



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

30-045-29906

May 13, 1999

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

RECEIVED
MAY 17 1999

Telefax No. (505) 326-5900

OIL CON. DIV.
DIST. 3

Administrative Order NSL-4281

Dear Mr. Sharpe:

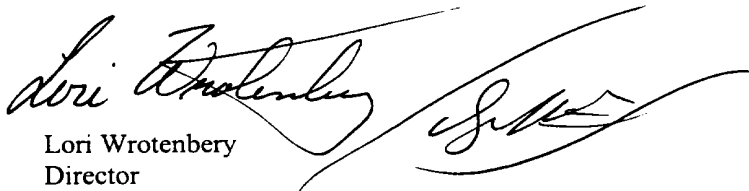
Reference is made to your application dated April 18, 1999 for an off-pattern non-standard Basin-Fruitland coal gas well location for Merrion Oil & Gas Corporation's proposed U-Da Well Com. Well No. 1 to be drilled 1500 feet from the North line and 1445 feet from the West line (Unit F) of Section 2, Township 31 North, Range 8 West, NMPM, San Juan County, New Mexico. Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 2 is to be dedicated to this well in order to form a standard 323.02-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

The application has been duly filed under the provisions of Rule 104.F of the Rules and Regulations of the New Mexico Oil Conservation Division ("Division") and Rule 8 of the "Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool," as promulgated by Division Order No. R-8768, as amended.

The geologic interpretation submitted with this application indicates that a well drilled into the Basin-Fruitland Coal (Gas) Pool at the proposed off-pattern non-standard coal gas well location will be at a more favorable geologic position within the gas productive coal seam interval than a well drilled at a location considered to be standard for this 323.02-acre N/2 equivalent dedication.

By the authority granted me under the provisions of these special pool rules and Division Rule 104.F (2), the above-described unorthodox coal gas well location is hereby approved.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /
U.S. Bureau of Land Management - Farmington

MERRION

OIL & GAS

April 18, 1999

Aztec CCD

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

RECEIVED
APR 22 1999
OIL CON. DIV.
DME 3

**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 P. 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

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

¹⁰ Surface Location

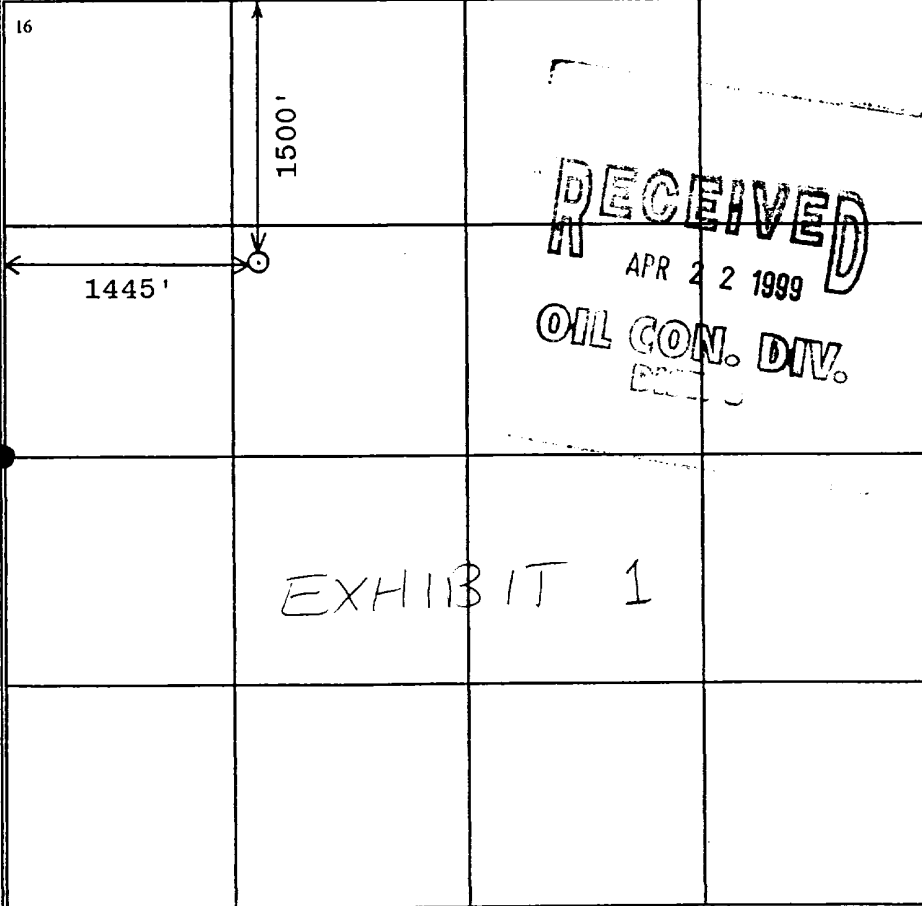
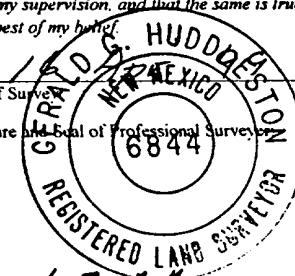
U/L or lot no. F	Section 2	Township 31 N	Range 8 W	Lot Idn	Feet from the 1500'	North/South line North	Feet from the 1445'	East/West line West	County San Juan
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¹¹ Bottom Hole Location If Different From Surface

