

MERRION

OIL & GAS

January 8, 2001

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

**RE: Application of Merrion Oil & Gas
Non-Standard Location
Heights Com 1E
Basin Dakota Pool
W/2 Section 36, T30N, R13W
San Juan County, New Mexico**

Dear Mr. Stogner:

Merrion Oil & Gas Corp. (Merrion) requests administrative approval for a non-standard location for the subject well for topographic reasons.

Enclosed in support of this application are the following:

- Exhibit 1: C-102 Plat
- Exhibit 2: Topographic Map (1963)
- Exhibit 3: Landowners Development Plat
- Exhibit 4: Offset Operator Plat
- Exhibit 5: Address List of Offset Operators

The well will be completed as an infill well in the Basin Dakota Pool. The well is non-standard because it is only 400 feet from the southern boundary of the spacing unit. The well is staked within the Farmington City limits in a residential area.

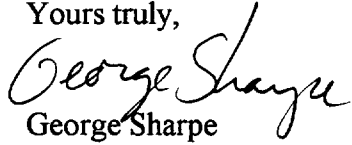
Finding an acceptable drilling location within the city limits is a near impossibility. Merrion has worked with the landowner to place the location so as to minimize the impact on his development plans. As Exhibit 3 shows, the well is in a neighborhood surrounded by future home sites. Moving the well to the north would encroach on home lots that are currently being developed. The developer actually altered his plans so as to put those lots on a culdesac instead of a through street, but moving the well north would negate that possibility as well.

The well is encroaching on the north half of Section 1, T29N, R13W to the south of the location. Exhibit 4 is a map showing the offset operator of that spacing unit. Exhibit 5 is

an address list of that operator. That offset operator received a certified copy of this application.

Please call me at 505-327-9801 ext 114 if additional information is needed.

Yours truly,

A handwritten signature in cursive script that reads "George Sharpe".

George Sharpe
Manager, Oil & Gas Investments

cc Frank Chavez, NMOCD – Aztec
Well File

S:\invest\gfs\2001 corres\heights 1e nonstd app

State of New Mexico
Energy, Minerals & Mining Resources Department

Form C - 102

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

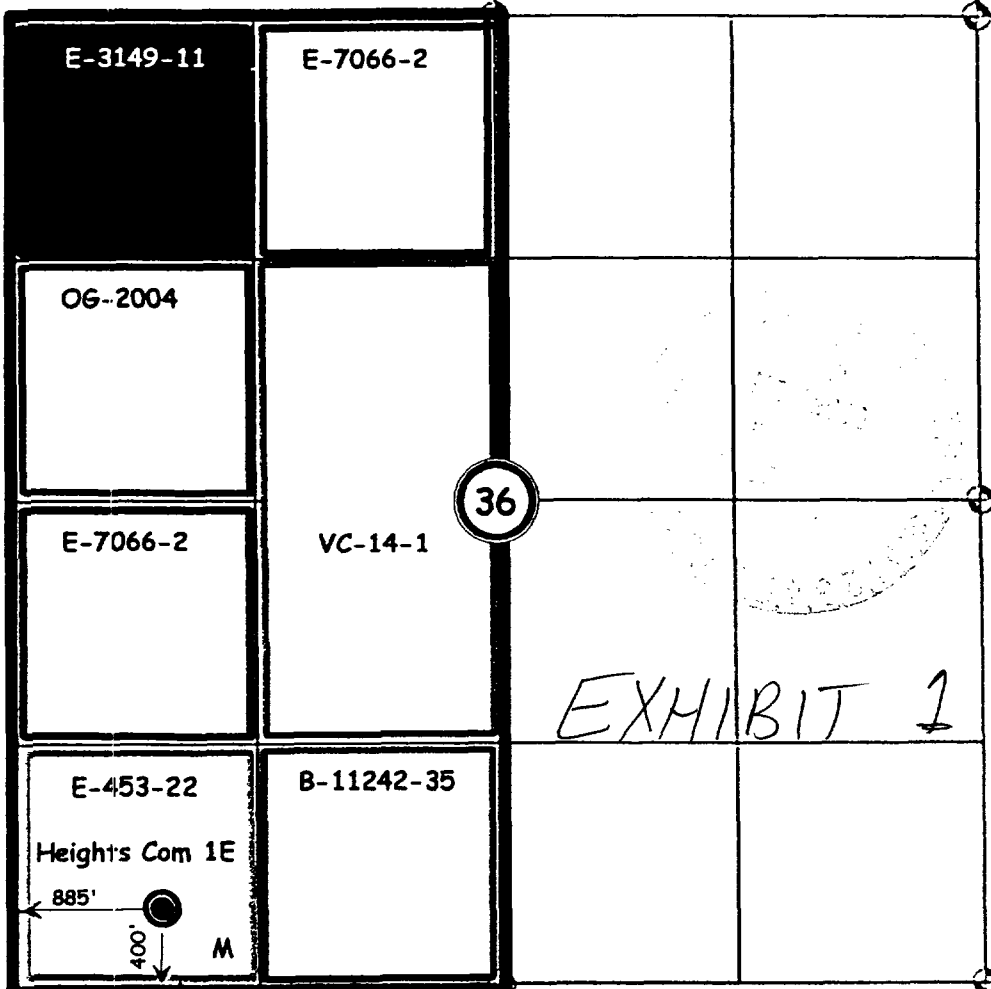
APA Number 30-045-30431	Pool Code 71599	Pool Name Basin Dakota
Property Code 26819	Property Name HEIGHTS COM	Well Number 1 E
CGRD No. 014634	Operator Name MERRION OIL & GAS	Elevation 5545'

