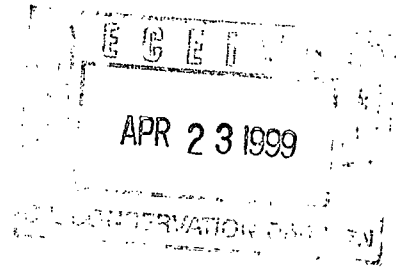


NSL 5/13/99

# MERRION

OIL & GAS

April 18, 1999



Mr. Michael E. Stogner  
New Mexico Oil Conservation Division  
2040 S. Pacheco St.  
Santa Fe, New Mexico 87505

**Re: Application of Merrion Oil & Gas Corp.  
"Off-Pattern" Non-Standard Location  
U-Da-Well Com #1  
Basin Fruitland Coal Pool  
NW/4 Section 2, T31N, R8W  
San Juan County, New Mexico**

Dear Mr. Stogner:

Merrion Oil & Gas Corporation (Merrion) requests administrative approval for an off-pattern non-standard location for the subject well for both topographic and geologic reasons.

The well will be completed in the Basin Fruitland Coal Pool on a N/2 laydown spacing unit (the C-102 is displayed in Exhibit 1). The well is located in extremely rugged terrain near the north end of Navajo Lake. Exhibit 2, a topographic map, shows that the standard NE/4 of the section has a significant amount of relief that would make it very difficult and expensive to access and build a location. Therefore, for topographic reasons, the proposed well location on a relatively level bench in the NW/4 of the section is a much better location.

Geologically, Merrion also feels that the NW/4 of the section is the right place to drill. Exhibit 3 is a well location map showing the offset producers. Exhibit 4 is a log cross-section of the Fruitland Coal going west to east across the location. The cross-section clearly shows that both the coal thickness and quality degrade to the east, with only half the coal thickness on the eastern portion of the area. Merrion believes that a well in the NE/4 of the section will not encounter and drain all of the coals in the NW/4 of the section, which would damage the correlative rights of the mineral owners in the N/2 of Section 2.

Exhibit 5 is a map showing the offset operators to the U-Da-Well Com #1. Exhibit 6 is an address list of those same operators. All affected operators received certified copies of this application.

Page Two  
April 18, 1999

In summary, Merrion believes there are compelling topographic and geologic arguments for allowing us to drill our well in the off-pattern NW/4 of the section. Therefore, we request your approval of this application. If you have any questions, please call me at (505) 327-9801, ext. 114.

Sincerely,

  
George F. Sharpe  
Manager – Oil & Gas Investments

Xc: Well file  
Frank Chavez – Aztec OCD  
Offset Operators

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 South First, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
2040 South Pacheco, Santa Fe, NM 87505

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

Form C-102  
Revised March 17, 1994

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number		<sup>2</sup> Pool Code	<sup>3</sup> Pool Name
<sup>4</sup> Property Code	<sup>5</sup> Property Name U-DA Well Com		<sup>6</sup> Well Number 1
<sup>7</sup> OGRID No.	<sup>8</sup> Operator Name MERRION OIL & GAS		<sup>9</sup> Elevation 6690'

<sup>10</sup> Surface Location

U/L or lot no. F	Section 2	Township 31 N	Range 8 W	Lot Idn	Feet from the 1500'	North/South line North	Feet from the 1445'	East/West line West	County San Juan
---------------------	--------------	------------------	--------------	---------	------------------------	---------------------------	------------------------	------------------------	--------------------

<sup>11</sup> Bottom Hole Location If Different From Surface

U/L or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<sup>12</sup> Dedicated Acres		<sup>13</sup> Joint or Infill		<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p><sup>16</sup></p> <p>1445'</p> <p>1500'</p> <p>EXHIBIT 1</p>	<p><sup>17</sup> OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Title _____</p> <p>Date _____</p>
	<p><sup>18</sup> SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown 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.</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor _____</p> <p>6844</p> <p>Certificate Number</p>

