



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

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Cabinet Secretary

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Mark Fesmire

Division Director

Oil Conservation Division



September 9, 2010

Merrion Oil & Gas Corporation
Attn: Philana Thompson
610 Reilly Ave.
Farmington, NM 87401

Administrative Order NSL-6254

**Re: Glade Park Well No. 2
API No. 30-045-34748
1561 feet FSL & 2012 feet FWL
Unit K, Section 9-29N-13W
San Juan County, New Mexico**

Dear Ms. Thompson:

Reference is made to the following:

(a) your application (**administrative application reference No. pTGW10-22834073**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on August 16, 2010, and

(b) the Division's records pertinent to this request.

Merrion Oil & Gas Corporation [OGRID 14634] (Merrion) has requested to drill the above-referenced well at an unorthodox gas well location described above in the caption of this letter. The W/2 of Section 9 will be dedicated to this well in order to form a standard 320-acre gas spacing unit in the Basin-Fruitland Coal Gas Pool (71629). Spacing in this pool is governed by the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as amended by Order No. R-8768-F, effective July 17, 2003, which provide generally for 320-acre units with wells to be located at least 660 feet from any unit boundary. Additionally, the SW/4 of Section 9 will be dedicated to this well in order to form a standard 160-acre gas spacing unit in the West Kuntz-Pictured Cliffs Gas Pool (79680). Spacing in the West Kuntz Pictured Cliffs Pool is governed by Rule 15.10.C, which provides for 160-acre units with wells to be located at least 660 feet from the unit outer boundary.

Oil Conservation Division
1220 South St. Francis Drive • Santa Fe, New Mexico 87505
Phone (505) 476-3440 • Fax (505) 476-3462 • www.emnrd.state.nm.us/OCD



This location is unorthodox in both pools because it is less than 660 feet from the eastern unit boundary.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location in order to conform to applicable City of Farmington siting requirements.

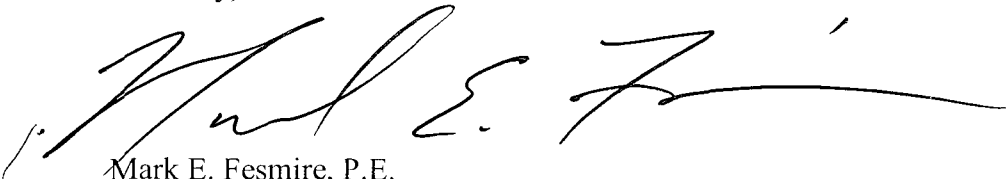
It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

This approval is subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire', with a long horizontal flourish extending to the right.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Aztec