Surface Location									
UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from	North/South	Feet from	East/West	County
M	36	30 N.	13 W.	SW SW	400	SOUTH	885	WEST	SAN JUAN

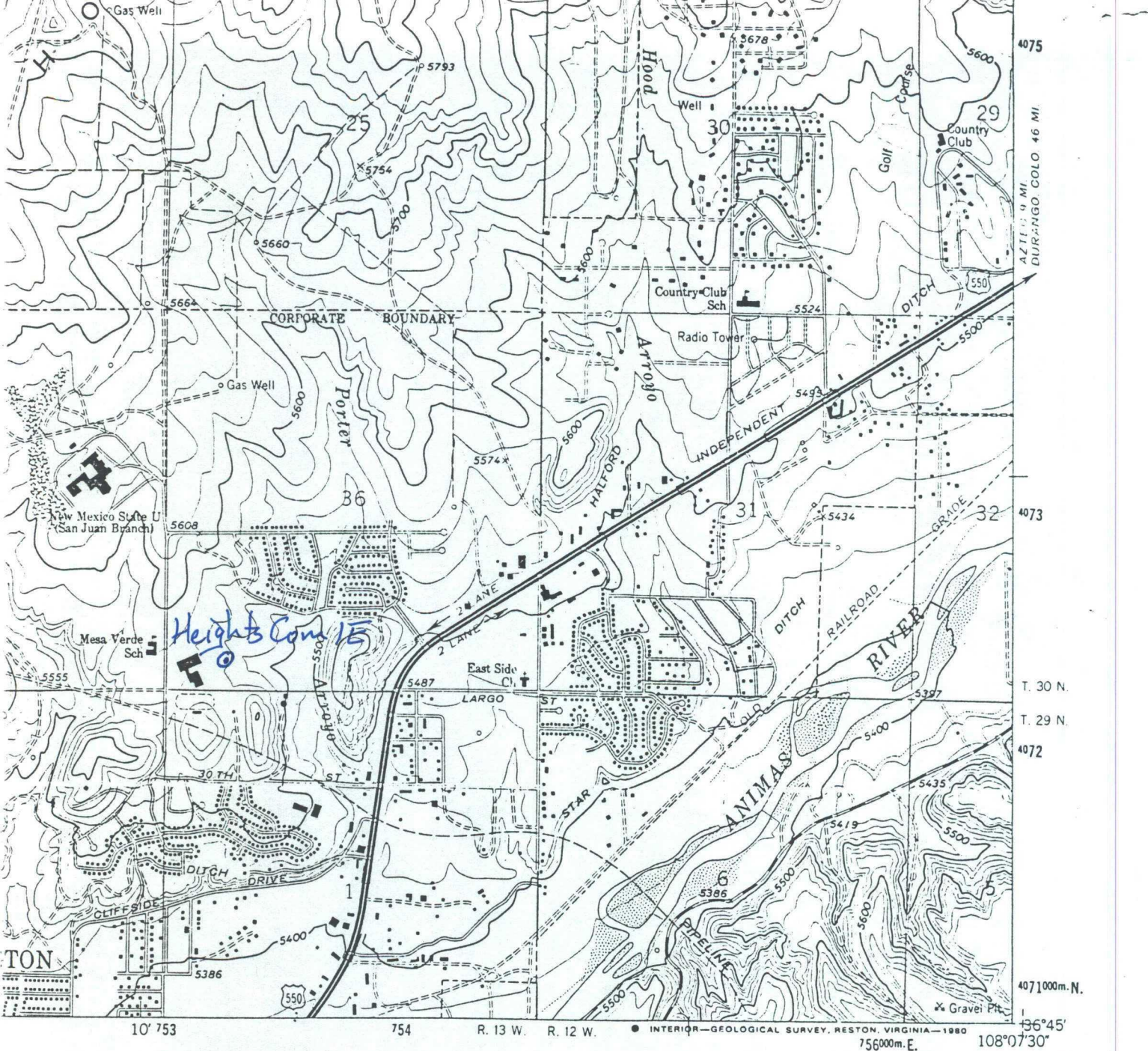
Bottom Hole Location if Different From Surface									
UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from	North/South	Feet from	East/West	County

