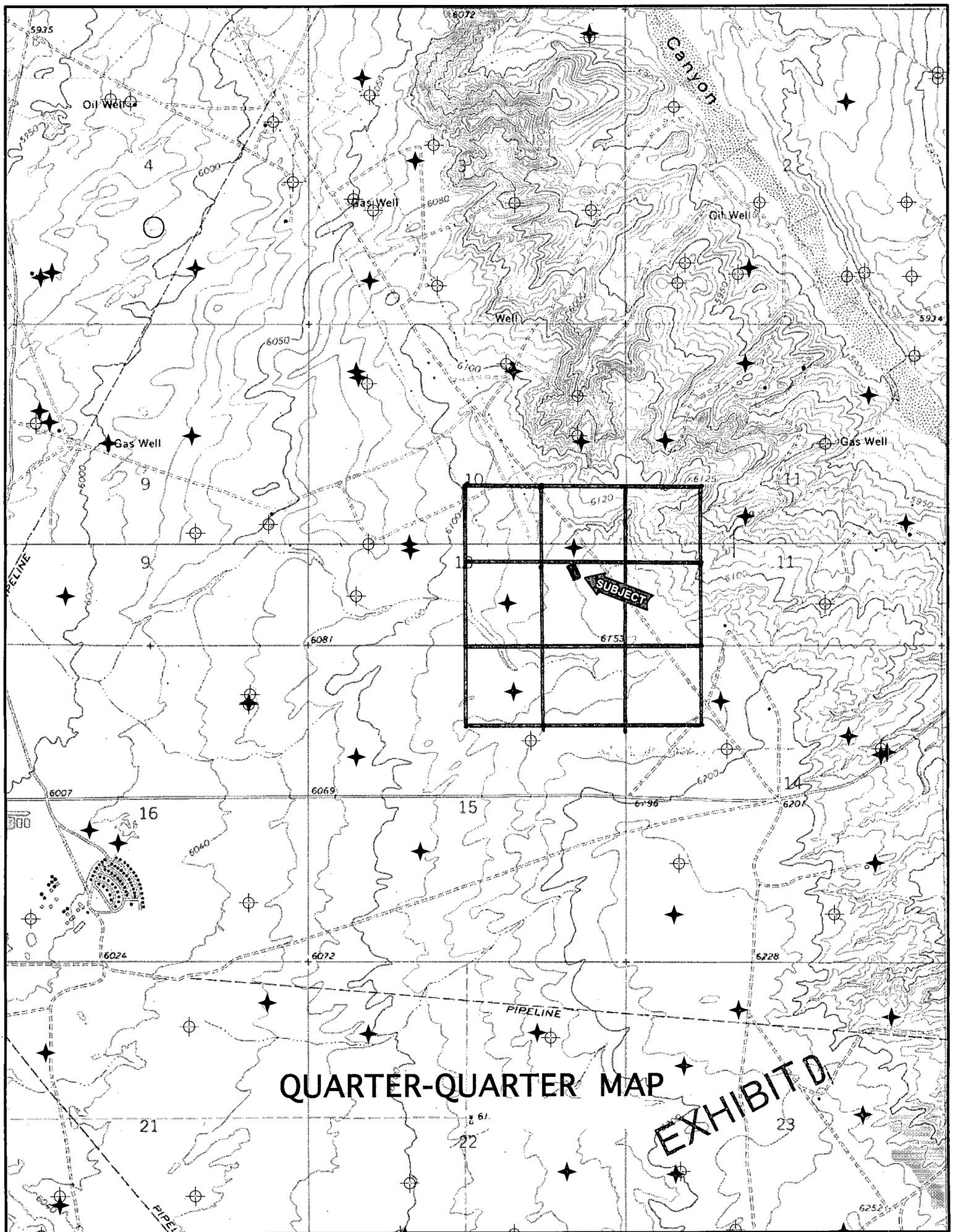
Dedication <b>320</b>	Joint ?	Consolidation	Order No.
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NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



<b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature <i>Brian Wood</i> Printed Name <b>BRIAN WOOD</b> Title <b>CONSULTANT</b> Date <b>SEPT. 7, 2006</b>	
<b>SURVEYOR CERTIFICATION</b> 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 <b>07/13/06</b>	
Signature and Seal 	

