



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

June 22, 1989

RECEIVED
JUL 06 1989
OIL CON. DIV
DIST. 3

Merrion Oil and Gas Corporation
P.O. Box 840
Farmington, NM 87499

Attention: Steven S. Dunn,
Operations Manager

Administrative Order NSP-1574

Dear Mr. Dunn:

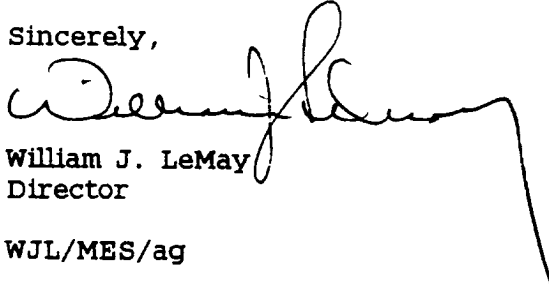
Reference is made to your application of April 20, 1989, for a 160-acre non-standard gas proration unit consisting of the following acreage in the Basin-Fruitland Coal Gas Pool:

SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM
SECTION 35: NE/4

It is my understanding that this unit is to be dedicated to your existing **Da-On#** **Well No. 1** which is presently completed in the South Gallegos Fruitland Pictured Cliffs Pool and is located at a standard coal gas well location 1900 feet from the North line and 1050 feet from the East line (~~XXXXXX~~) of said Section 35.

By authority granted me under the provisions of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order No. R-8768, the above non-standard gas proration unit is hereby approved.

Sincerely,


William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec
NM Oil and Gas Engineering Committee - Hobbs
U.S. Bureau of Land Management - Farmington



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD
 AZTEC, NEW MEXICO 87410
 (505) 334-6178

OIL CONSERVATION DIVISION
 BOX 2088
 SANTA FE, NEW MEXICO 87501

DATE 5-2-89

RE: Proposed MC _____
 Proposed DHC _____
 Proposed NSL _____
 Proposed SWD _____
 Proposed WFX _____
 Proposed PMX _____

NSP _____

Gentlemen:

I have examined the application dated 4-19-89
 for the Mexican Oil & Gas Corp. Da On Pale #1 H-35-27N-12W
 Operator Lease and Well No. Unit, _____

and my recommendations are as follows:

Approve

Yours truly,

E. Busch

MERRION OIL & GAS CORPORATION

610 REILLY AVE. • P. O. Box 840
FARMINGTON, NEW MEXICO 87499

April 17, 1989

RECEIVED
APR 19 1989
OIL CON. DIV.
DIST. 3

New Mexico Oil Conservation Department
310 Old Santa Fe Trail Room 206
Santa Fe, New Mexico 87503

Attention: Mr. Michael Stogner

Subject: Application for Nonstandard Proration Unit
Basin Fruitland Pool
Da On Pah No. 1
Sec. 35, T27N, R12W
San Juan County, New Mexico

Dear Mr. Stogner:

By this letter Merrion Oil & Gas Corporation requests administrative approval for a Nonstandard Proration Unit for the Da On Pah No. 1 well in accordance with the provisions of Order No. R-8768, Section No. 5.

The Da On Pah was a productive well prior to the existence of the Basin Fruitland pool which was established by Order R-8768 on November 1, 1988. This well is drilled on an Indian Allotted Lease, No. NOO-C-7472, consisting of 160 acres and described as the NE/4 of Section 35, T27N, R12W, San Juan County, New Mexico. The offset acreage to the South is also an Indian Allotted Lease, No. NOO-C-7471, consisting of 160 acres of differing ownership and upon which Fruitland Coal seam production exists from the Pete No. 1R well. Consequently, we have two leases with different ownership. The Pete No. 1R is a much poorer producer than the subject well. Therefore we do not believe it is feasible to communitize the E/2 of Section 35 inasmuch as such an arrangement would be inequitable to the Royalty owners of the lease with the better well.

Merrion has notified, by certified mail, the offsetting operators or lessees of this application and has requested written waivers to be submitted.

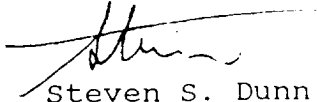
Enclosed for your review and approval are a lease map of the affected area along with a C-102 acreage dedication plat for the subject well.

N.M. Oil Conservation Dept.
April 17, 1989

Page 2

If you require further information or wish to discuss this application, please give me a call.