Dedication 320	Joint ? Y	Consolidation C	Order No. Communitization Dated December 1, 1962
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NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <i>[Signature]</i> Printed Name: Steven S. Dunn Title: Drilling & Production Manager Date: November 20, 2000	
SURVEYOR CERTIFICATION I hereby certify that the well location 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. Date of Survey: 10 NOVEMBER 2000 Signature and Seal: <i>[Signature]</i> Professional Seal: NEW MEXICO 6844 REGISTERED LAND SURVEYOR	



1 MILE
0 FEET
ER



ROAD CLASSIFICATION

Heavy-duty _____ Light-duty _____
 Medium-duty _____ Unimproved dirt _____
 U.S. Route State Route

FARMINGTON NORTH, N. MEX.
 N3645-W10807.5/7.5

1963
 PHOTOREVISED 1979
 DMA 4357 I SW-SERIES V881

EXHIBIT 2
 Topographic Map

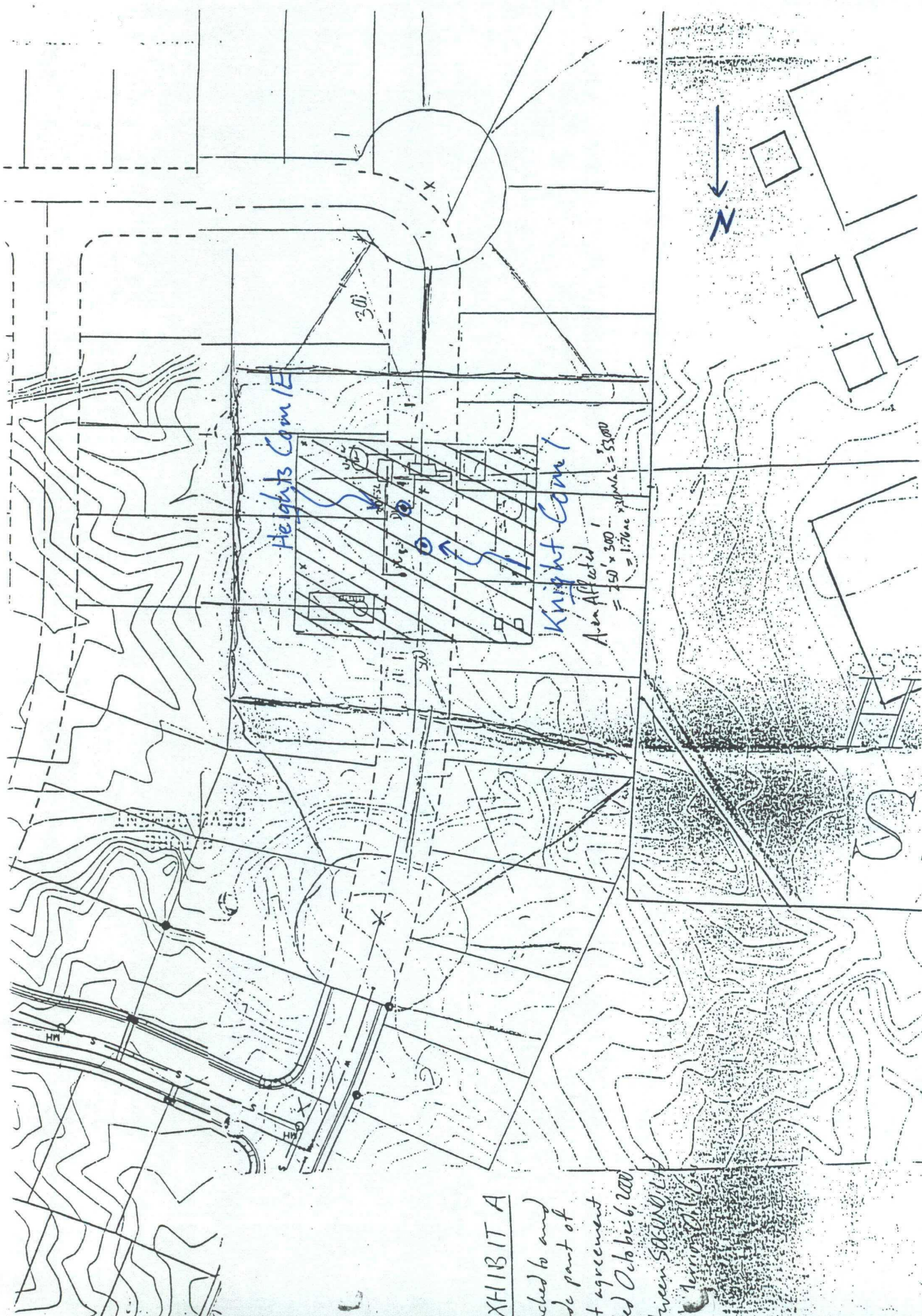


EXHIBIT 4
OFFSET OPERATOR PLAT
HEIGHTS COM 1E
NON-STANDARD LOCATION APPLICATION

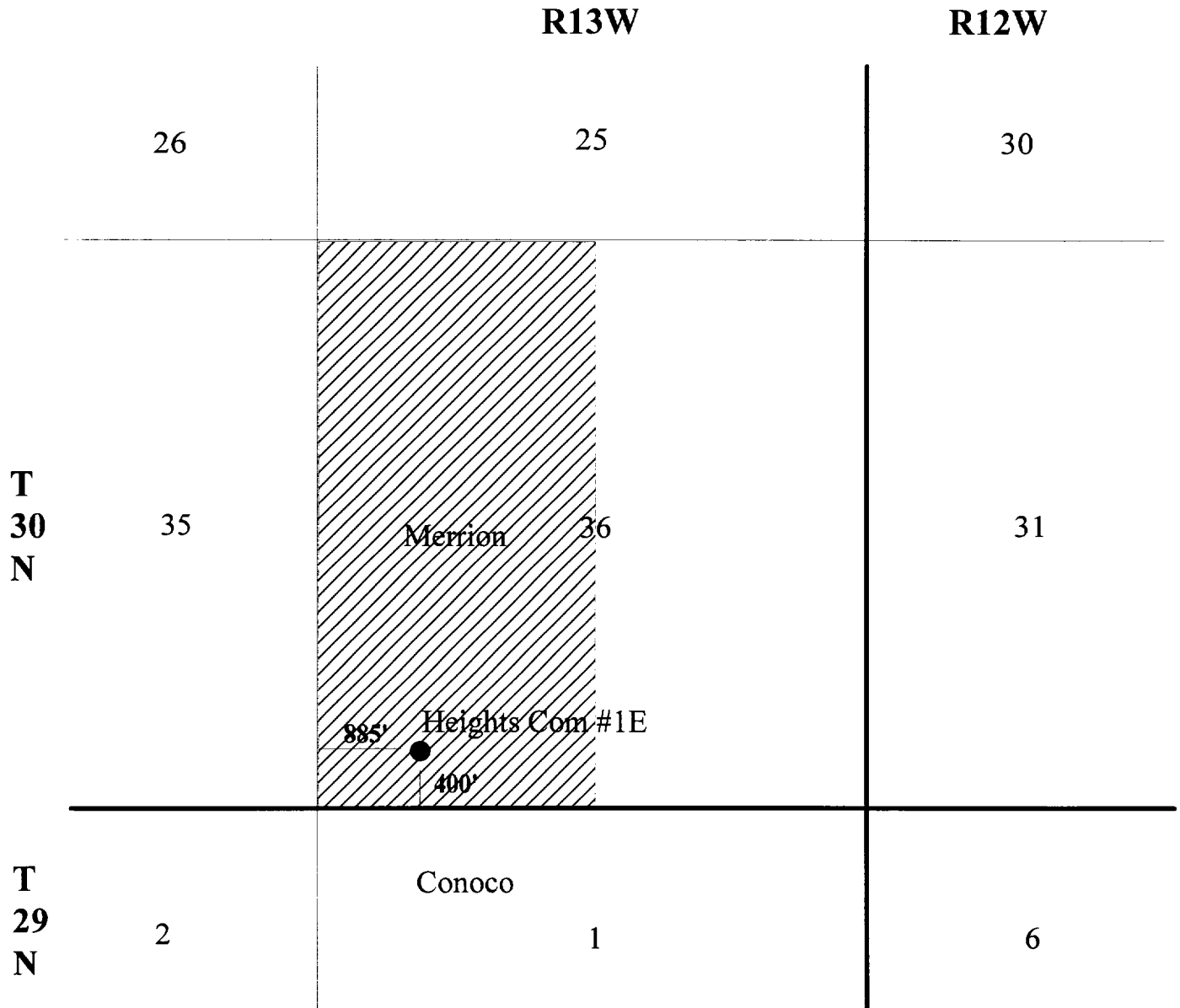


EXHIBIT 5

Offset Operator Notification Pinon Hills Com 1E Non-Standard Location Application

To: Offset Operator

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. Bill Hudson
Conoco Inc.
3315 Bloomfield Hwy.
Farmington, NM 87401

WAIVER OF OBJECTION

_____ does not object to the proposed non-standard location.
Company Name

Signature: _____ Date: _____

If you have no objections, please sign and return this page to George Sharpe at Merrion Oil & Gas, 610 Reilly Ave., Farmington, NM 87401. Thanks.

EXHIBIT 5

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CMD : ONGARD 02/07/01 11:40:16
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPXJ

OGRID Idn : 14634 API Well No: 30 45 30431 APD Status(A/C/P): A
Opr Name, Addr: MERRION OIL & GAS CORP Aprvl/Cncl Date : 11-21-2000
610 REILLY AVE
FARMINGTON,NM 87401-2634

Prop Idn: 26819 HEIGHTS COM Well No: 1 E

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
	---	---	-----	-----	-----		-----	-----
Surface Locn :	M	36	30N	13W			FTG 400 F S	FTG 885 F W
OCD U/L :	M		API County :	45				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): G Cable/Rotary (C/R) : F
Lease typ(F/S/P/N/J/U/I): S Ground Level Elevation : 5545

State Lease No: Multiple Comp (S/M/C) : S
Prpsd Depth : 6380 Prpsd Frmtn : BASIN DAKOTA

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

CMD :
OG6IWCM

ONGARD
INQUIRE WELL COMPLETIONS

02/07/01 11:39:20
OGOMES -TPXC

API Well No : 30 45 9070 Eff Date : 10-18-2000 WC Status : A
Pool Idn : 71599 BASIN DAKOTA (PRORATED GAS)
OGRID Idn : 14634 MERRION OIL & GAS CORP
Prop Idn : 26819 HEIGHTS COM

Well No : 001
GL Elevation: 5631

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn	: D	36	30N	13W	FTG 990 F N	FTG 990 F W	P

Lot Identifier:
Dedicated Acre: 320.00
Lease Type : S
Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD :
OG6ACRE

ONGARD
C102-DEDICATE ACREAGE

02/07/01 11:39:29
OGOMES -TPXC
Page No : 1

API Well No : 30 45 9070 Eff Date : 04-30-1991
Pool Idn : 71599 BASIN DAKOTA (PRORATED GAS)
Prop Idn : 26819 HEIGHTS COM
Spacing Unit : 30116 OCD Order :
Sect/Twp/Rng : Acreage : 320.00
Dedicated Land:

Well No : 001
Simultaneous Dedication:
Revised C102? (Y/N) :

