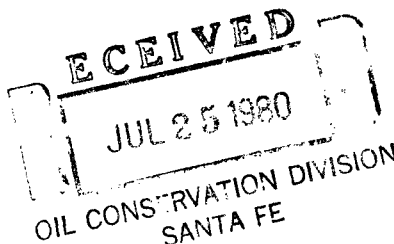


hsk-1241

J. GREGORY MERRION  
PETROLEUM ENGINEER  
P. O. BOX 507  
FARMINGTON, NEW MEXICO 87401

OFF. 325 5093  
RES. 327-9094

NSL  
Rule 2 R-5353  
See plat for  
location  
8-14-80



Merrion &  
Bayless

July 23, 1980

State of New Mexico  
Energy & Minerals Department  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87501

ATTN: Mr. Joe D. Ramey  
Director

RE: Application for Administrative  
Approval for Unorthodox Location  
for Canyon Largo Unit #299 Well  
Devils Fork Gallup Field Pool /  
Rio Arriba County, N.M.

Gentlemen:

We request administrative approval of unorthodox location for subject well for topographic reasons.

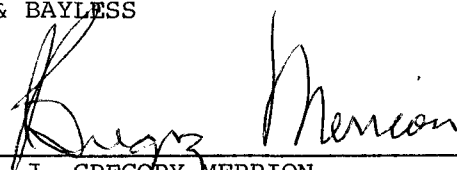
Of the two orthodox one-acre tracts in the 80-acre proration unit, one lies on the edge of a steep cliff and the other lies in and on the edge of Rincon Largo Wash. In order to leave room for a reserve pit and stay out of the wash it was necessary to move the location west 130 feet from the standard location.

Merrion & Bayless own Gallup operating rights on all offsetting proration units except the southeast diagonal offset which is owned by E. B. Germany & Sons. They have been notified of this request by certified mail today.

Yours very truly,

MERRION & BAYLESS

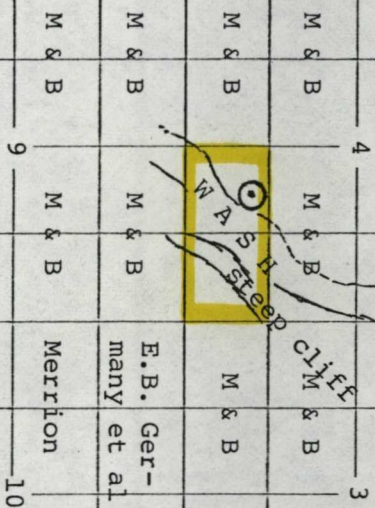
By

  
J. GREGORY MERRION

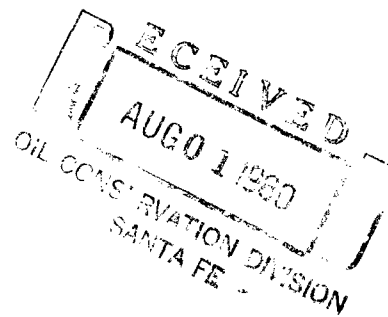
Enclosure (1)

JGM/eh

MERRION & BAYLESS  
 APPLICATION FOR UNORTHODOX LOCATION  
 Canyon Largo Unit #299  
 990' FSL & 1980' FEL  
 Section 4, T24N, R6W  
 Rio Arriba County, New Mexico



E. B. Germany & Sons  
P.O. Box 12266  
Dallas, TX 75225



State of New Mexico  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87501

ATTENTION: Mr. Joe D. Ramey  
Director

RE: Waiver of Objection to  
Application of Merrion & Bayless  
for Unorthodox Location

Gentlemen:

E. B. Germany & Sons, as operator of USA Lease SF-079086 which diagonally offsets the proration unit for the Merrion & Bayless Canyon Largo Unit #299 well, has been informed of the application of Merrion & Bayless for an unorthodox location and hereby waives any right to object to approval of their application.

Yours very truly,

E. B. GERMANY & SONS

By Howard E. Hansen  
EXPLORATION MANAGER