EXHIBIT B

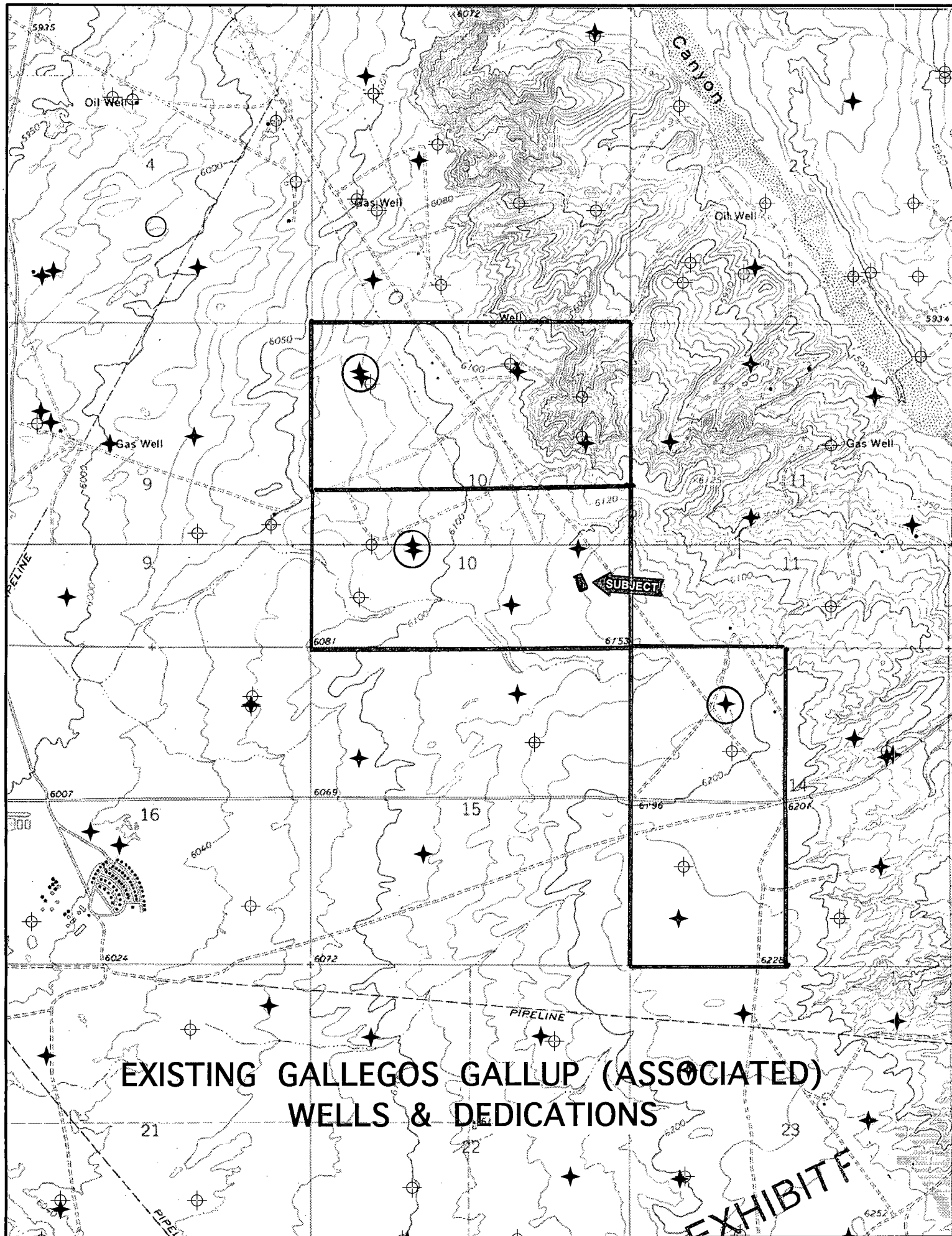


QUARTER-QUARTER MAP

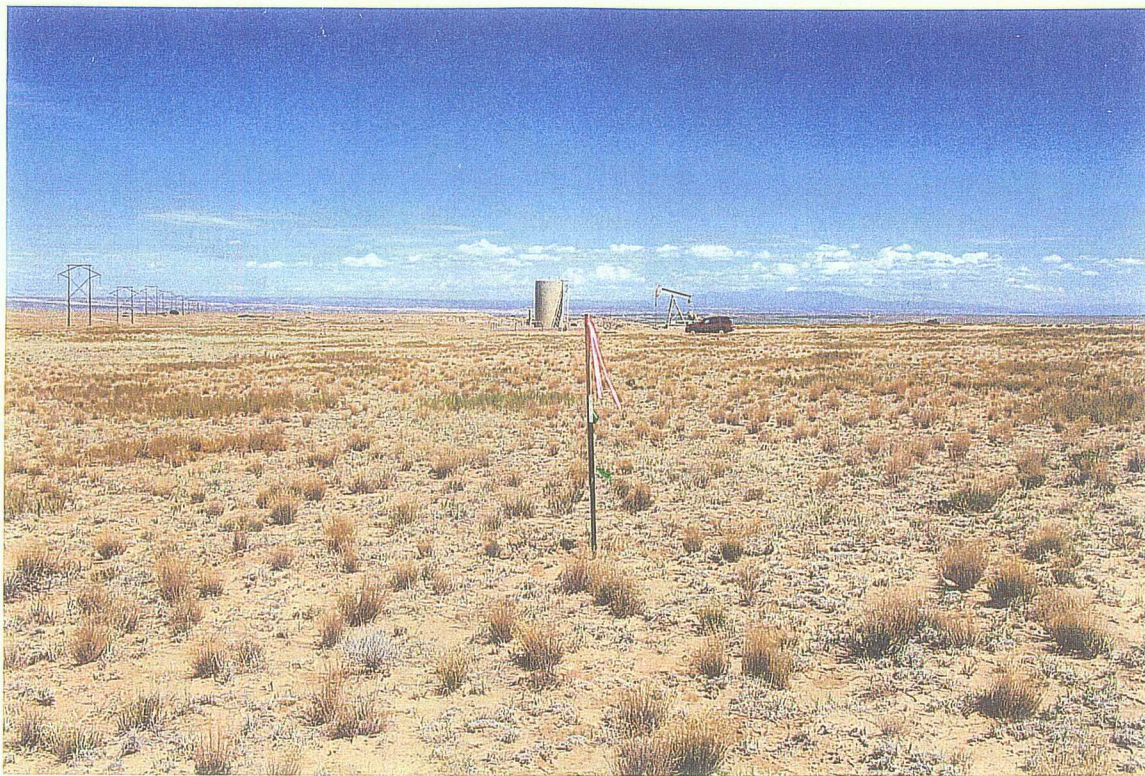
EXHIBIT D











LOOKING NORTH TOWARD HICKMAN A 1 E CENTER STAKE



LOOKING WEST AT CENTER STAKE

EXHIBIT G



Hickman A #1 E  
well pad & section

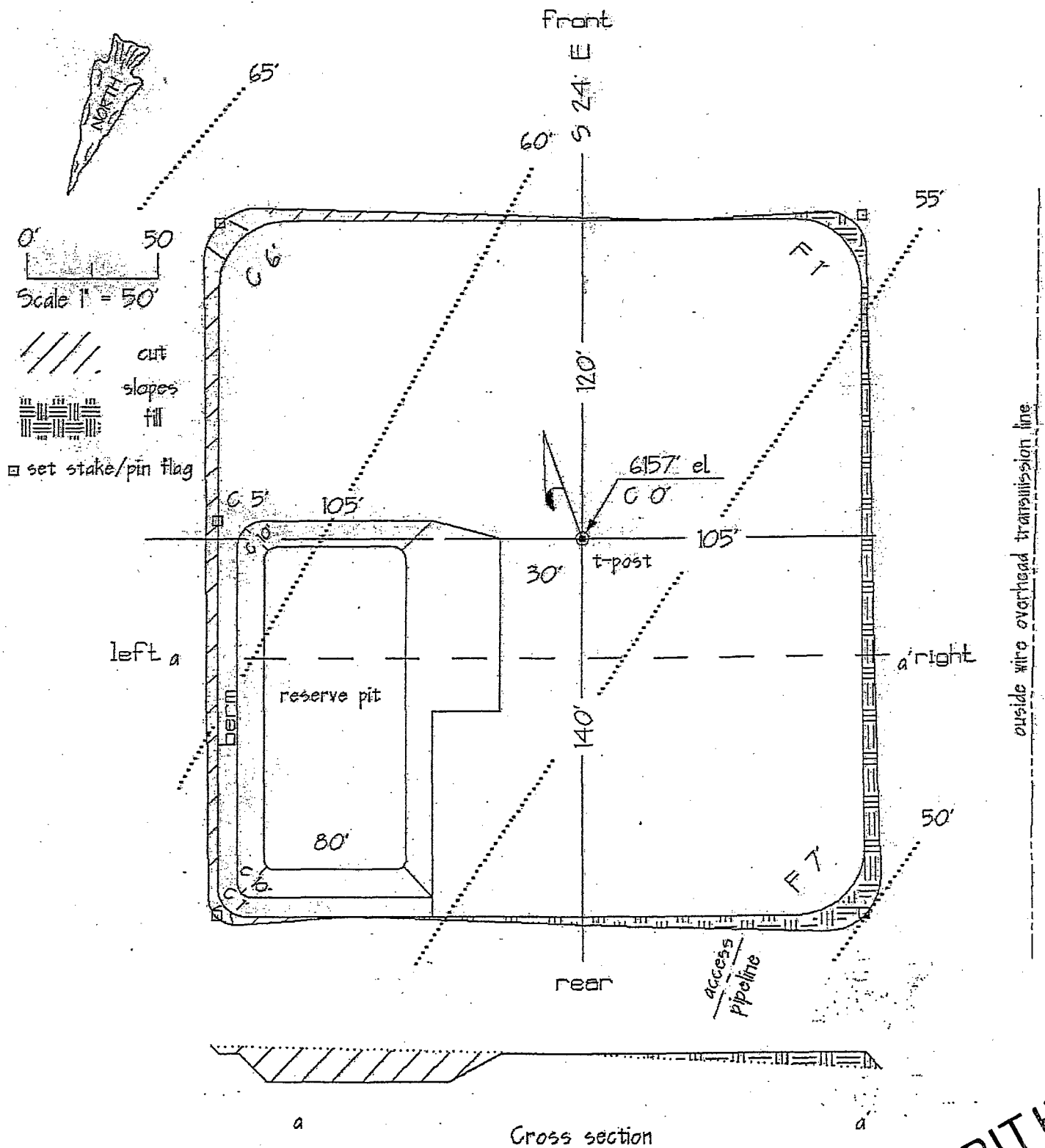


EXHIBIT H

**PERMITS WEST, INC.**  
PROVIDING PERMITS for LAND USERS  
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

August 11, 2007

BLM  
1235 LaPlata Highway  
Farmington, NM 87401

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

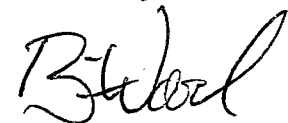
Merrion Oil & Gas Corporation is applying to drill its Hickman A 1 E well. The minimum state distance for such a well is 330' from a quarter-quarter line. The proposed well is 80' further north than is standard. Thus, it is a nonstandard location. The NSL is due to a 345 kv power line.

