



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

January 2, 1998

Merrion Oil & Gas Corporation
610 Reilly Avenue
Farmington, New Mexico 87401
Attention: George F. Sharpe

Administrative Order NSL-3925

Dear Mr. Sharpe:

Reference is made to your application dated December 9, 1997 for an off-pattern non-standard Basin-Fruitland coal gas well location for your existing Nelson "A" Well No. 1 (API No. 30-045-05953), located 1980 feet from the North line and 1978 feet from the West line (Unit F) of Section 9, Township 26 North, Range 12 West, NMPM, San Juan County, New Mexico, which was drilled in 1957 and completed in the Gallegos-Gallup Associated Pool at a standard oil well location for a standard 80-acre oil spacing and proration unit for said interval comprising the E/2 NW/4 of said Section 9.

It is our understanding at this time that the Gallup interval is to be plugged back and recompleted up-hole into the Basin-Fruitland Coal (Gas) Pool, which pursuant to the "*Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool*," as promulgated by Division Order No. R-8768, as amended, is unorthodox. Further, the N/2 of said Section 9 is to be dedicated to the 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 said special pool rules, the above-described unorthodox coal gas well location for the Nelson "A" Well No. 1 is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathleen A. Garland", written over a horizontal line.

Kathleen A. Garland
Acting Director

KAG/MES/kv

cc: Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington