



SUSPENSE	ENGINEER W. Jones	LOGGED IN 8/15/07	TYPE NSL	APP NO. PTD50722737281
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**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505

5876

ABOVE THIS LINE FOR DIVISION USE ONLY

## ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL NSP SD

Merrion's  
Hickman A 1 E

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX PMX SWD IPI EOR PPR

- [D] Other: Specify \_\_\_\_\_

30-045-33936  
 14634 OERLD

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or \_ Does Not Apply

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note:** Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

Signature

Title

Date

BRIAN WOOD  
 (505) 466-8120  
 FAX 466-9682

CONSULTANT

8-11-07

e-mail Address

brian@permitswest.com

**PERMITS WEST, INC.**

PROVIDING PERMITS for LAND USERS

37 Verano Loop, Santa Fe, New Mexico 87508

(505) 466-8120

REQUEST FOR ADMINISTRATIVE APPROVAL  
FOR NONSTANDARD LOCATION  
FOR MERRION OIL & GAS CORPORATION'S  
HICKMAN A 1 E  
1070' FSL & 813' FEL SEC. 10, T. 26 N., R. 12 W.  
SAN JUAN COUNTY, NM

R-5353  
(1) A. Rule 2

I. The well is on Navajo Tribal surface and BLM oil and gas lease NMSF-080384-B. The proposed location is nonstandard for the Gallegos Gallup (Associated) Pool Code 26980 due to surface use (100' wide right-of-way for a 345 kv PNM power line). A standard location must be at least 330' from the quarter-quarter and 790' from the quarter section line. This well is staked 80' further north than is standard. (Closest standard location would be 990' FSL and 813' FEL.) While nonstandard, the well is toward the interior of the lease. The APD cover sheet is attached as EXHIBIT A.

II. A C-102 showing the well location and pro ration unit (S2 Section 10) is attached (EXHIBIT B). The BLM oil and gas lease (957.92 acres) boundary is marked as a solid line on the attached (EXHIBIT C) copy of the USGS topographic map. The BLM is the mineral lessor for a  $\geq 1,570'$  radius.

The well encroaches on the NESE of Section 10. There are no Gallegos Gallup (Associated) wells in any of the eight offset quarter-quarters. The three wells which are in the offset quarter-quarters (EXHIBIT D) are either Fruitland coal or Fruitland sand wells.

The proposed dedication Gallegos Gallup (Associated) dedication (S2 Section 10 (=320 acres)) is shown on EXHIBIT E. Merrion's Hickman A 1 R (API 30-045-26781) is the only existing Gallegos Gallup (Associated) well in that dedication. The Hickman A 1 R is 2,876' west-northwest.

E (Gas)

Gas

III. According to NM Oil Conservation Division records, the closest existing or planned Gallegos Gallup (Associated) well is Merrion's producing Hickman A 1 R well. It is 2,876' west-northwest at 1650' FSL & 1650' FWL 10-26n-12w. EXHIBIT F shows the proposed NSL well, all existing Gallegos Gallup (Associated) wells (circled), and all existing adjacent Gallegos Gallup

(Associated) dedicated spacing units.

Registered letters were sent on August 11, 2007 to all of the offset interest owners. Copies of the postal receipts and letters are attached.

IV. A copy of the USGS map is attached (EXHIBIT E). The proposed well site is marked. Pro ration unit (solid line) for the Gallegos Gallup (Associated) is the 320 acre south half of Section 10, Township 26 North, Range 12 West, San Juan County, NM.

V. The nonstandard location is due to surface use. A 345 kv over head power line (see bottom picture in EXHIBIT G) runs northwest-southeast through the drilling window. The well is  $\approx 160'$  from the closet power line (see EXHIBIT H). The edge of the pad is  $\approx 60'$  from the closest power line.

VI. Archaeology is not an issue.

VII. See item V. above and attached EXHIBITS G and H for a description and depiction of the surface conditions.

VIII. Directional drilling is not feasible because it is not cost effective.

IX. I hereby certify notice (EXHIBIT I) has been sent to the following lessees, lessors, operators of existing spacing units, or owners of undrilled leases which adjoin the applicant's spacing unit on one or more of the two sides or the single closest corner to the proposed well and that the information is current and correct.

BLM  
BP America Production Co.  
Coleman Oil & Gas Inc.  
El Paso Products Co.  
FIMO  
Cherie Gallagher

*Brian Wood*

*8-11-07*

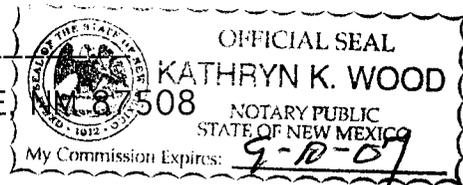
\_\_\_\_\_  
Brian Wood, Consultant

STATE OF NEW MEXICO     )  
  ) SS:  
COUNTY OF SANTA FE     )

The foregoing instrument was acknowledged before me this 11th day of August, 2007 by Brian Wood. Witness my hand and official seal.