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

<div data-bbox="136 974 1055 1883"><p>¹⁶</p></div>	<div data-bbox="1055 974 1539 1415"><p>¹⁷ 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></div>
	<div data-bbox="1055 1415 1539 1883"><p>¹⁸ 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>Certificate Number 6844</p></div>

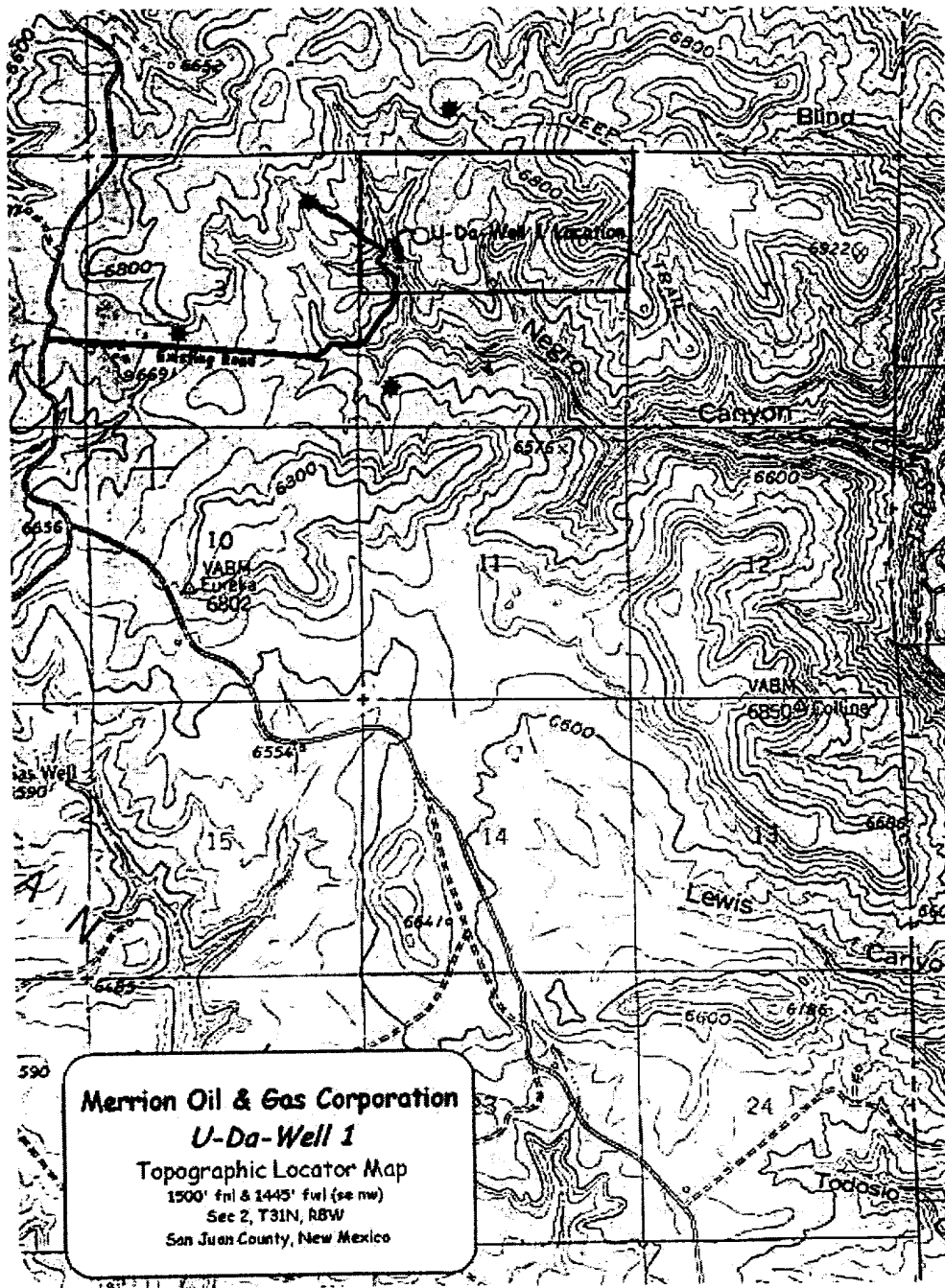


EXHIBIT 2

EXHIBIT 3

FRUITLAND COAL PRODUCTION MAP

TOWNSHIP 31N RANGE 8W COUNTY SAN JUAN STATE NM

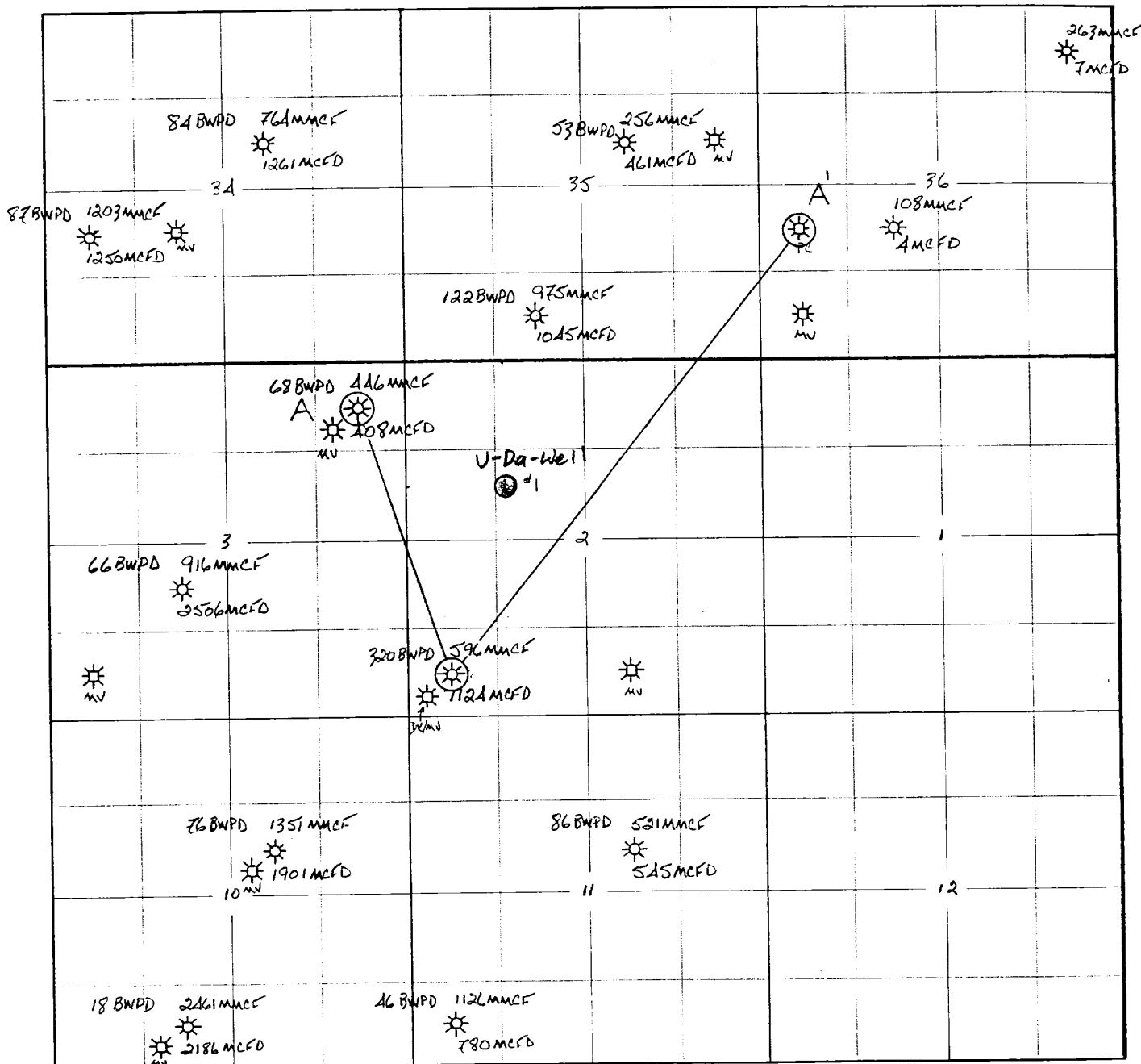


