



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

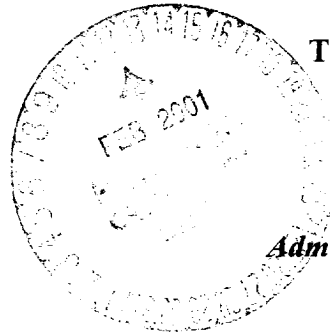
GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

February 8, 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-4549

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 to drill its proposed Knight Com Well No. 1 (**API No. 30-045-30429**) at an unorthodox Pictured Cliffs gas well location 417 feet from the South line and 860 feet from the West line (Unit M) of Section 36, Township 30 North, Range 13 West, NMPM, San Juan County, New Mexico. The SW/4 of Section 36 is to be dedicated to the well in order to form a standard 160-acre gas spacing and proration unit for the Fulcher Kutz-Pictured Cliffs Pool.

This application has been duly filed under the provisions of Division Rule 104.F, revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999.

By the authority granted me under the provisions of Division Rule 104.F (2), the above-described unorthodox Fulcher Kutz-Pictured Cliffs gas well location is hereby approved.

Sincerely,

Lori Wrotenbery
Director

LW/MES/kv

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