*Kathryn K. Wood*  
\_\_\_\_\_  
Notary Public

My Commission Expires: 9-10-07  
Business Address: 37 VERANO LOOP, SANTA FE



cc: Aztec OCD, Foutz

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

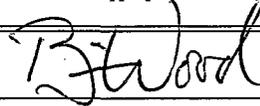
APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No. <b>NMSF-080384-B</b>	
6. If Indian, Allottee or Tribe Name <b>N/A</b>	
7. If Unit or CA Agreement, Name and No. <b>N/A</b>	
8. Lease Name and Well No. <b>HICKMAN A 1 E</b>	
9. API Well No. <b>30-045-</b>	
10. Field and Pool, or Exploratory <b>GAL'GOS GAL'P &amp; BAS. DAK.</b>	
11. Sec., T. R. M. or Blk. and Survey or Area <b>10-26N-12W NMPM</b>	
12. County or Parish <b>SAN JUAN</b>	
13. State <b>NM</b>	
14. Distance in miles and direction from nearest town or post office* <b>15 AIR MILES SSE OF FARMINGTON</b>	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>813'</b>	
16. No. of acres in lease <b>957.92</b>	
17. Spacing Unit dedicated to this well <b>S2</b>	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>531' (Bunko 1)</b>	
19. Proposed Depth <b>6,300'</b>	
20. BLM/BIA Bond No. on file <b>NM-0883</b>	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>6,157' GL</b>	
22. Approximate date work will start* <b>04/01/2007</b>	
23. Estimated duration <b>2 WEEKS</b>	

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- |   |  |
|---|--|
| 1. Well plat certified by a registered surveyor.  | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).    |
| 2. A Drilling Plan.   | 5. Operator certification  |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer. |

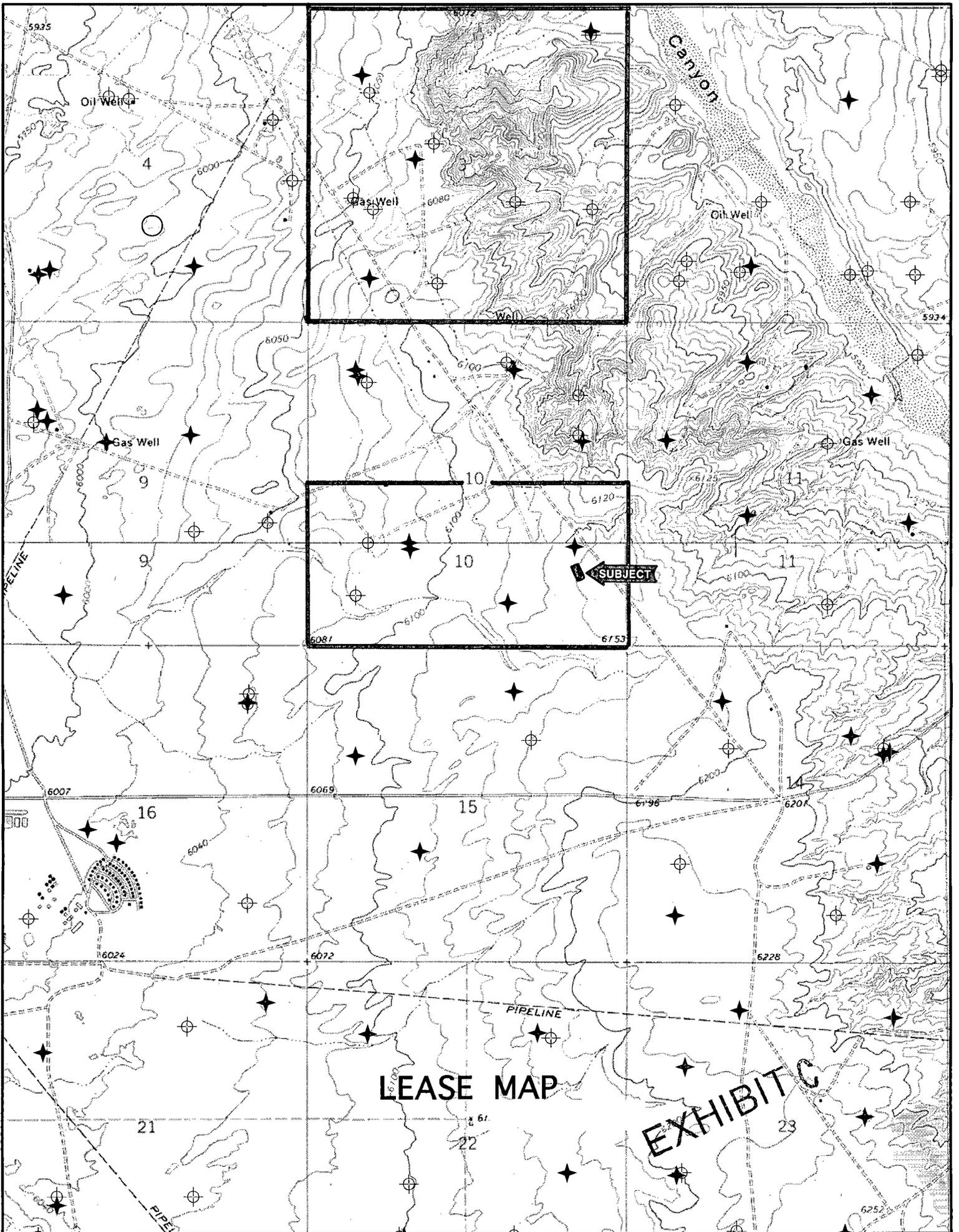
25. Signature 	Name (Printed/Typed) <b>BRIAN WOOD</b>	Date <b>09/07/2006</b>
Title <b>CONSULTANT</b>	PHONE: (505) 466-8120	FAX: (505) 466-9682
Approved by (Signature)	Name (Printed/Typed)	Date
Title	Office	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

EXHIBIT A



LEASE MAP

EXHIBIT C

State of New Mexico  
 Energy, Minerals & Mining Resources Department  
 OIL CONSERVATION DIVISION  
 2040 South Pacheco  
 Santa Fe, NM 87505

Form C - 102

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

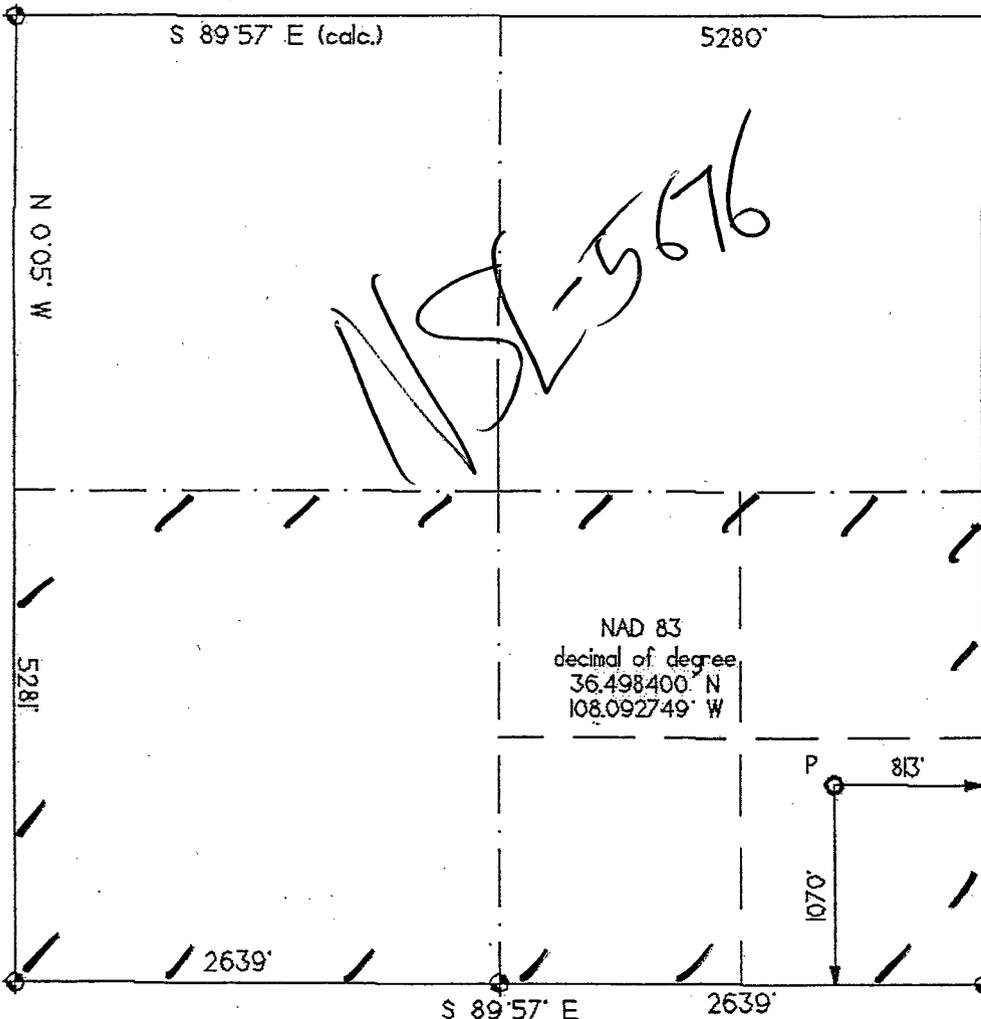
APA Number <b>30-045-33936</b>	Pool Code 26980 & 71599	Pool Name GALLEGOS GALLUP (ASSOC.) & BASIN DAKOTA
Property Code	Property Name HICKMAN A	Well Number 1E
OGRID No. 014634	Operator Name MERRION OIL & GAS	Elevation 6157

Surface Location									County
UL or Lot	Sec.	Twp.	Rge.	Lot Lth.	Feet from >	North/South	Feet from >	East/West	
P	10	26 N.	12 W.		1070'	SOUTH	813'	EAST	SAN JUAN

Bottom Hole Location If Different From Surface									County
UL or Lot	Sec.	Twp.	Rge.	Lot Lth.	Feet from >	North/South	Feet from >	East/West	

Dedication 320	Joint ?	Consolidation	Order No.
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NO ALLOWABLE WILL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



**OPERATOR CERTIFICATION**  
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature *Brian Wood*

Printed Name **BRIAN WOOD**

Title **CONSULTANT**

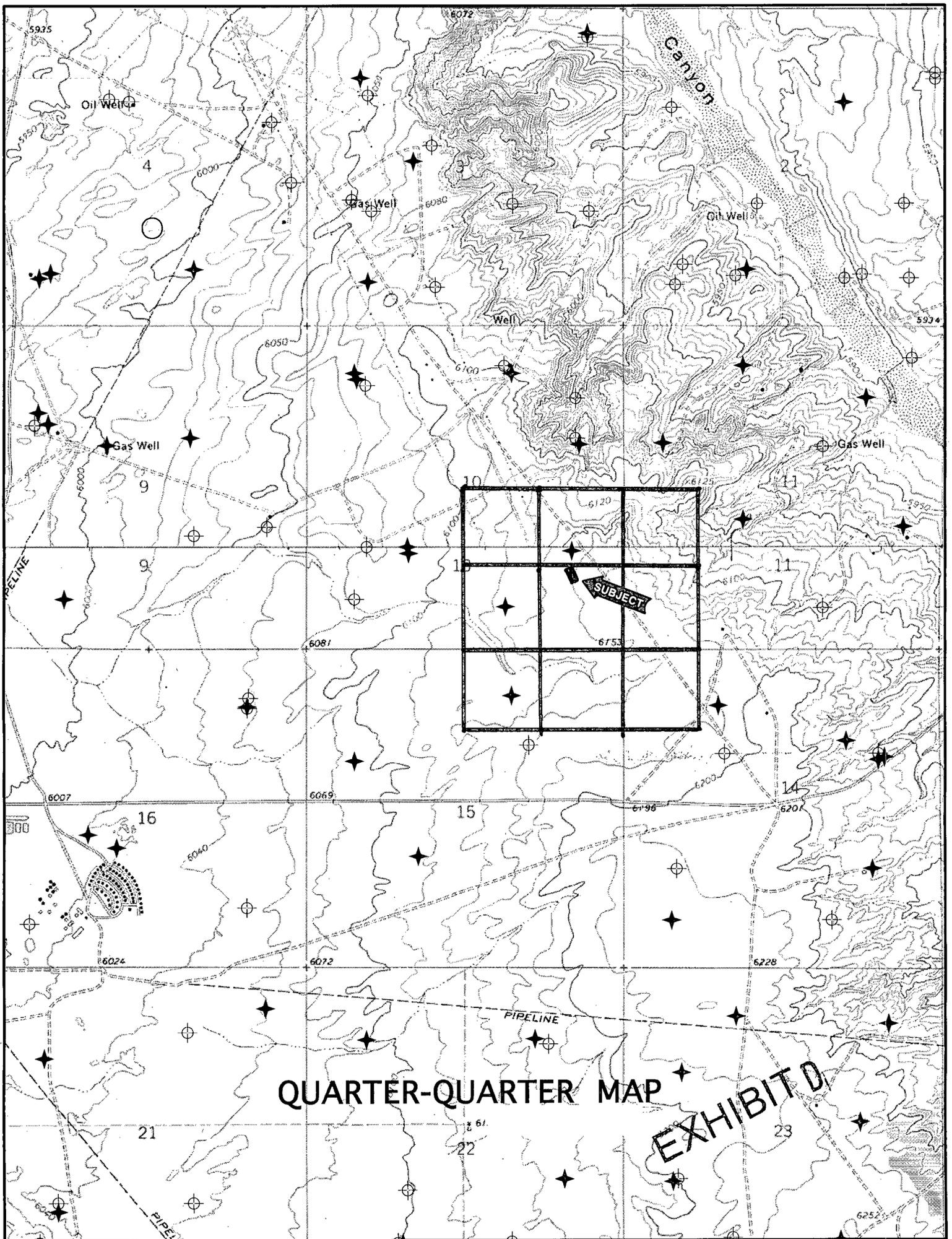
Date **SEPT. 7, 2006**

**SURVEYOR CERTIFICATION**  
 I hereby certify that the well location 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.

Date of Survey **07/13/06**

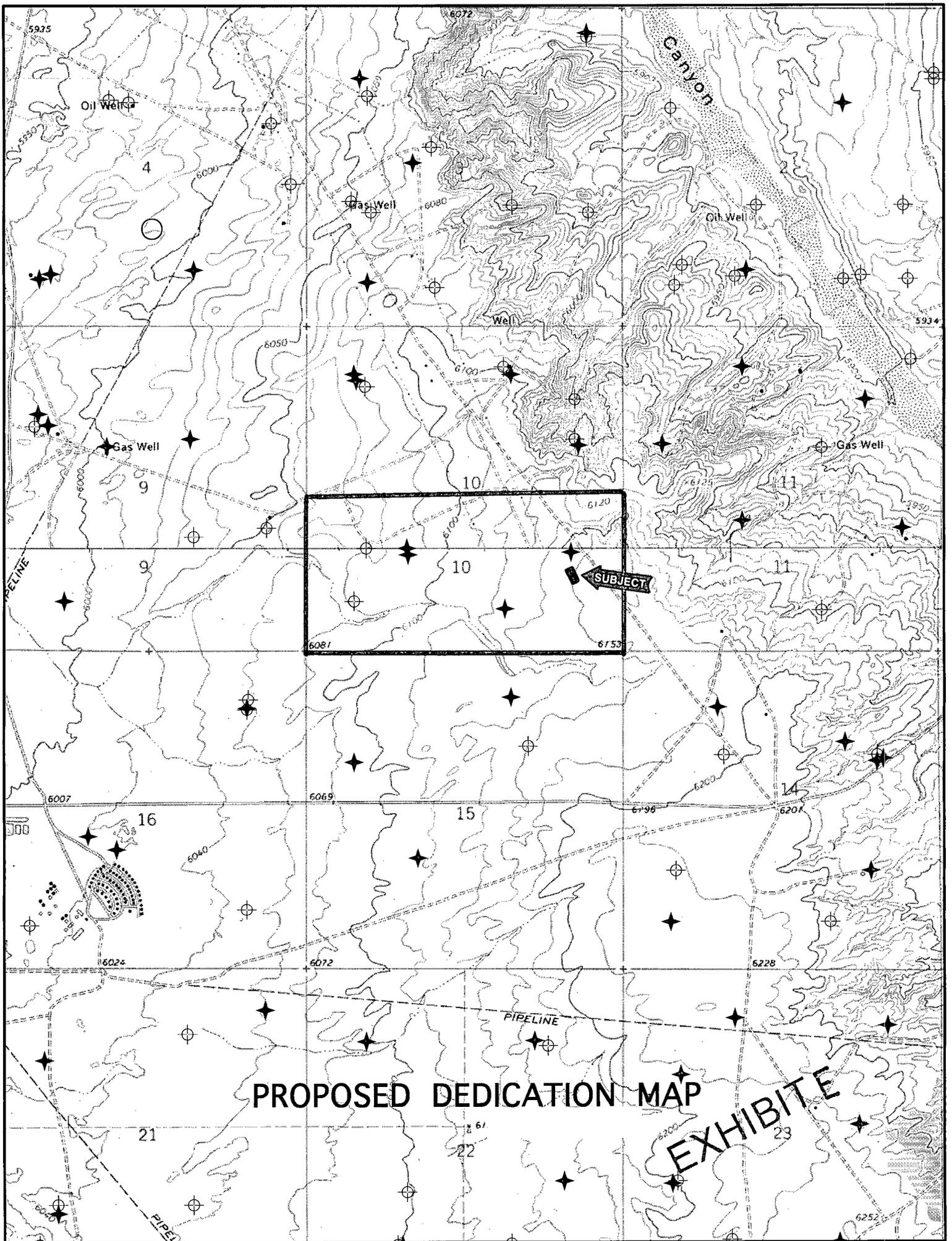
Signature and Seal

EXHIBIT B



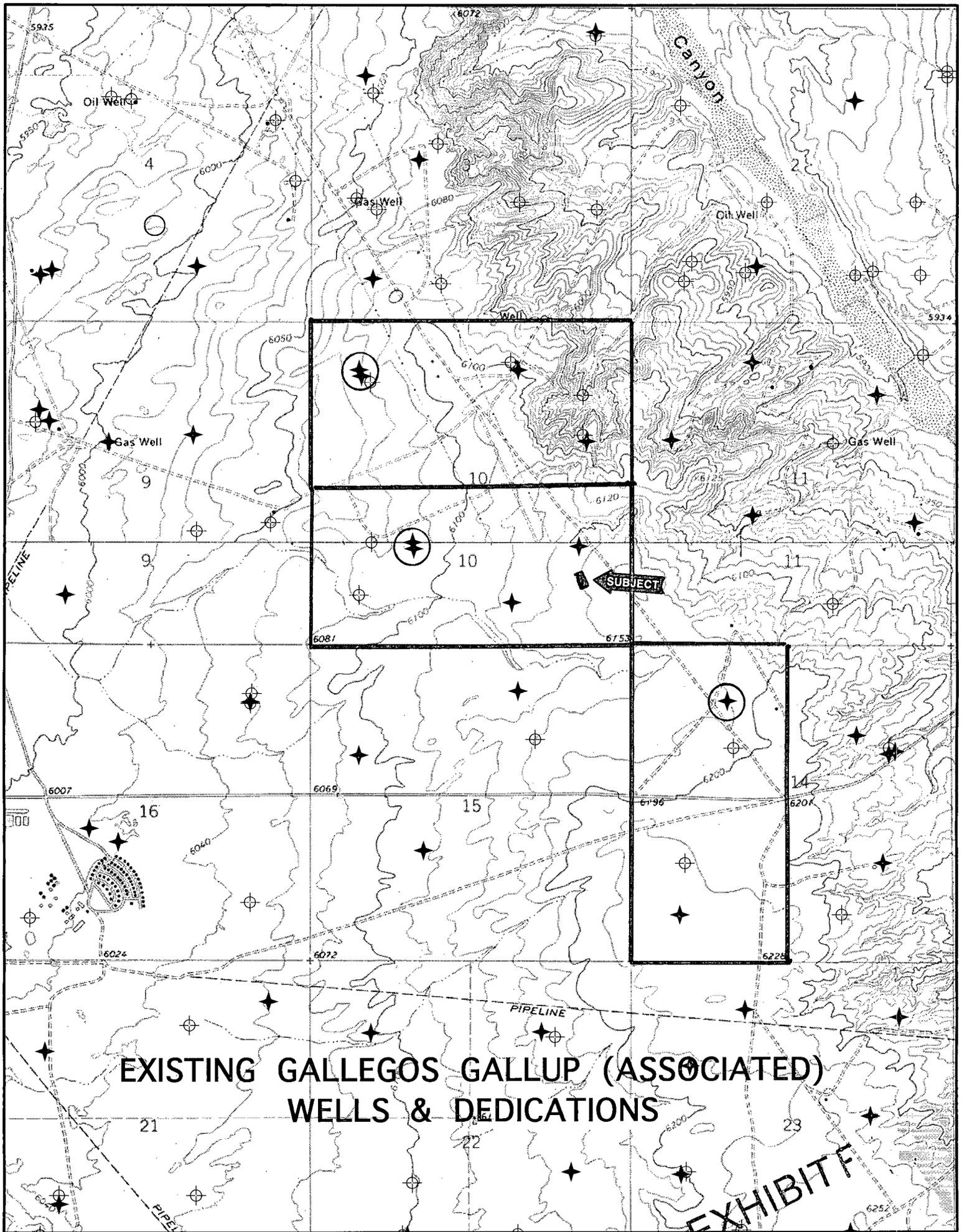
QUARTER-QUARTER MAP

EXHIBIT D



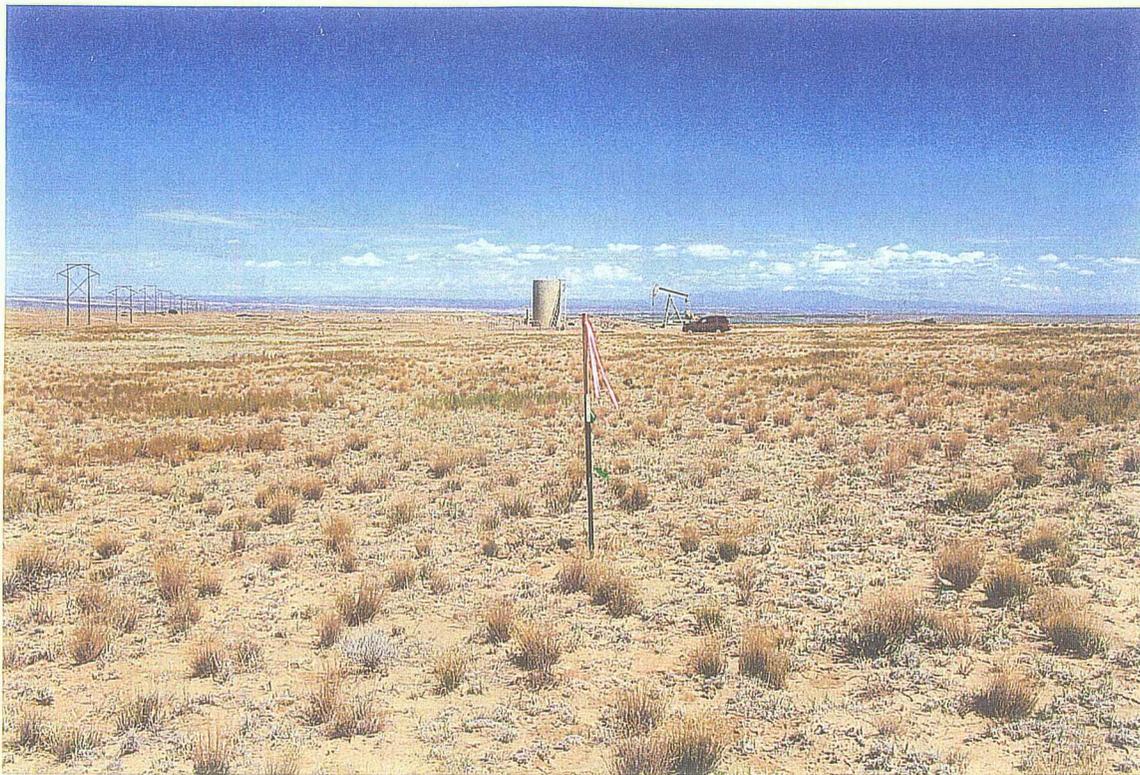
PROPOSED DEDICATION MAP

EXHIBIT E



**EXISTING GALLEGOS GALLUP (ASSOCIATED)  
WELLS & DEDICATIONS**

**EXHIBIT F**



LOOKING NORTH TOWARD HICKMAN A 1 E CENTER STAKE



LOOKING WEST AT CENTER STAKE

EXHIBIT G

Hickman A #1 E  
well pad & section

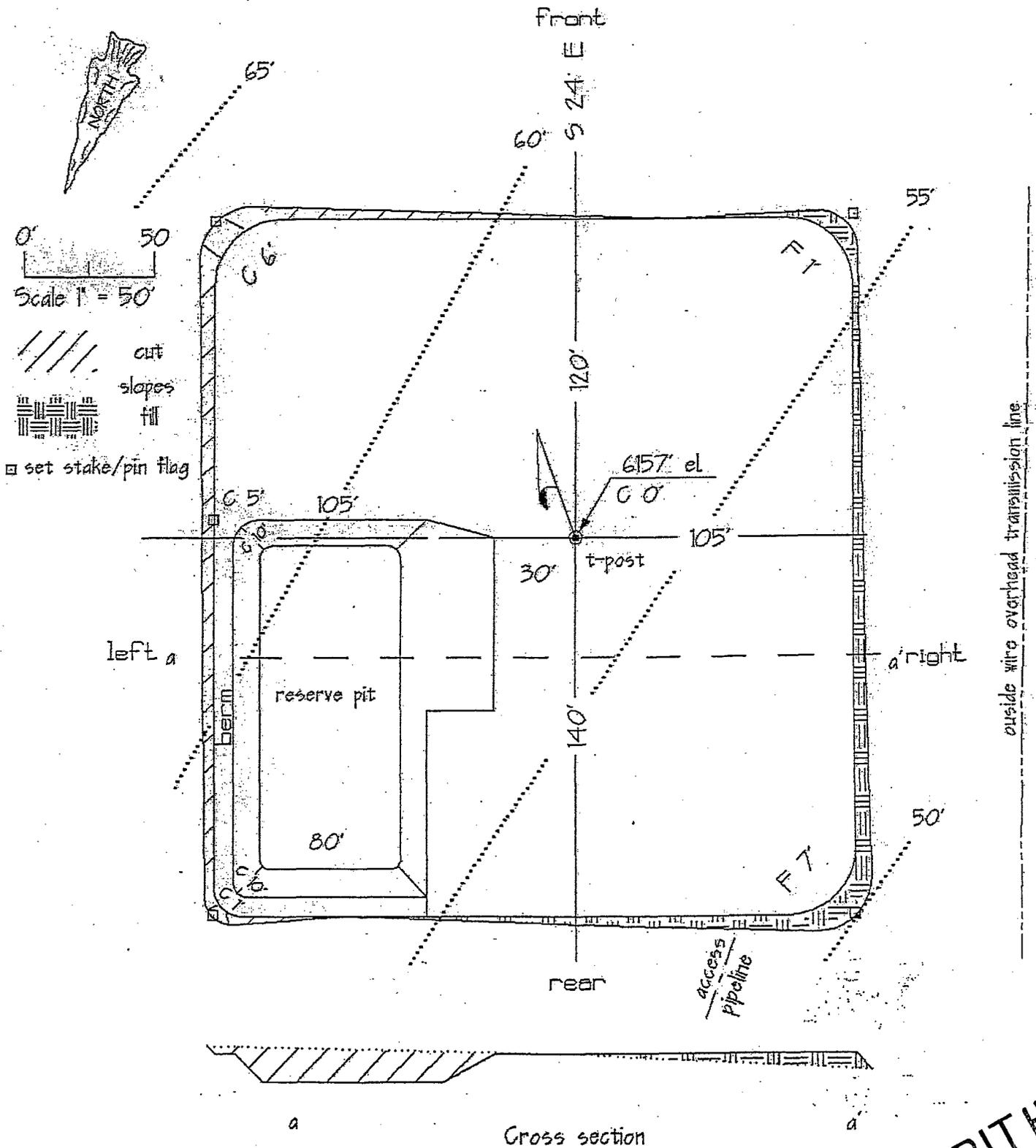


EXHIBIT H

**PERMITS WEST** INC.  
 PROVIDING PERMITS for LAND USERS  
 37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

August 11, 2007

BLM  
 1235 LaPlata Highway  
 Farmington, NM 87401

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Merrion Oil & Gas Corporation is applying to drill its Hickman A 1 E well. The minimum state distance for such a well is 330' from a quarter-quarter line. The proposed well is 80' further north than is standard. Thus, it is a nonstandard location. The NSL is due to a 345 kv power line.