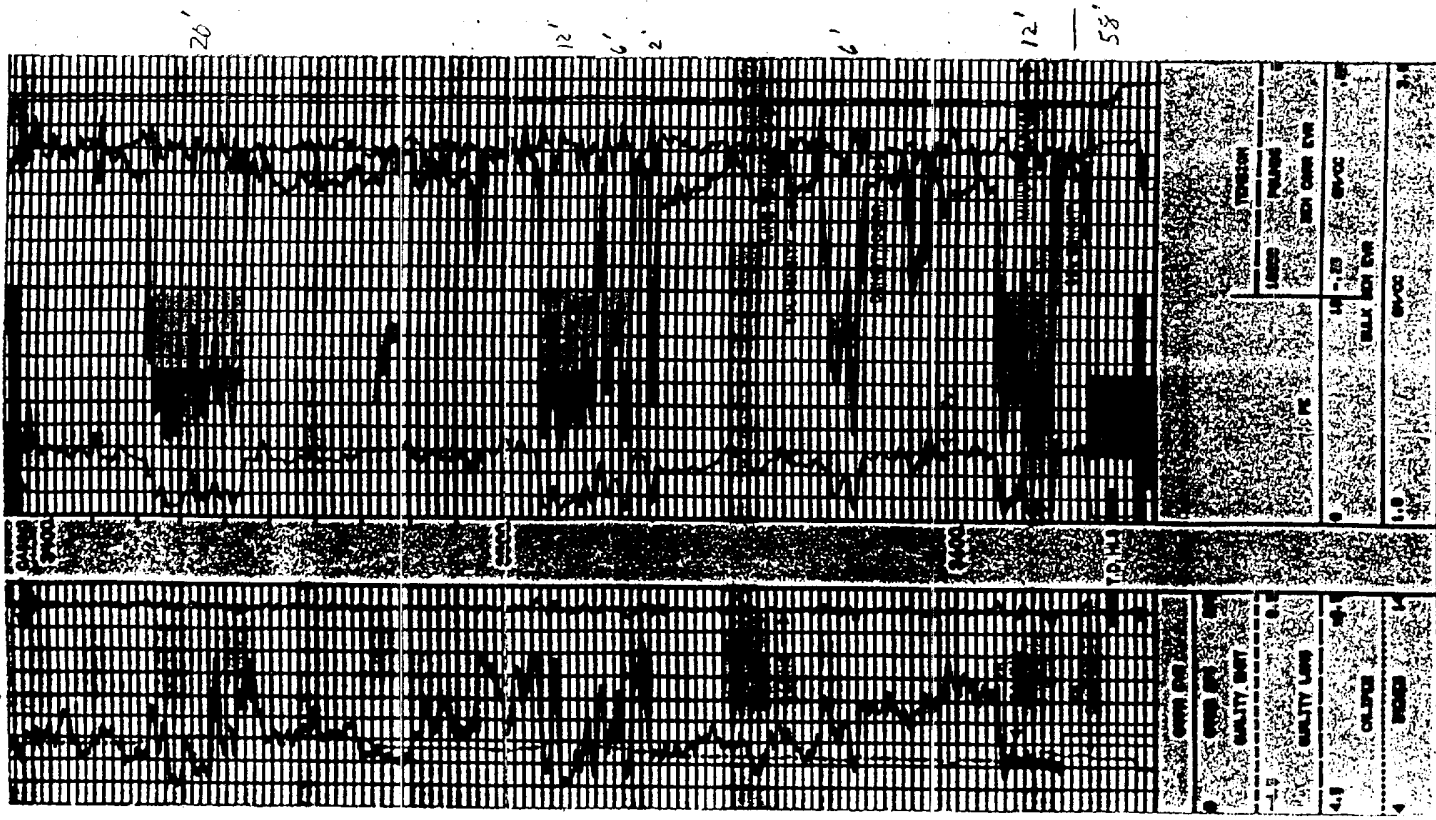
EXHIBIT 4

SAN JUAN 32-8 #249

SPECTRAL DENSITY DUAL SPACED NEUTRON

3A- 3IN- 8W

6739 KB

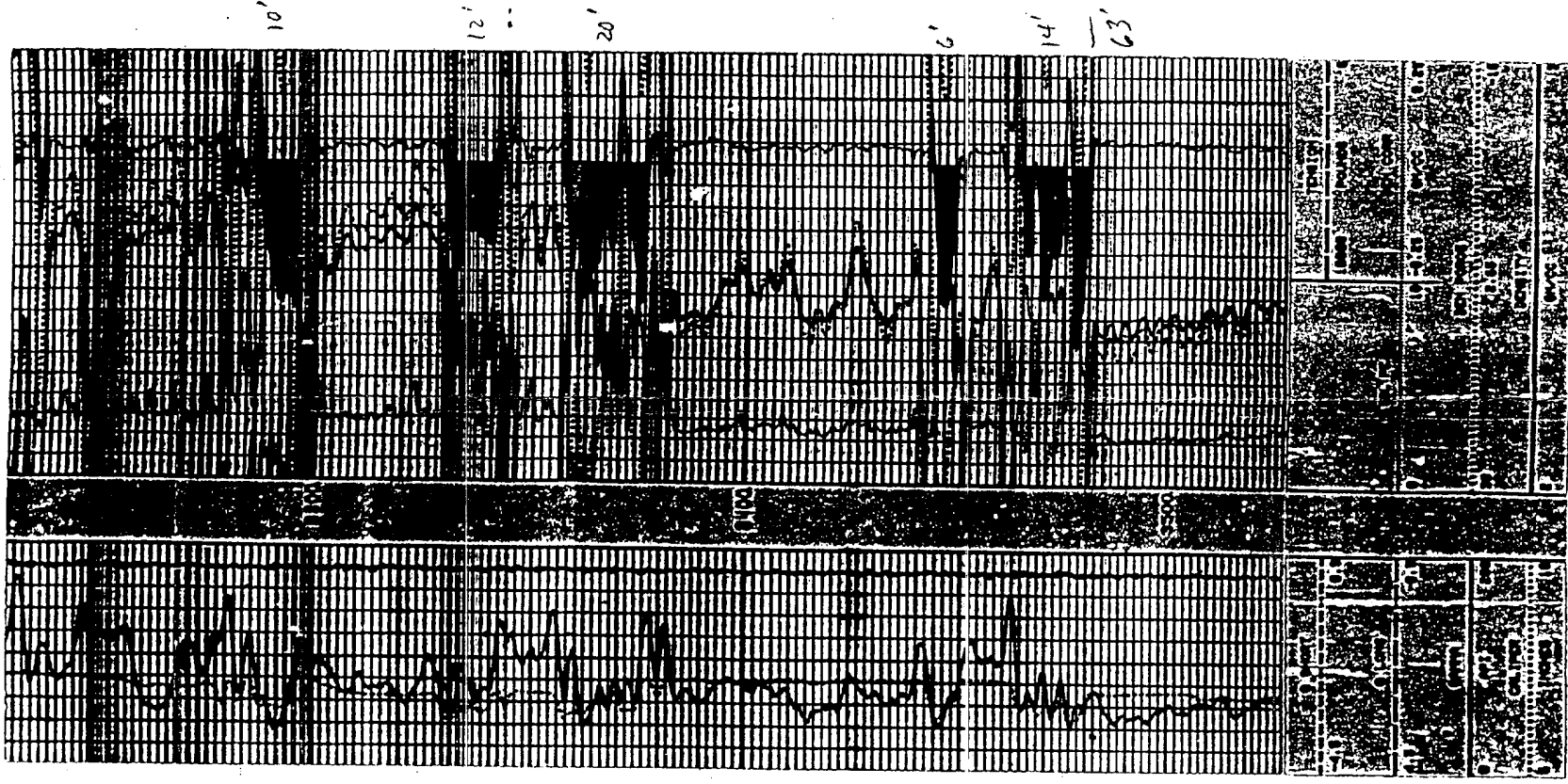


