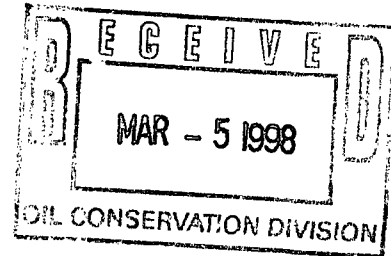


AMEND NSL 3/25/98

MERRION

OIL & GAS



March 3, 1998

~~Mr. David Catanach, Director~~

New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

**Re: Application for Administrative Approval
Non-Standard Location
Nelson A-1
WAW Fruitland Sands - Pictured Cliffs Pool
NW/4 Section 9, T26N, R12W
San Juan County, New Mexico**

Dear Mr. Catanach:

Merrion Oil & Gas Corporation recently submitted an application to recomplete the subject well from the Gallup Formation into the Fruitland Coal Formation (Order NSL-3925). After further review, we now plan instead to recomplete the well in the WAW Fruitland Sands-Pictured Cliffs Pool.

The well's location of 1980' FNL and 1978' FWL is at a non-standard setback from the spacing unit boundary. Therefore, Merrion requests your approval of a non-standard location.

The justification for the request is based on the ability to recomplete the existing well instead of drilling a new well. The well is uneconomic in the Gallup Formation and, unless recompleted, needs to be plugged out. The proposed recompletion would put the wellbore to beneficial use and save significant money over drilling a new well.

Attached in support of this application are the following:

- 1.) C-102 Plat

Page Two
March 3, 1998

- 2.) Location plat showing offset operators.
- 3.) List of offset operators that received a certified copy of this application.

Please call me with any questions.

Sincerely,



George F. Sharpe
Manager - Oil & Gas Investments

xc: Frank Chavez - OCD, Aztec
BLM - Farmington

O:GSLemay5.doc

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-045-05953		2 Pool Code 87190		3 Pool Name WAW Fruitland Sand Pictured Cliffs	
4 Property Code 007823		5 Property Name Nelson A			6 Well Number 001
7 OGRID No. 014634		8 Operator Name Merrion Oil & Gas Corporation			9 Elevation 6005' GL

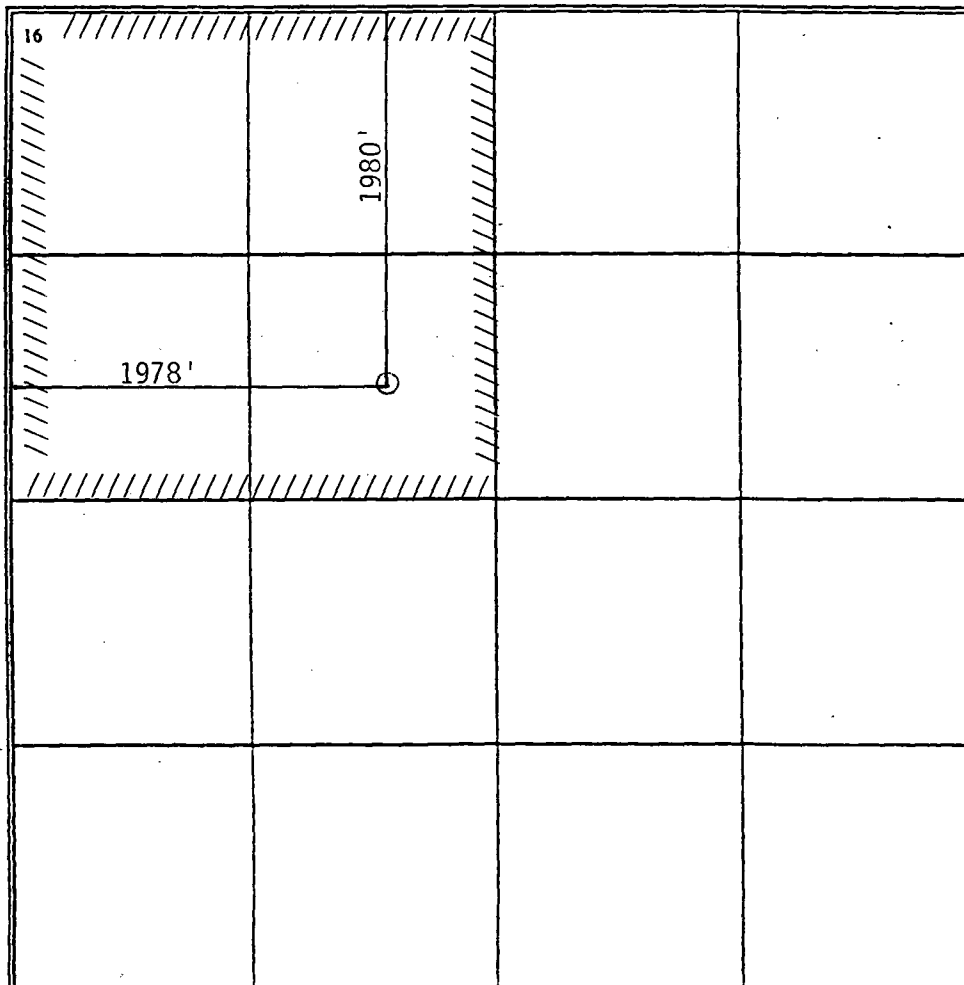
10 Surface Location

UL or lot no. F	Section 9	Township 26N	Range 12W	Lot Idn SEnw	Feet from the 1980	North/South line north	Feet from the 1978	East/West line west	County San Juan
--------------------	--------------	-----------------	--------------	-----------------	-----------------------	---------------------------	-----------------------	------------------------	--------------------