Yours truly,



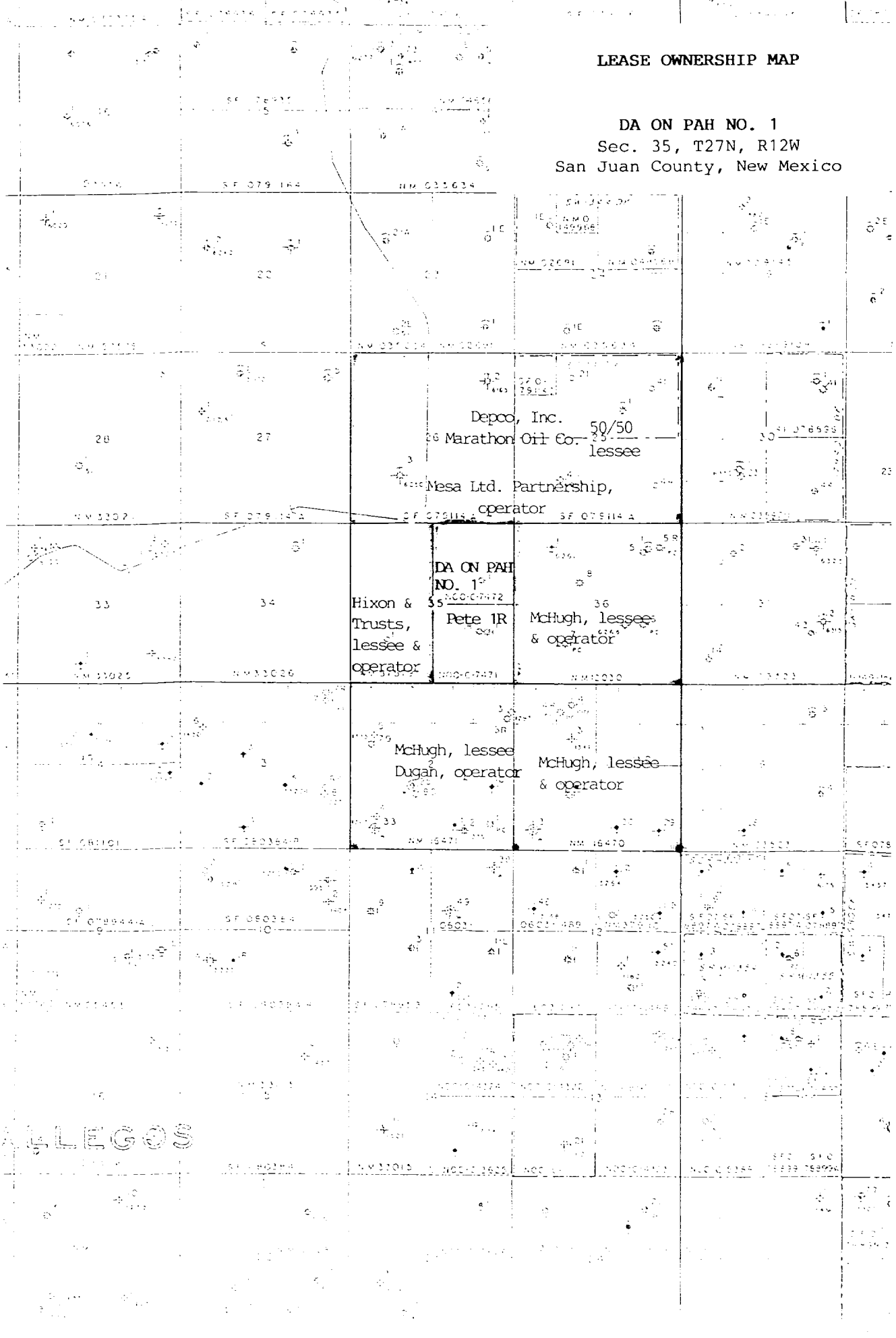
Steven S. Dunn
Operations Manager

SSD:ks
Enc.

cc: Mr. Ernie Busch

LEASE OWNERSHIP MAP

DA ON PAH NO. 1
Sec. 35, T27N, R12W
San Juan County, New Mexico



Depco, Inc. 50/50
Marathon Oil Co. lessee
Mesa Ltd. Partnership,
operator

DA ON PAH
NO. 1
Hixon & Trusts,
lessee & operator
Pete IR

McHugh, lessee
& operator

McHugh, lessee
Dugan, operator

McHugh, lessee
& operator

ALLEGOS

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-102
Revised 10-1-78

All distances must be from the outer boundaries of the Section.