STATE 31-8 #2

SPECTRAL DENSITY DUAL SPACED NEUTRON

2M- 3IN- 8W

6599 KB



ALBINO CANYON #2

COMPENSATED DENSITY LOG

36L- 3IN- 8W

6968 KB

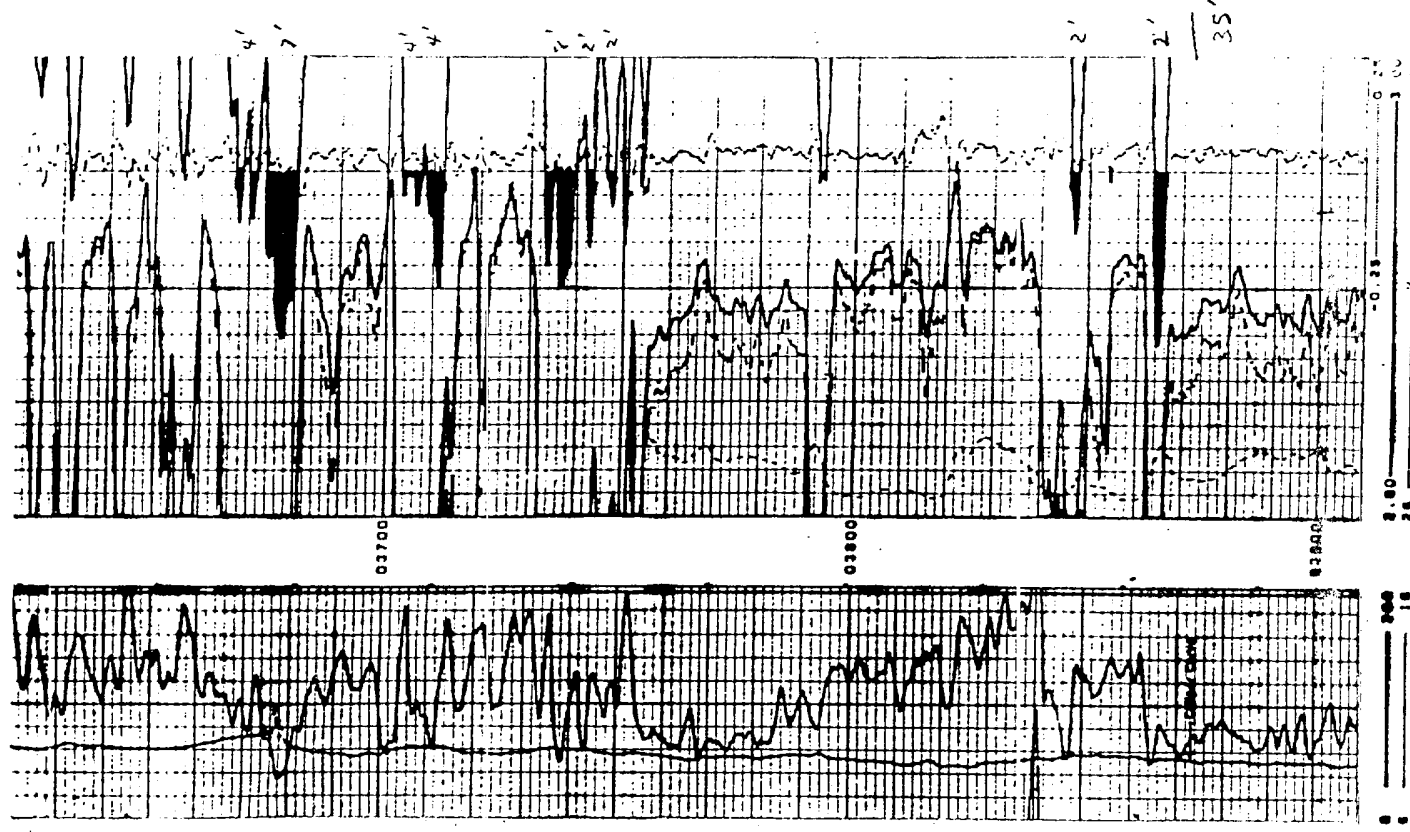