Well Name: Hickman A 1 E    Total Depth: 6,300'  
Proposed NSL Zone: Gallegos Gallup (Associated)  
NSL Acreage Dedication: 320 acres (S2 Section 10)  
Location: 1070' FSL & 813' FEL Sec. 10, T. 26 N., R. 12 W.,  
San Juan County, NM on BLM lease NMSF-080384-B  
Approximate Location: ~15 air miles south-southeast of Farmington, NM  
Applicant Name: Merrion Oil & Gas Corporation    (505) 324-5300  
Applicant's Address: 610 Reilly Ave., Farmington, NM 87401

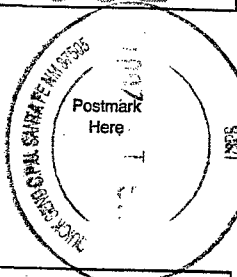
Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

Sincerely,



Brian Wood

<b>U.S. Postal Service</b>	
<b>CERTIFIED MAIL™ RECEIPT</b>	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<b>OFFICIAL USE</b>	
Postage	\$ 41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21
	
Sent To	
BLM + FIMO	
Street, Apt. No., or PO Box No.	
1235 LaPlata	
City, State, ZIP+4	
87401	

PS Form 3800, June 2002

EXHIBIT I

**PERMITS WEST, INC.**  
PROVIDING PERMITS for LAND USERS  
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

August 11, 2007

Cherry Hlava  
BP America Production Company  
P. O. Box 3092  
Houston, Tx. 77253-3092

Dear Cherry,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Merrion Oil & Gas Corporation is applying to drill its Hickman A 1 E well. The minimum state distance for such a well is 330' from a quarter-quarter line. The proposed well is 80' further north than is standard. Thus, it is a nonstandard location. The NSL is due to a 345 kv power line.

