



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

May 3, 1999

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

Telefax No. (505) 326-5900

Administrative Order NSL-4275

Dear Mr. Sharpe:

Reference is made to your application dated April 7, 1999 for an exception to the well location requirements provided within the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, issued in Division Case No. 12069 dated February 1, 1999, for an unorthodox Blanco-Mesaverde infill gas well location in an existing non-standard 160-acre gas spacing and proration unit ("GPU") for the Blanco-Mesaverde Pool comprising the SW/4 of Section 32, Township 30 North, Range 7 West, NMPM, Rio Arriba County, New Mexico (approved by Division Order No. R-8320, issued in Case No. 8972 dated October 9, 1986). This unit is currently dedicated to Merrion Oil & Gas Corporation's Ired State Well No. 1-R (API No. 30-039-25416), located at a standard gas well location 1050 feet from the South line and 790 feet from the West line (Unit M) of Section 32.

The application has been duly filed under the provisions of Rules 104.F and 605.B of the Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division Rule 104.F(2), the following described well to be drilled at an unorthodox infill gas well location on this 160-acre GPU in Section 32 is hereby approved:

Ired State Well No. 1-A
1995' FSL & 1945' FWL (Unit K)
(API No. 30-039-26160).

Further, both of the aforementioned Ired State Well Nos. 1-R and 1-A and existing 160-acre GPU will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,

Lori Wrotenberg
Director
LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec
New Mexico State Land Office - Santa Fe