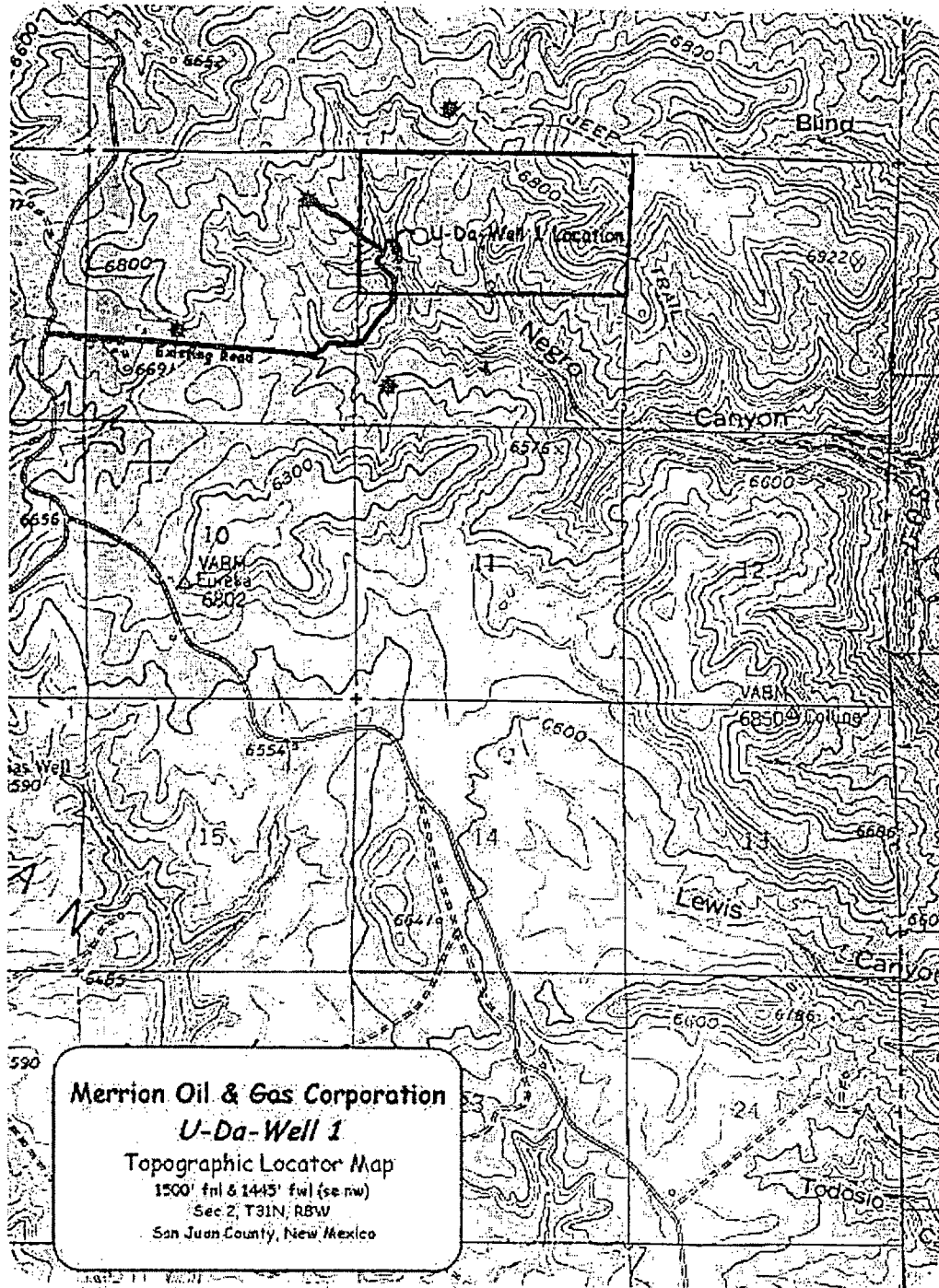


EXHIBIT 2

TOWNSHIP 31N RANGE 8W