



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

February 7, 2001

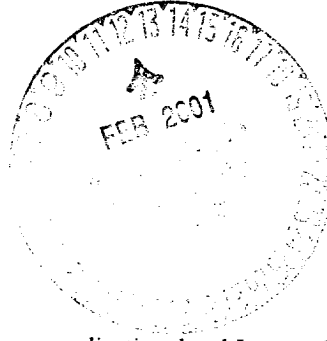
Lori Wrotenbery

Director

Oil Conservation Division

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

Telefax No. (505) 326-5900



Administrative Order NSL-4547

Dear Mr. Sharpe:

Reference is made to the following: (i) your application dated January 8, 2001; and (ii) the records of the New Mexico Oil Conservation Division ("Division") in Aztec and Santa Fe: all concerning Merrion Oil & Gas Corporation's ("Merrion") request for an exception to the well location requirements provided within the "Special Rules and Regulations for the Basin-Dakota Pool," as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000 for a non-standard infill gas well location within an existing standard 320-acre stand-up gas spacing and proration unit for the Basin-Dakota Pool comprising the E/2 of Section 36, Township 30 North, Range 13 West, NMPM, San Juan County, New Mexico. This unit is currently dedicated to Merrion's Pinon Hills Com Well No. 1 (API No. 30-045-09005), located at a location considered to be standard at the time it was drilled (October, 1963) 2500 feet from the South line and 1190 feet from the East lines (Unit I) of Section 36.

The application has been duly filed under the provisions of Division Rules 104.F and 605.B.

By the authority granted me under the provisions of Division Rule 104.F (2), the following described well to be drilled at an unorthodox infill gas well location in Section 36 is hereby approved:

Pinon Hills Com Well No. 1-E
456' FNL & 677' FEL (Unit A) - 36-30N-13W
(API No. 30-045-30425)

Further, both of the aforementioned Pinon Hills Com Wells No. 1 and 1-E and existing gas spacing and proration unit will be subject to all existing rules, regulations, policies, and procedures applicable to prorated gas pools in Northwest, New Mexico.

Sincerely,



Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /
New Mexico State Land Office - Santa Fe