Well Name: Hickman A 1 E    Total Depth: 6,300'  
Proposed NSL Zone: Gallegos Gallup (Associated)  
NSL Acreage Dedication: 320 acres (S2 Section 10)  
Location: 1070' FSL & 813' FEL Sec. 10, T. 26 N., R. 12 W.,  
San Juan County, NM on BLM lease NMSF-080384-B  
Approximate Location: ~15 air miles south-southeast of Farmington, NM  
Applicant Name: Merrion Oil & Gas Corporation    (505) 324-5300  
Applicant's Address: 610 Reilly Ave., Farmington, NM 87401

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Phone number is (505) 476-3440.

U.S. Postal Service<sup>TM</sup>  
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OFFICIAL USE	
Postage	\$ .41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21

Postmark Here

Sent To	BP
Street, Apt. No., or PO Box No.	PO Box 3092
City, State, ZIP+4	77253-3092

questions.

Sincerely,

*Brian Wood*  
Brian Wood

EXHIBIT I

**PERMITS WEST, INC.**  
PROVIDING PERMITS for LAND USERS  
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

August 11, 2007

Mike Hanson  
Coleman Oil & Gas, Inc.  
P. O. Drawer 3337  
Farmington, NM 87499

Dear Mike,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Merrion Oil & Gas Corporation is applying to drill its Hickman A 1 E well. The minimum state distance for such a well is 330' from a quarter-quarter line. The proposed well is 80' further north than is standard. Thus, it is a nonstandard location. The NSL is due to a 345 kv power line.

Well Name: Hickman A 1 E    Total Depth: 6,300'

Proposed NSL Zone: Gallegos Gallup (Associated)

NSL Acreage Dedication: 320 acres (S2 Section 10)

Location: 1070' FSL & 813' FEL Sec. 10, T. 26 N., R. 12 W.,

San Juan County, NM on BLM lease NMSF-080384-B

Approximate Location: ~15 air miles south-southeast of Farmington, NM

Applicant Name: Merrion Oil & Gas Corporation    (505) 324-5300

Applicant's Address: 610 Reilly Ave., Farmington, NM 87401

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New

address is 1220 South St. Francis Dr. Santa Fe, NM 87505. My phone number is (505) 476-3440.

questions.

Sincerely,

*Brian Wood*

Brian Wood

EXHIBIT I

<b>U.S. Postal Service<sup>TM</sup></b>	
<b>CERTIFIED MAIL<sup>TM</sup> RECEIPT</b>	
<small>(Domestic Mail Only, No Insurance Coverage Provided)</small>	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<b>OFFICIAL USE</b>	
Postage	\$ 47
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.27
Sent To	
Coleman	
Street, Apt. No., or PO Box No.	
PO Drawer 3337	
City, State, ZIP+4	
87499	

PS Form 3800, June 2002 See Reverse for Instructions

**PERMITS WEST, INC.**  
PROVIDING PERMITS for LAND USERS  
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

August 11, 2007

El Paso Products Co.  
4 Greenway Plaza  
Houston, TX 77046

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Merrion Oil & Gas Corporation is applying to drill its Hickman A 1 E well. The minimum state distance for such a well is 330' from a quarter-quarter line. The proposed well is 80' further north than is standard. Thus, it is a nonstandard location. The NSL is due to a 345 kv power line.

Well Name: Hickman A 1 E Total Depth: 6,300'

Proposed NSL Zone: Gallegos Gallup (Associated)

NSL Acreage Dedication: 320 acres (S2 Section 10)

Location: 1070' FSL & 813' FEL Sec. 10, T. 26 N., R. 12 W.,

San Juan County, NM on BLM lease NMSF-080384-B

Approximate Location: ~15 air miles south-southeast of Farmington, NM

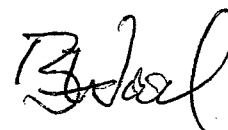
Applicant Name: Merrion Oil & Gas Corporation (505) 324-5300

Applicant's Address: 610 Reilly Ave., Farmington, NM 87401

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

questions.

Sincerely,



Brian Wood

EXHIBIT I

7004 2510 0004 1418 5752

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
OFFICIAL USE	
Postage	\$ 1.41
Certified Fee	2.63
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21

Postmark Here. AUG 11 2007

Sent To	El Paso Products
Street, Apt. No., or PO Box No.	4 Greenway Plz
City, State, ZIP+4	77046

PS Form 3800, June 2002 See Reverse for Instructions



**PERMITS WEST**. INC.  
PROVIDING PERMITS for LAND USERS  
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

August 11, 2007

FIMO  
1235 LaPlata Highway  
Farmington, NM 87401

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Merrion Oil & Gas Corporation is applying to drill its Hickman A 1 E well. The minimum state distance for such a well is 330' from a quarter-quarter line. The proposed well is 80' further north than is standard. Thus, it is a nonstandard location. The NSL is due to a 345 kv power line.

Well Name: Hickman A 1 E    Total Depth: 6,300'

Proposed NSL Zone: Gallegos Gallup (Associated)

NSL Acreage Dedication: 320 acres (S2 Section 10)

Location: 1070' FSL & 813' FEL Sec. 10, T. 26 N., R. 12 W.,

San Juan County, NM on BLM lease NMSF-080384-B

Approximate Location: ≈15 air miles south-southeast of Farmington, NM

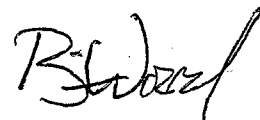
Applicant Name: Merrion Oil & Gas Corporation    (505) 324-5300

Applicant's Address: 610 Reilly Ave., Farmington, NM 87401

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

estions.

Sincerely,



Brian Wood

EXHIBIT I

U.S. Postal Service™  
**CERTIFIED MAIL™ RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)  
For delivery information visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Postage	\$ 41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21

Postmark Here

Sent To: BLM + FIMO  
Street, Apt. No., or PO Box No.: 1235 LaPlata  
City, State, ZIP+4: 87401

PS Form 3800, June 2002 See Reverse for Instructions

**PERMITS WEST**, INC.  
PROVIDING PERMITS for LAND USERS  
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

August 11, 2007

Cherie Gallagher  
P. O. Box 12810  
El Paso, TX 79913

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Merrion Oil & Gas Corporation is applying to drill its Hickman A 1 E well. The minimum state distance for such a well is 330' from a quarter-quarter line. The proposed well is 80' further north than is standard. Thus, it is a nonstandard location. The NSL is due to a 345 kv power line.

Well Name: Hickman A 1 E    Total Depth: 6,300'

Proposed NSL Zone: Gallegos Gallup (Associated)

NSL Acreage Dedication: 320 acres (S2 Section 10)

Location: 1070' FSL & 813' FEL Sec. 10, T. 26 N., R. 12 W.,

San Juan County, NM on BLM lease NMSF-080384-B

Approximate Location: ~15 air miles south-southeast of Farmington, NM

Applicant Name: Merrion Oil & Gas Corporation    (505) 324-5300

Applicant's Address: 610 Reilly Ave., Farmington, NM 87401

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

questions.

Sincerely,

*Brian Wood*

Brian Wood

EXHIBIT I

U.S. Postal Service™  
**CERTIFIED MAIL™ RECEIPT**  
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Sent To: Gallagher  
Street, Apt. No.,  
or PO Box No. PO Box 12810  
City, State, ZIP+4 El Paso TX 79913

PS Form 3800, June 2002 See Reverse for Instructions

# Well Selection Criteria Quick Print

(WH\_SEC = 10 and WH\_TWPN = 26 and WH\_TWPD Like 'N' and WH\_RNGN = 12 and WH\_RNGD Like 'W' and PoolNo = 26980)

API Well #	Well Name and No.	Operator Name	Typ	Stat	County	Surf	UL	Sec	Twsp	Rng	Ft N/S	Ft E/W	UICPrmt	Lst Insp Dt
30-045-05987-00-00	SULLIVAN A	001 EDWARDS ENERGY CORP	G	P	San Juan	F	B	10	26 N	12	660 N	1980 E		2/11/2005
30-045-25999-00-00	SULLIVAN A	002 MERRION OIL & GAS CORP	G	A	San Juan	F	D	10	26 N	12	790 N	790 W		7/19/2007
30-045-26781-00-00	HICKMAN A	001R MERRION OIL & GAS CORP	G	A	San Juan	F	K	10	26 N	12	1650 S	1650 W		7/19/2007
30-045-05917-00-00	PRE-ONGARD WELL	001 PRE-ONGARD WELL OPERATOR	G	P	San Juan	F	L	10	26 N	12	1650 S	990 W		