COUNTY SAN JUAN STATE NM

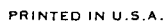
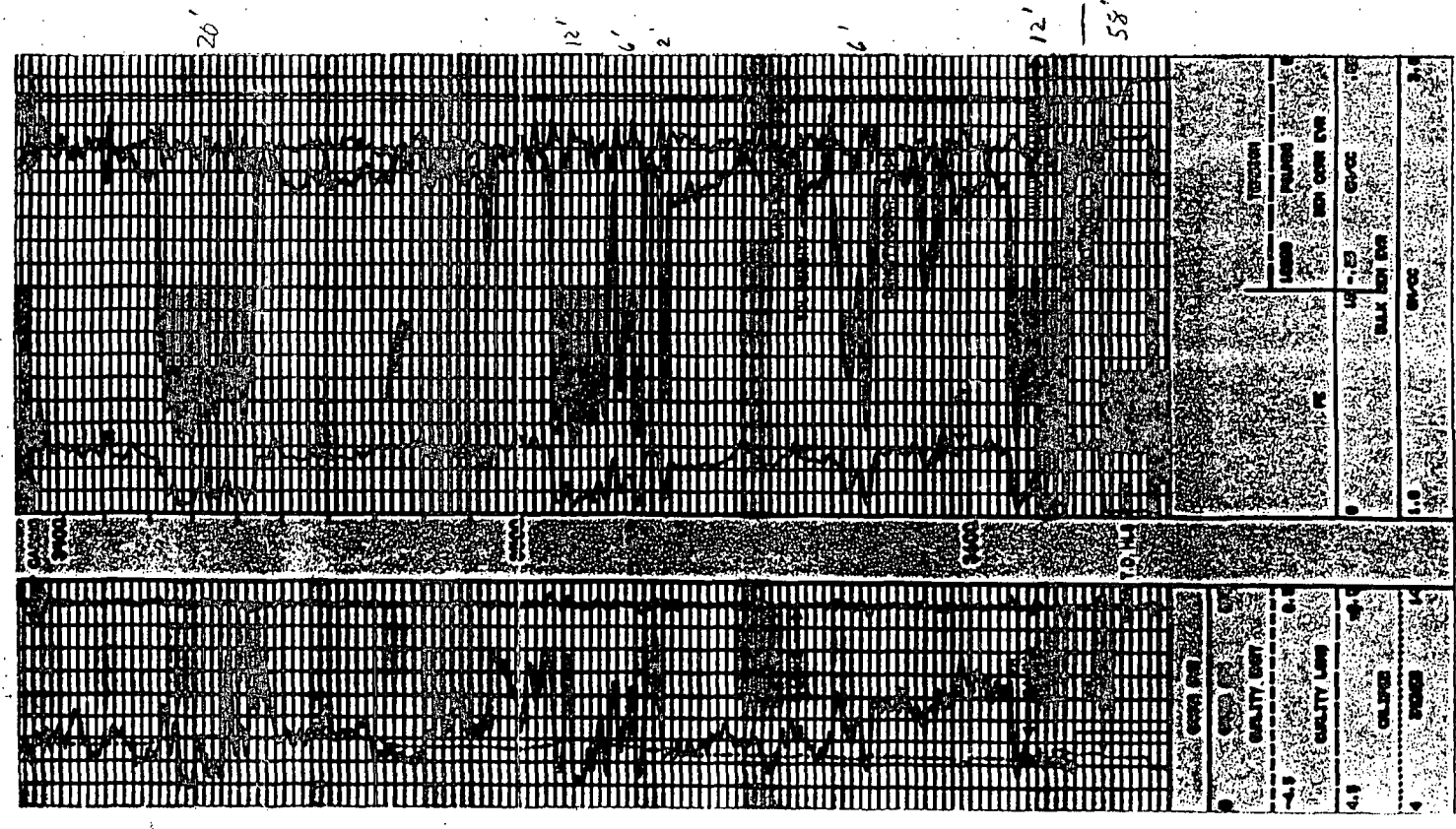
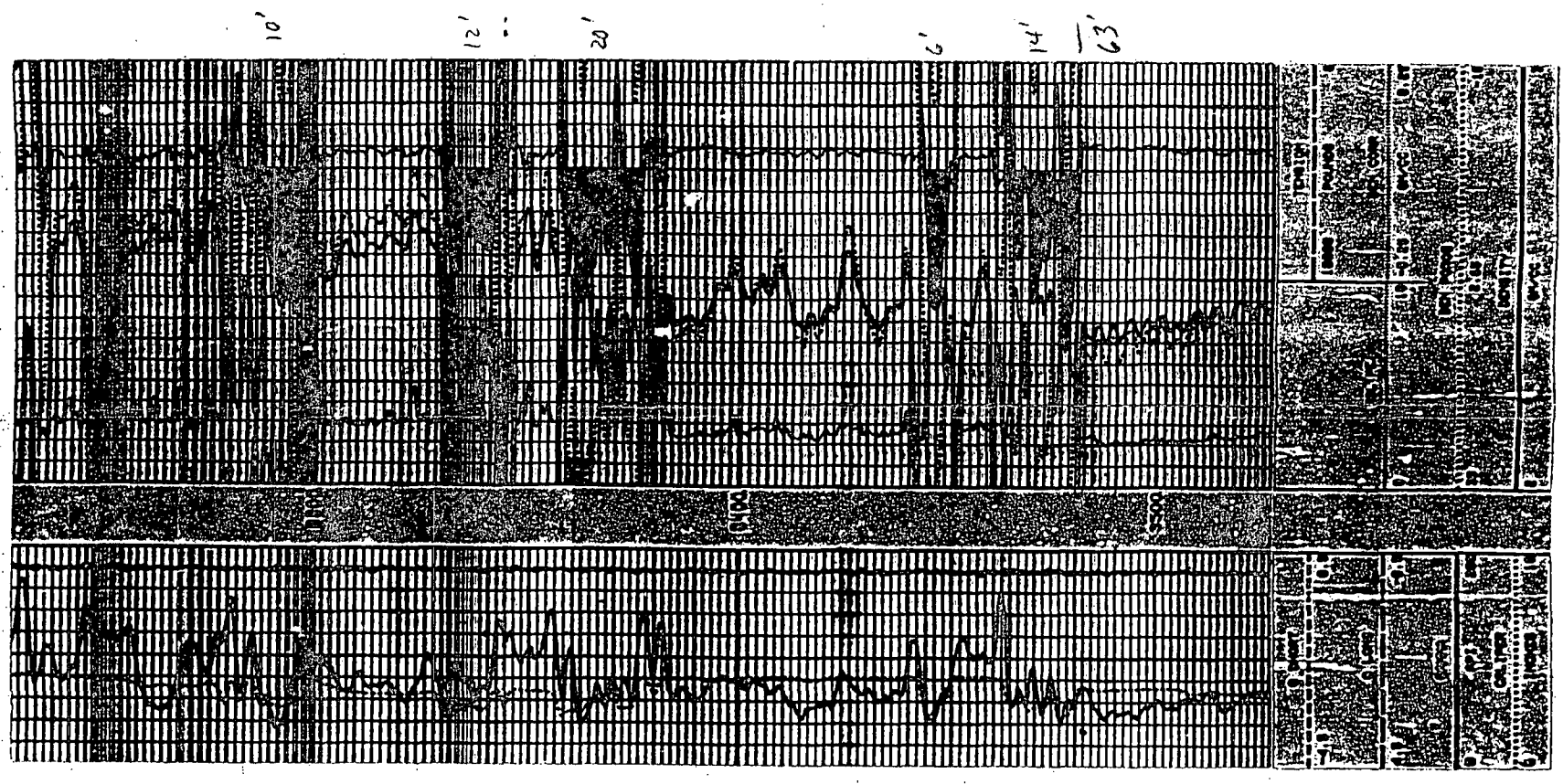