S	Base	U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
	C		36	30N	13W	40.00	N	ST		
	D		36	30N	13W	40.00	N	ST		
	E		36	30N	13W	40.00	N	ST		
	F		36	30N	13W	40.00	N	ST		
	K		36	30N	13W	40.00	N	ST		
	L		36	30N	13W	40.00	N	ST		
	M		36	30N	13W	40.00	N	ST		
	N		36	30N	13W	40.00	N	ST		

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION02/07/01 11:39:07
OGOMES -TPXC
PAGE NO: 1

Sec : 36 Twp : 30N Rng : 13W Section Type : NORMAL

D 40.00 CS E03149 0012 MERRION OIL & GAS C 12/10/59 A A	C 40.00 CS E07066 0003 MERRION OIL & GAS C 04/10/63	B 40.00 CS E07066 0003 MERRION OIL & GAS C 04/10/63	A 40.00 CS E03149 0012 MERRION OIL & GAS C 12/10/59 A A
E 40.00 CS OG2004 0001 CROSS TIMBERS OIL C 02/18/68	F 40.00 CS VC0014 0002 CROSS TIMBERS OIL C 08/01/99	G 40.00 CS E03149 0012 MERRION OIL & GAS C 12/10/59	H 40.00 CS OG2004 0001 CROSS TIMBERS OIL C 02/18/68

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

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION02/07/01 11:39:11
OGOMES -TPX
PAGE NO: 2

Sec : 36 Twp : 30N Rng : 13W Section Type : NORMAL

L 40.00 CS E07066 0003 MERRION OIL & GAS C 04/10/63	K 40.00 CS VC0014 0002 CROSS TIMBERS OIL C 08/01/99	J 40.00 CS E07066 0003 MERRION OIL & GAS C 04/10/63	I 40.00 CS B10735 0052 ENRON OIL & GAS C C 10/20/53 A A
M 40.00 CS E00453 0022 DUGAN PRODUCTION C 07/16/55 A A	N 40.00 CS B11242 0050 CROSS TIMBERS OIL C 05/26/54	O 40.00 CS B10735 0038 EVKO DEVELOPMENT C 10/20/53	P 40.00 CS E03149 0012 MERRION OIL & GAS C 12/10/59

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

From: Stogner, Michael
Sent: Wednesday, February 07, 2001 3:43 PM
To: Hayden, Steven
Subject: RE: 2 Merrion NSL requests

I show to have only four. Thanks. Consider the Heights Com #1-E and Pinon Hills #1-E processed and approved. The other two (Knight Com. #1 and Blackshawl Com. #1) I'll try to get out this week. Thanks again Steve.

From: Hayden, Steven
Sent: Wednesday, February 07, 2001 2:56 PM
To: Stogner, Michael
Subject: RE: 2 Merrion NSL requests

There were a total of five wells that Merrion has applied to drill within the city limits of Farmington that are all constrained by the location of things like schools. The city has OKed four of them so far. As long as they can get the city's approval, I would not object to non-standard locations. They appear to have done things right on this. I talked to the city engineer about this a couple of weeks ago and he is satisfied.

Steve

From: Stogner, Michael
Sent: Wednesday, February 07, 2001 2:25 PM
To: Hayden, Steven; Perrin, Charlie
Subject: FW: 2 Merrion NSL requests

While ya'll are reviewing the two Merrion wells below, I should soon be getting down to two other Merrion applications that are in the same section: (1) Knight Com. #1 and (2) Blackshawl Com. #1, both PC wells. Your thoughts on those. Thanks.

From: Stogner, Michael
Sent: Wednesday, February 07, 2001 1:47 PM
To: Hayden, Steven; Perrin, Charlie; Valdes, Kathy
Subject: 2 Merrion NSL requests

Attached are two draft NSL orders for Merrion's Heights Well No. 1-E and Pinon Hills Com. Well No. 1-E, both in Sec. 36-T30N-R13W, Basin-Dakota Pool. Within the applications, both dated Jan. 8th, Merrion shows copies were provided Aztec. Since I haven't seen anything from Aztec can I assume both are OK to release? If there are problems call me ASAP and I'll stop them. Thanks.

<<File: DKNFL038.doc>><<File: DKNFL037.doc>>