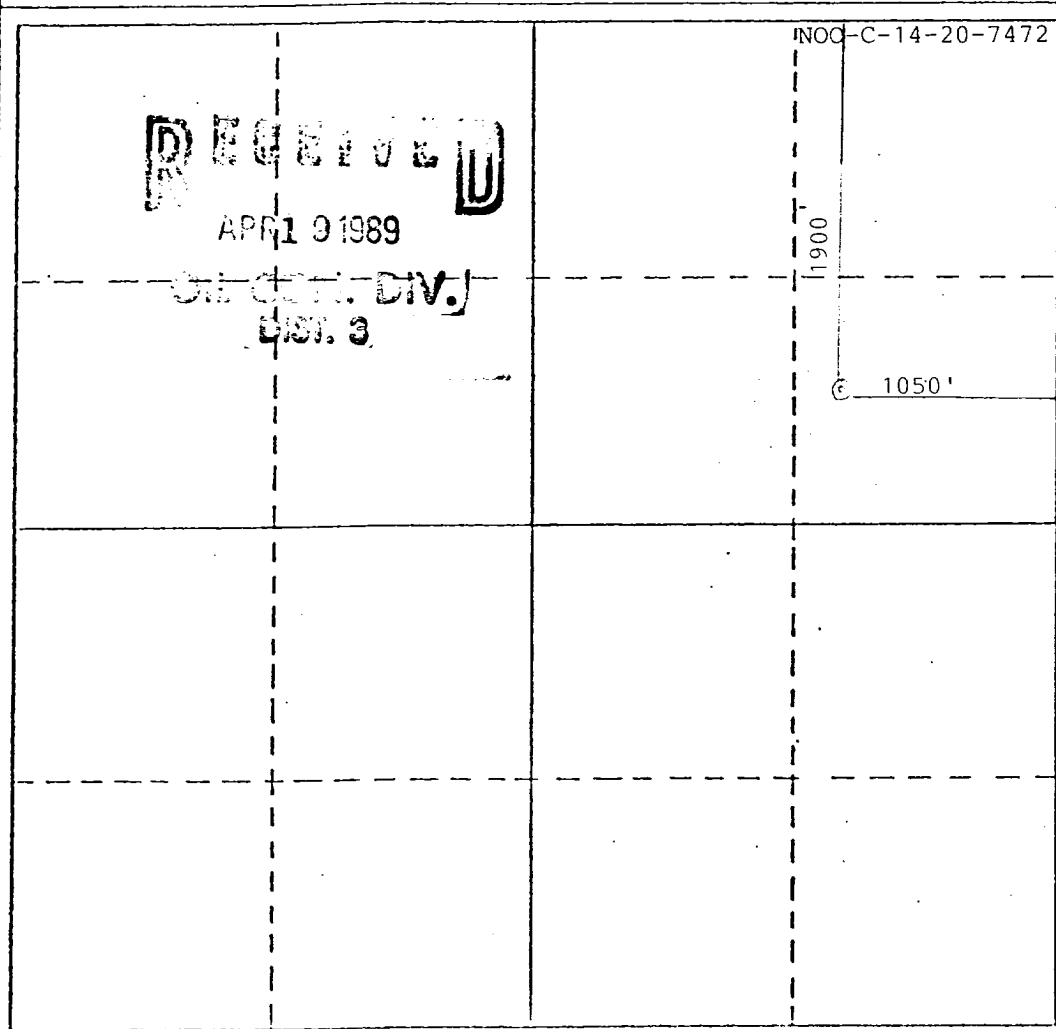
Operator MERRION Oil & GAS CORP.		Lease Da On Pah		Well No. 1
Unit Letter H	Section 35	Township 27N	Range 12W	County San Juan
Actual Footage Location of Well: 1900 feet from the North line and 1050 feet from the East line				
Ground Level Elev. 5950	Producing Formation Fruitland	Pool Basin Fruitland Coal		Dedicated Acreage: 160 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Steven S. Dunn

Name Steven S. Dunn
Position Operations Manager
Company Merrion Oil & Gas Corp.
Date 4/17/89
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 knowledge and belief.
Date Surveyed
Registered Professional Engineer and/or Land Surveyor
Certificate No.