EXHIBIT 4

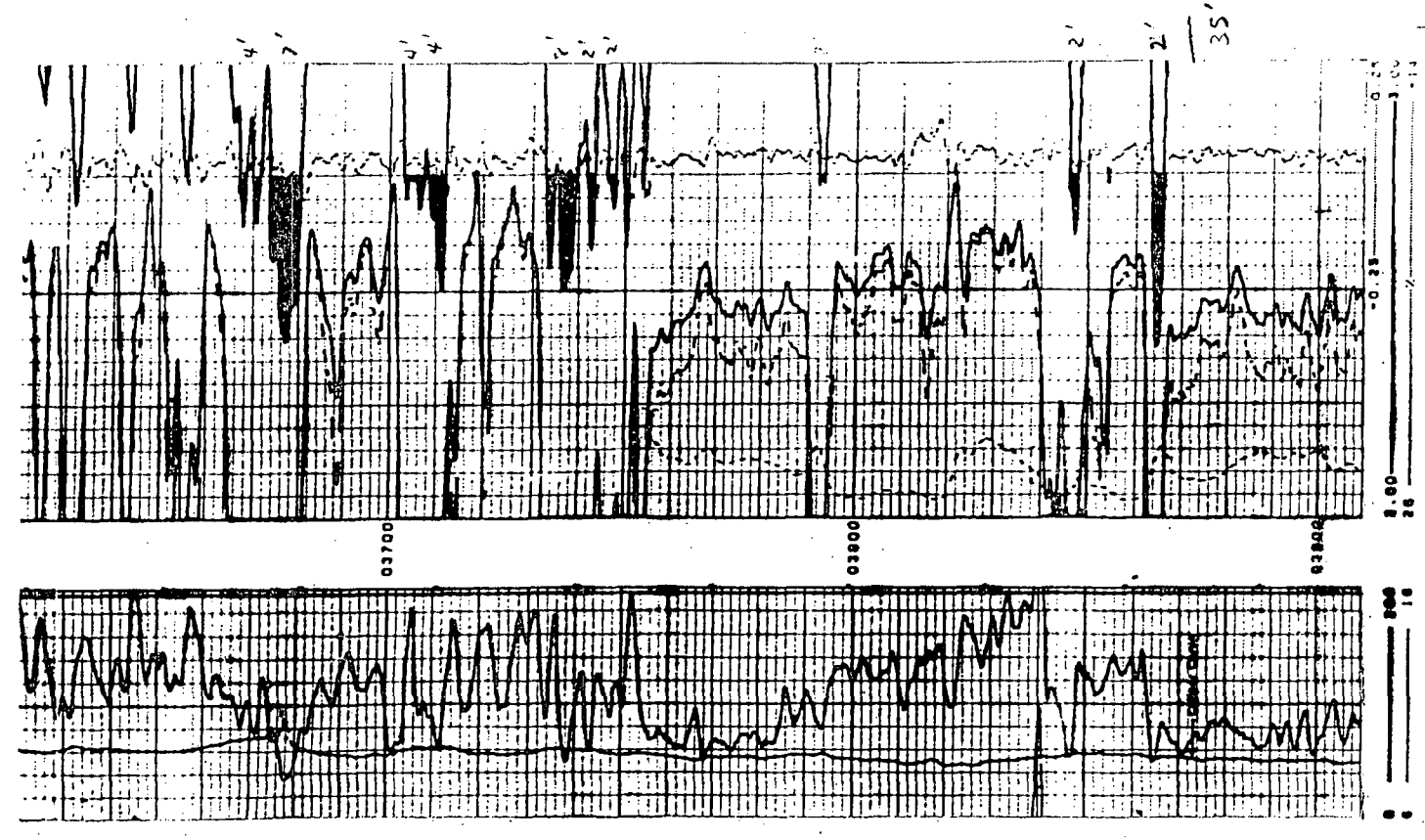
SAN JUAN 32-8 #249  
SPECTRAL DENSITY DUAL SPACED NEUTRON  
3A-31N-8W 6739KB