Well Name: Hickman A 1 E    Total Depth: 6,300'  
Proposed NSL Zone: Gallegos Gallup (Associated)  
NSL Acreage Dedication: 320 acres (S2 Section 10)  
Location: 1070' FSL & 813' FEL Sec. 10, T. 26 N., R. 12 W.,  
 San Juan County, NM on BLM lease NMSF-080384-B

Approximate Location: ~15 air miles south-southeast of Farmington, NM  
Applicant Name: Merrion Oil & Gas Corporation    (505) 324-5300  
Applicant's Address: 610 Reilly Ave., Farmington, NM 87401

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

Please call me if you have any questions.

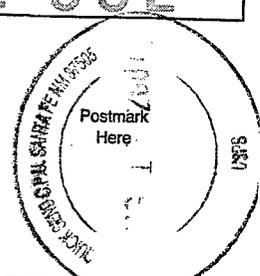
Sincerely,



Brian Wood

**EXHIBIT I**

<b>U.S. Postal Service</b> <b>CERTIFIED MAIL™ RECEIPT</b> <small>(Domestic Mail Only; No Insurance Coverage Provided)</small>	
<small>For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a></small>	
<b>OFFICIAL USE</b>	
Postage	\$ 41
Certified Fee	2.65
Return Receipt Fee <small>(Endorsement Required)</small>	2.15
Restricted Delivery Fee <small>(Endorsement Required)</small>	
<b>Total Postage &amp; Fees</b>	<b>\$ 5.21</b>



<b>Sent To</b>	
BLM + FIMO	
Street, Apt. No., or PO Box No. 1235 LaPlata	
City, State, ZIP+4 87401	

PS Form 3800, June 2002

**PERMITS WEST, INC.**  
 PROVIDING PERMITS for LAND USERS  
 37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

August 11, 2007

Cherry Hlava  
 BP America Production Company  
 P. O. Box 3092  
 Houston, Tx. 77253-3092.

Dear Cherry,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

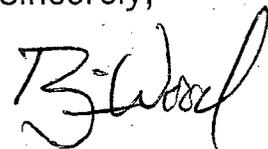
Merrion Oil & Gas Corporation is applying to drill its Hickman A 1 E well. The minimum state distance for such a well is 330' from a quarter-quarter line. The proposed well is 80' further north than is standard. Thus, it is a nonstandard location. The NSL is due to a 345 kv power line.

Well Name: Hickman A 1 E    Total Depth: 6,300'  
Proposed NSL Zone: Gallegos Gallup (Associated)  
NSL Acreage Dedication: 320 acres (S2 Section 10)  
Location: 1070' FSL & 813' FEL Sec. 10, T. 26 N., R. 12 W.,  
 San Juan County, NM on BLM lease NMSF-080384-B  
Approximate Location: ≈15 air miles south-southeast of Farmington, NM  
Applicant Name: Merrion Oil & Gas Corporation    (505) 324-5300  
Applicant's Address: 610 Reilly Ave., Farmington, NM 87401

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Phone number is (505) 476-3440.

questions.

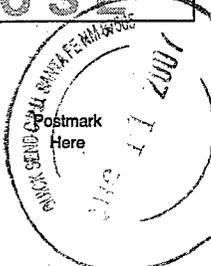
Sincerely,



Brian Wood

**EXHIBIT I**

<b>U.S. Postal Service™</b>	
<b>CERTIFIED MAIL™ RECEIPT</b>	
<i>(Domestic Mail Only, No Insurance Coverage Provided)</i>	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<b>OFFICIAL USE</b>	
Postage	\$ .41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
<b>Total Postage &amp; Fees</b>	<b>\$ 5.21</b>



<b>Sent To</b>	
BP	
Street, Apt. No., or PO Box No. PO Box 3092	
City, State, ZIP+4 77253-3092	

PS Form 3800, June 2002 See Reverse for Instructions

# PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

August 11, 2007

Mike Hanson  
Coleman Oil & Gas, Inc.  
P. O. Drawer 3337  
Farmington, NM 87499

Dear Mike,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Merrion Oil & Gas Corporation is applying to drill its Hickman A 1 E well. The minimum state distance for such a well is 330' from a quarter-quarter line. The proposed well is 80' further north than is standard. Thus, it is a nonstandard location. The NSL is due to a 345 kv power line.

Well Name: Hickman A 1 E Total Depth: 6,300'

Proposed NSL Zone: Gallegos Gallup (Associated)

NSL Acreage Dedication: 320 acres (S2 Section 10)

Location: 1070' FSL & 813' FEL Sec. 10, T. 26 N., R. 12 W.,

San Juan County, NM on BLM lease NMSF-080384-B

Approximate Location: ≈15 air miles south-southeast of Farmington, NM

Applicant Name: Merrion Oil & Gas Corporation (505) 324-5300

Applicant's Address: 610 Reilly Ave., Farmington, NM 87401

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New

n address is 1220 South St. Francis Dr. Santa nber is (505) 476-3440.

questions.

Sincerely,

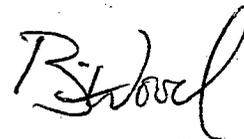
  
Brian Wood

EXHIBIT I



Postage	\$ 41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21

Postmark Here  
AUG 11 2007  
USPS

Sent To  
Coleman  
Street, Apt. No.; or PO Box No. PO Drawer 3337  
City, State, ZIP+4 87499

# PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37 Verano Loop, Santa Fe, New Mexico 87508

(505) 466-8120

August 11, 2007

El Paso Products Co.  
4 Greenway Plaza  
Houston, TX 77046

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Merrion Oil & Gas Corporation is applying to drill its Hickman A 1 E well. The minimum state distance for such a well is 330' from a quarter-quarter line. The proposed well is 80' further north than is standard. Thus, it is a nonstandard location. The NSL is due to a 345 kv power line.

