



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

January 13, 1998

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

Administrative Order NSL-3930

Dear Mr. Sharpe:

Reference is made to your application dated December 17, 1997 for an off-pattern non-standard Basin-Fruitland coal gas well location for your existing Hanson "B" Well No. 2 (API No. 30-045-06138), located 1980 feet from the South and West lines (Unit K) of Section 36, Township 27 North, Range 13 West, NMPM, San Juan County, New Mexico, which was drilled in 1958 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 N/2 SW/4 of said Section 36.

It is our understanding at this time that the Gallup interval is to be plugged back and said well is to be 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 considered to be off-pattern and unorthodox. Further, the W/2 of said Section 36 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 off-pattern non-standard coal gas well location for the existing Hanson "B" Well No. 2 is hereby approved.

Sincerely,

Kathleen A. Garland
Acting Director

KAG/MES/kv

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