



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

July 21, 1997

Merrion Oil & Gas Corporation
610 Reilly Avenue
Farmington, NM 87401
Attention: George Sharpe

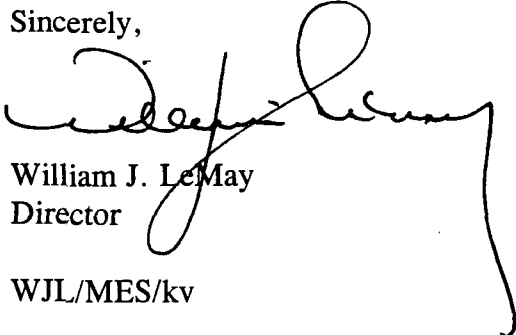
Administrative Order NSL-3839

Dear Mr. Sharpe:

Reference is made to: (i) your application dated June 9, 1997; (ii) the Division's initial response to said application from Mr. Michael E. Stogner by letter dated July 10, 1997; (iii) your response by letter dated July 15, 1997; and, (iv) to the records in Division Case 11767: all of which concern Merrion Oil & Gas Corporation's request to drill its proposed Powell Well No. 1 at an unorthodox coal gas well location 2050 feet from the North line and 790 feet from the East line (Unit H) of Section 22, Township 32 North, Range 13 West, NMPM, Basin Fruitland Coal (Gas) Pool, San Juan County, New Mexico. The N/2 of said Section 22 is to be dedicated to said well to form a standard 320-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 8 of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*", as promulgated by Division Order No. R-8768, as amended, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,



William J. LeMay
Director

WJL/MES/kv

cc: Oil Conservation Division - Aztec
File: Case 11767