Well Name: Hickman A 1 E    Total Depth: 6,300'

Proposed NSL Zone: Gallegos Gallup (Associated)

NSL Acreage Dedication: 320 acres (S2 Section 10)

Location: 1070' FSL & 813' FEL Sec. 10, T. 26 N., R. 12 W.,

San Juan County, NM on BLM lease NMSF-080384-B

Approximate Location: ≈15 air miles south-southeast of Farmington, NM

Applicant Name: Merrion Oil & Gas Corporation    (505) 324-5300

Applicant's Address: 610 Reilly Ave., Farmington, NM 87401

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

questions.

Sincerely,



Brian Wood

EXHIBIT I

U.S. Postal Service™  
**CERTIFIED MAIL™ RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

OFFICIAL USE

Postage	\$ .41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21

Postmark Here  
AUG 11 2007

Sent To El Paso Products  
Street, Apt. No., or PO Box No. 4 Greenway Plz  
City, State, ZIP+4 77046

PS Form 3800, June 2002 See Reverse for Instructions

# PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

August 11, 2007

FIMO  
1235 LaPlata Highway  
Farmington, NM 87401

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Merrion Oil & Gas Corporation is applying to drill its Hickman A 1 E well. The minimum state distance for such a well is 330' from a quarter-quarter line. The proposed well is 80' further north than is standard. Thus, it is a nonstandard location. The NSL is due to a 345 kv power line.

Well Name: Hickman A 1 E Total Depth: 6,300'

Proposed NSL Zone: Gallegos Gallup (Associated)

NSL Acreage Dedication: 320 acres (S2 Section 10)

Location: 1070' FSL & 813' FEL Sec. 10, T. 26 N., R. 12 W.,

San Juan County, NM on BLM lease NMSF-080384-B

Approximate Location: ≈15 air miles south-southeast of Farmington, NM

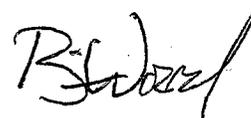
Applicant Name: Merrion Oil & Gas Corporation (505) 324-5300

Applicant's Address: 610 Reilly Ave., Farmington, NM 87401

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. The phone number is (505) 476-3440.

Questions.

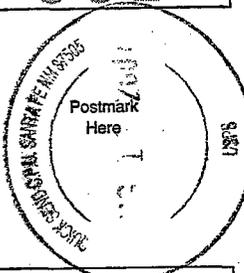
Sincerely,



Brian Wood

EXHIBIT I

<b>U.S. Postal Service™</b>	
<b>CERTIFIED MAIL™ RECEIPT</b>	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<b>OFFICIAL USE</b>	
Postage	\$ 41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.21
Sent To <b>BLM + FIMO</b>	
Street, Apt. No., or PO Box No. <b>1235 LaPlata</b>	
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PS Form 3800, June 2002 See Reverse for Instructions	



# PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

August 11, 2007

Cherie Gallagher  
P. O. Box 12810  
El Paso, TX 79913

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following nonstandard location (NSL) for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Merrion Oil & Gas Corporation is applying to drill its Hickman A 1 E well. The minimum state distance for such a well is 330' from a quarter-quarter line. The proposed well is 80' further north than is standard. Thus, it is a nonstandard location. The NSL is due to a 345 kv power line.

Well Name: Hickman A 1 E    Total Depth: 6,300'

Proposed NSL Zone: Gallegos Gallup (Associated)

NSL Acreage Dedication: 320 acres (S2 Section 10)

Location: 1070' FSL & 813' FEL Sec. 10, T. 26 N., R. 12 W.,

San Juan County, NM on BLM lease NMSF-080384-B

Approximate Location: ≈15 air miles south-southeast of Farmington, NM

Applicant Name: Merrion Oil & Gas Corporation    (505) 324-5300

Applicant's Address: 610 Reilly Ave., Farmington, NM 87401

Submittal Information: Application for a nonstandard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr. Santa Fe, NM 87505. Their phone number is (505) 476-3440.

questions.

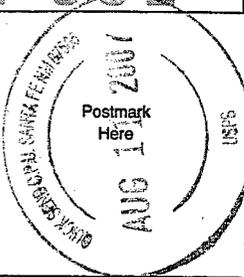
Sincerely,



Brian Wood

EXHIBIT I

<b>U.S. Postal Service™</b>	
<b>CERTIFIED MAIL™ RECEIPT</b>	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<b>OFFICIAL USE</b>	
Postage	\$ .41
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$5.21
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7004 2510 0004 5721

# Well Selection Criteria Quick Print

(WH\_SEC = 10 and WH\_TWPN = 26 and WH\_TWPD Like 'N' and WH\_RNGD Like 'W' and PoolNo = 26980)

API Well #	Well Name and No.	Operator Name	Typ	Stat	County	Surf	UL	Sec	Twp	Rng	Ft N/S	Ft E/W	UICPrmt	Lst Insp Dt
30-045-05987-00-00	SULLIVAN A	EDWARDS ENERGY CORP	G	P	San Juan	F	B	10	26 N	12	660 N	1980 E		2/11/2005
30-045-25999-00-00	SULLIVAN A	MERRION OIL & GAS CORP	G	A	San Juan	F	D	10	26 N	12	790 N	790 W		7/19/2007
30-045-26781-00-00	HICKMAN A	MERRION OIL & GAS CORP	G	A	San Juan	F	K	10	26 N	12	1650 S	1650 W		7/19/2007
30-045-05917-00-00	PRE-ONGARD WELL	PRE-ONGARD WELL OPERATOR	G	P	San Juan	F	L	10	26 N	12	1650 S	990 W		