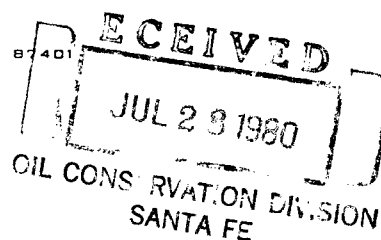


NSL-1242

OFF. 325 5093
RES. 327-9094

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



NSL R5353
Rule 2
supplant for location
8-17-80 or
receipt of Waiver
from OGD
Antec

July 23, 1980

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

ATTENTION: Mr. Joe D. Ramey
Director

RE: Application for Administrative
Approval of Unorthodox Location
for Merrion & Bayless
Canyon Largo Unit #300
Gallup well Pool

Devils Fork

Gentlemen:

We request administrative approval of subject unorthodox location because of topography and production pattern.

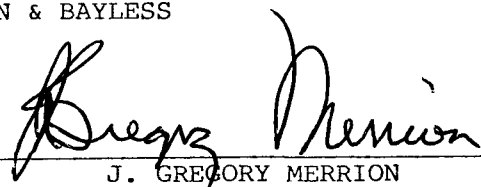
The purpose of drilling the well is to test for efficient drainage of the undrilled infill location between the Canyon Largo Unit 122, 125, 129 and 130 wells. Therefore, a location in the north half of the dedicated 80 acres is desirable. The orthodox location in the north half of the dedicated 80 acres lies in the middle of the Rincon Largo Wash. The location was moved north and east of the orthodox spot to permit room for drilling out of the wash.

Merrion & Bayless own Gallup rights on all offset proration units except the one to the southeast, which is owned by J. Gregory Merrion. Waiver from J. Gregory Merrion is enclosed.

Yours very truly,

MERRION & BAYLESS

By

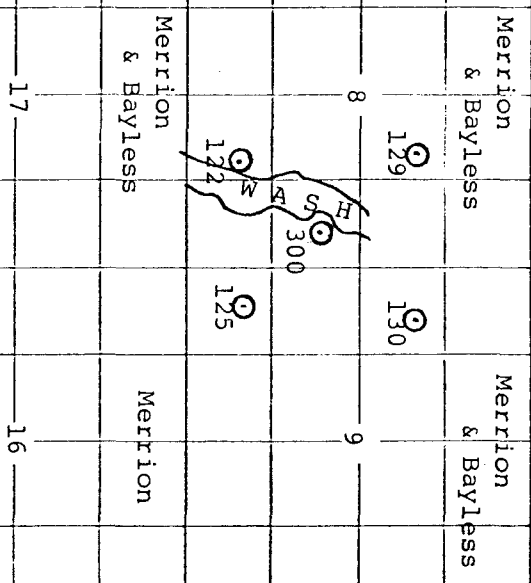

J. GREGORY MERRION

JGM/eh

Enclosures: Exhibit
Waiver Letter

MERRION & BAYLESS
APPLICATION FOR UNORTHODOX
LOCATION

Canyon Largo Unit #300
1980' FSL & 500' FEL
Section 9, T24N, R6W
Rio Arriba County, New Mexico
Devils Fork Gallup Field



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

July 23, 1980

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

ATTENTION: Mr. Joe D. Ramey
Director

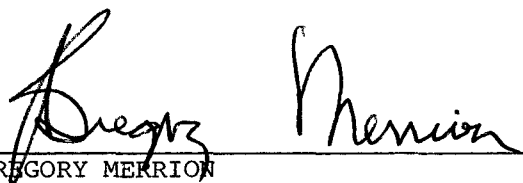
RE: Application of Merrion & Bayless
for Unorthodox Location for
Canyon Largo Unit #300 Well

Gentlemen:

I am fully aware of the application of Merrion & Bayless for unorthodox location for their Canyon Largo Unit #300 well.

I waive any right to object to approval of their application.

Yours very truly,


J. GREGORY MERRION

JGM/eh

OIL CONSERVATION COMMISSION
Alta DISTRICT

RECEIVED

AUG 7 1980

OIL CONSERVATION DIVISION
SANTA FE

DATE August 5, 1980

OIL CONSERVATION COMMISSION
BOX 2088
SANTA FE, NEW MEXICO

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

Gentlemen:

I have examined the application dated July 25, 1980
for the Merrin & Bayless Canyon Largo Unit #200 I-S-24N-6W
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve. note section error on plat

Yours very truly,

Frank S. Chas