EXHIBIT 4

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

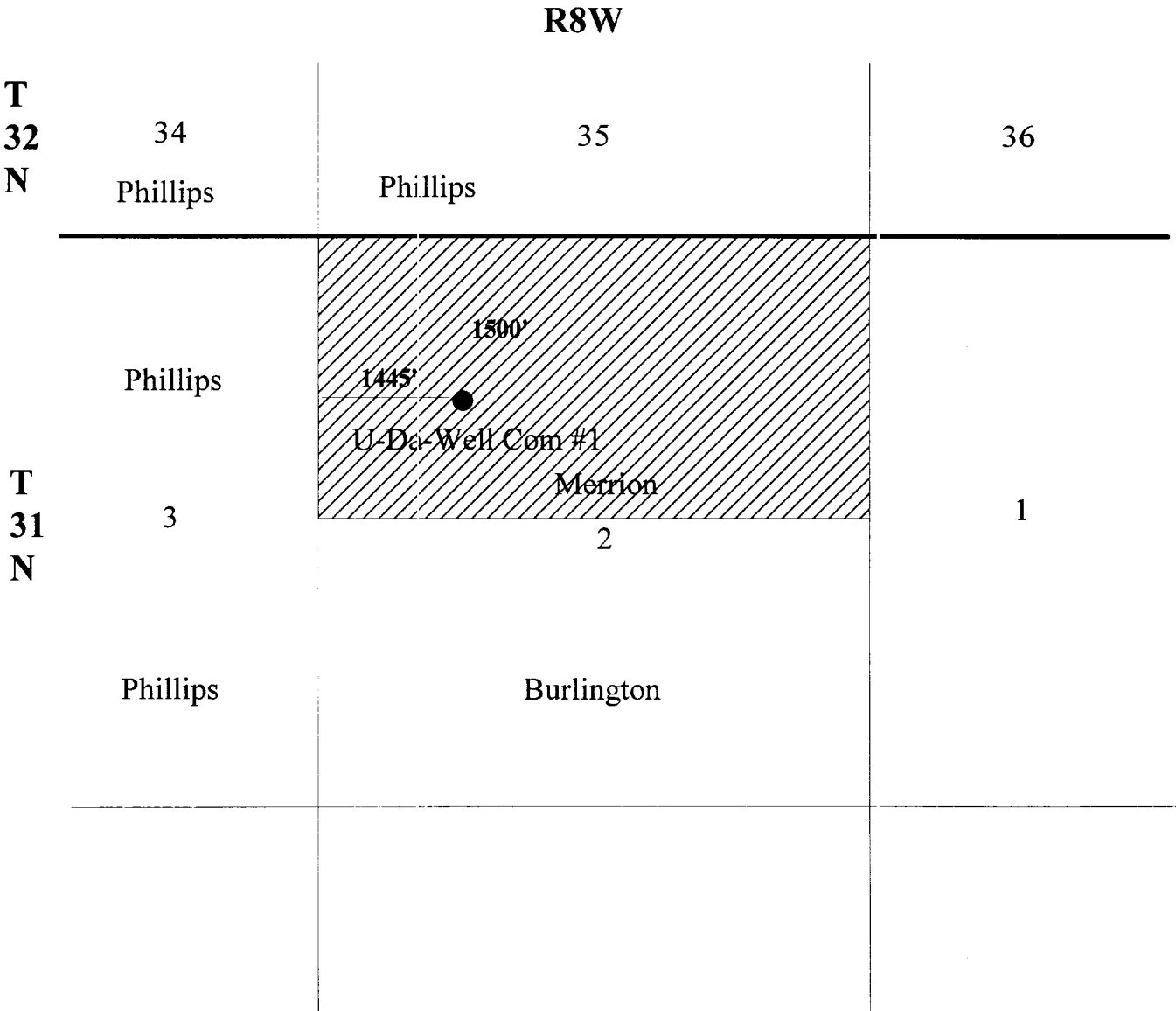


EXHIBIT 6

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