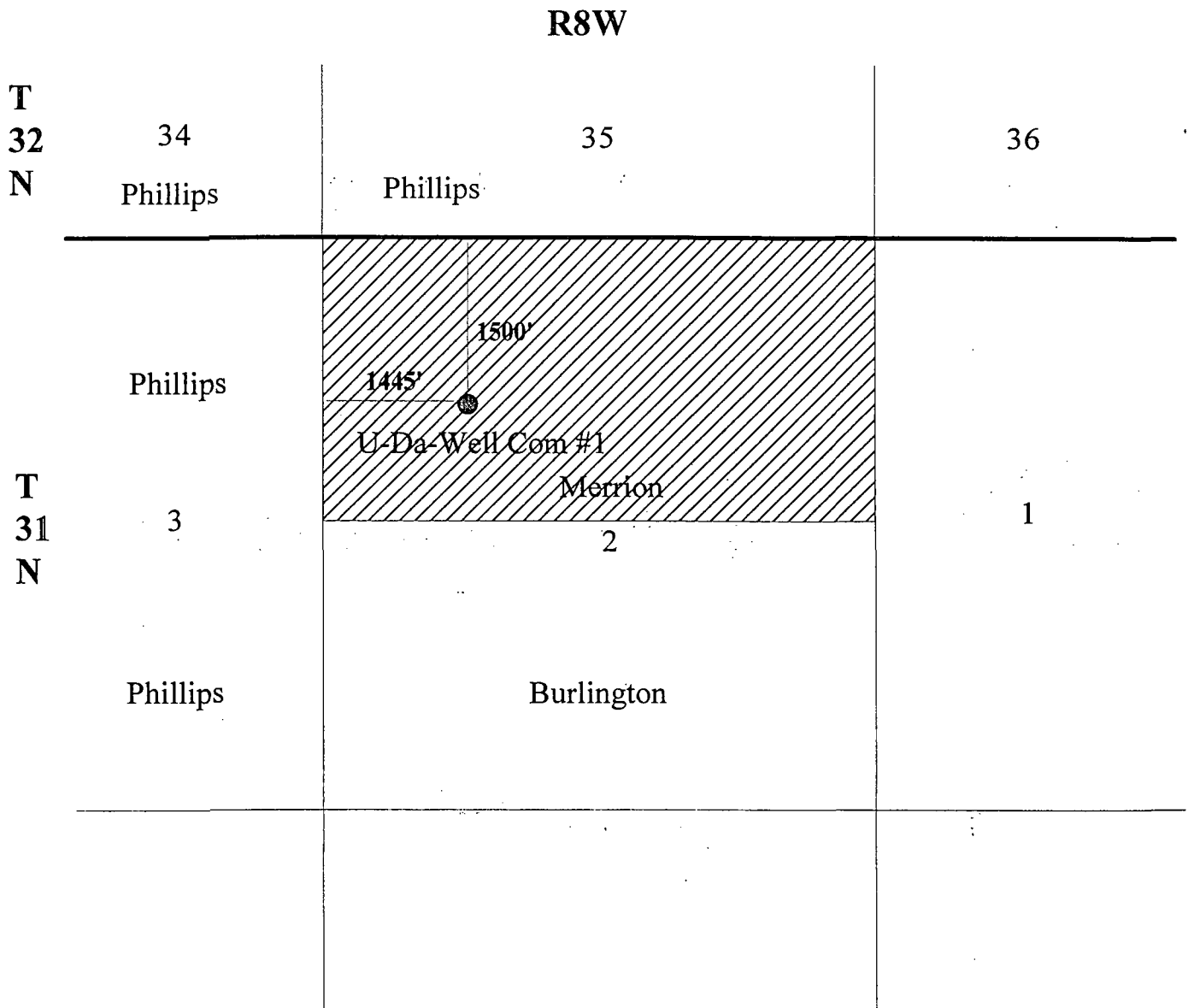
STATE 31-8 #2  
SPECTRAL DENSITY DUAL SPACED NEUTRON  
2M-31N-8W 6599KB



ALBINO CANYON #2  
COMPENSATED DENSITY LOG  
36L-31N-8W 6968KB



**EXHIBIT 5**  
**OFFSET OPERATOR PLAT**  
**U-DA-WELL COM #1**  
**NON-STANDARD LOCATION APPLICATION**



**EXHIBIT 6**

Offset Operator Notification  
U-Da-Well Com #1  
Non-Standard Location

To: Offset Operators

If you have questions, please call George Sharpe at (505) 327-9801, ext. 114. If you have any objections to this application, please notify the NMOCD in writing within 20 days of receipt of this application.

Mr. Dean Price  
Burlington Resources  
P.O. Box 4289  
Farmington, NM 87499

Mr. Scott Prather  
Phillips Petroleum Corp.  
5525 Highway 64  
Farmington, NM 87401



CMD :  
OG5SECTONGARD  
INQUIRE LAND BY SECTION04/23/99 15:09:35  
OGOMES -TP01  
PAGE NO: 1

Sec : 02 Twp : 31N Rng : 08W Section Type : NORMAL

4 40.43 CS E01195 0011 02/57 MERIDIAN OIL PROD	3 40.65 CS E01195 0011 02/57 MERIDIAN OIL PROD	2 40.87 CS E01195 0011 02/57 MERIDIAN OIL PROD	1 41.09 CS E01195 0011 02/57 MERIDIAN OIL PROD
E 40.00 CS V05331 0000 07/03 MERRION OIL & GAS	F 40.00 CS E03707 0013 07/60 RIGGS OIL & GAS C	G 40.00 CS E03707 0013 07/60 RIGGS OIL & GAS C	H 40.00 CS E03707 0013 07/60 RIGGS OIL & GAS C

PF01 HELP  
PF07 BKWDPF02  
PF08 FWDPF03 EXIT  
PF09 PRINTPF04 GoTo  
PF10 SDIVPF05  
PF11PF06  
PF12

1  
 80.43  
 80.65  
 161.08  
 80.87  
 241.93  
 81.09  
 323.02

CMD :  
OG5SECTONGARD  
INQUIRE LAND BY SECTION04/23/99 15:09:39  
OGOMES -TP01  
PAGE NO: 2

Sec : 02 Twp : 31N Rng : 08W Section Type : NORMAL

L 40.00 CS E01195 0011 02/57 MERIDIAN OIL PROD C	K 40.00 CS V00100 0004 05/82 MERIDIAN OIL PROD C	J 40.00 CS E03707 0013 07/60 RIGGS OIL & GAS C C	I 40.00 CS E03707 0013 07/60 RIGGS OIL & GAS C C
M 40.00 CS V00100 0004 05/82 MERIDIAN OIL PROD C A A	N 40.00 CS V00100 0004 05/82 MERIDIAN OIL PROD C	O 40.00 CS V00100 0004 05/82 MERIDIAN OIL PROD C A A	P 40.00 CS V00100 0004 05/82 MERIDIAN OIL PROD C

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07 BKWD	PF08 FWD	PF09 PRINT	PF10 SDIV	PF11	PF12