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 160		13 Joint or Infill		14 Consolidation Code		15 Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div>16</div> 				<div>17 OPERATOR CERTIFICATION</div> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>George Sharpe</i></p> <p>Signature George F. Sharpe</p> <p>Printed Name Oil & Gas Investment</p> <p>Title March 3, 1998</p> <p>Date</p>	
				<div>18 SURVEYOR CERTIFICATION</div> <p>I hereby certify that the well location shown 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.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>	

**EXHIBIT II
NELSON A-1
WELL LOCATION PLAT
OFFSET OPERATOR PLAT
T26N, R12W, San Juan County, NM**

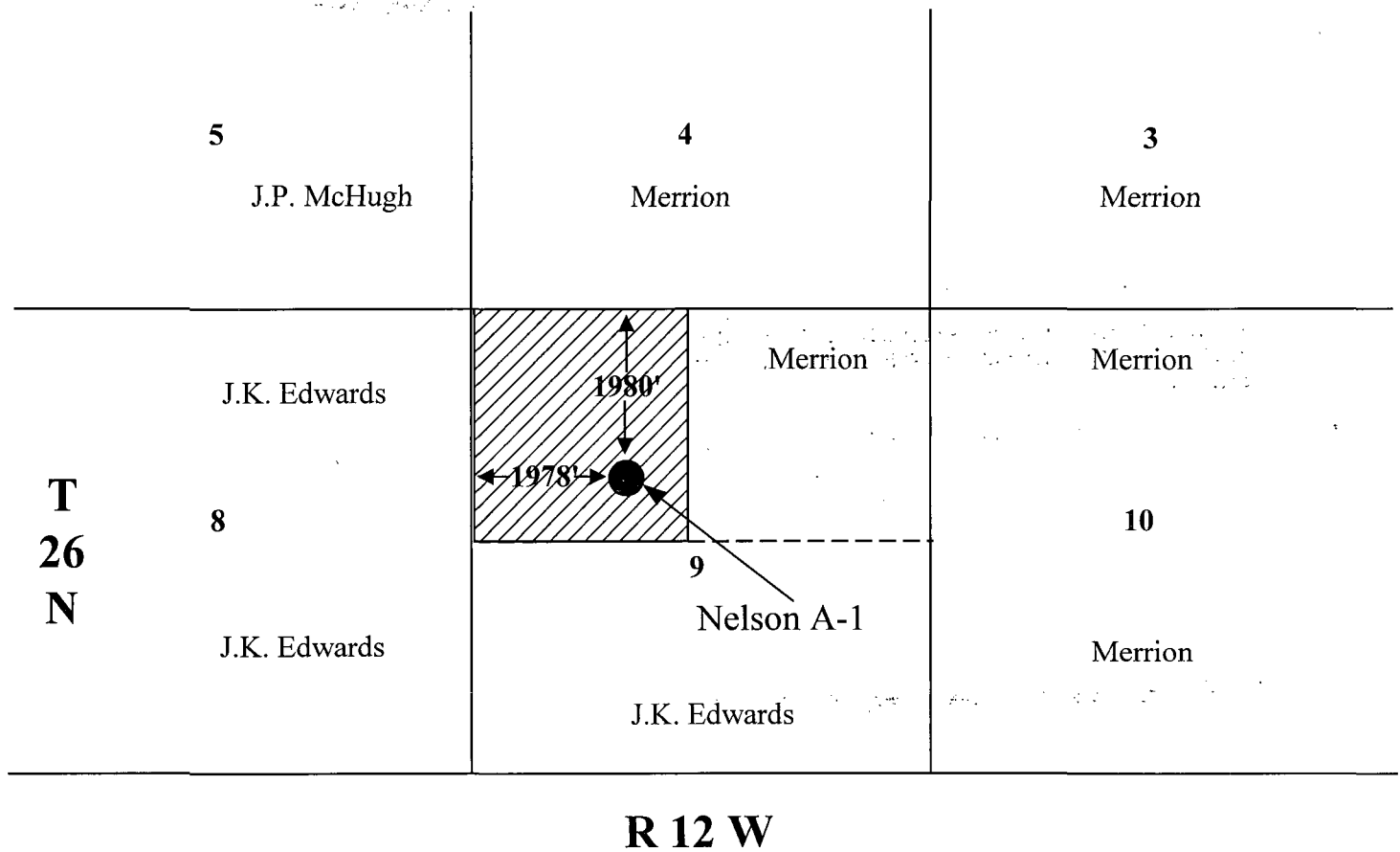


Exhibit III

Application of Merrion Oil & Gas Corp.
Non-standard WAW Fruitland Sands-Pictured Cliffs Location
Nelson A-1 Well
NW/4 Section 9, T26N, R12W
San Juan County, New Mexico

The following offset operators received certified copies of this letter.

To: Offset Operators

Any objections to this application need to be made in writing to the NMOCD within 20 days from receipt of notice.

J K Edwards Associates, Inc.
1401 17th Street, Suite 1400
Denver, CO 80202

J P McHugh
650 S. Cherry Street, Suite 1225
Denver, CO 80222

WAIVER

_____ hereby waives any objection to this application.
Company

Signature _____ Date _____

Please return to:

George F. Sharpe
Merrion Oil & Gas Corporation
610 Reilly Ave.
Farmington, NM 87401

County San Juan

Pool WAW Fruitland

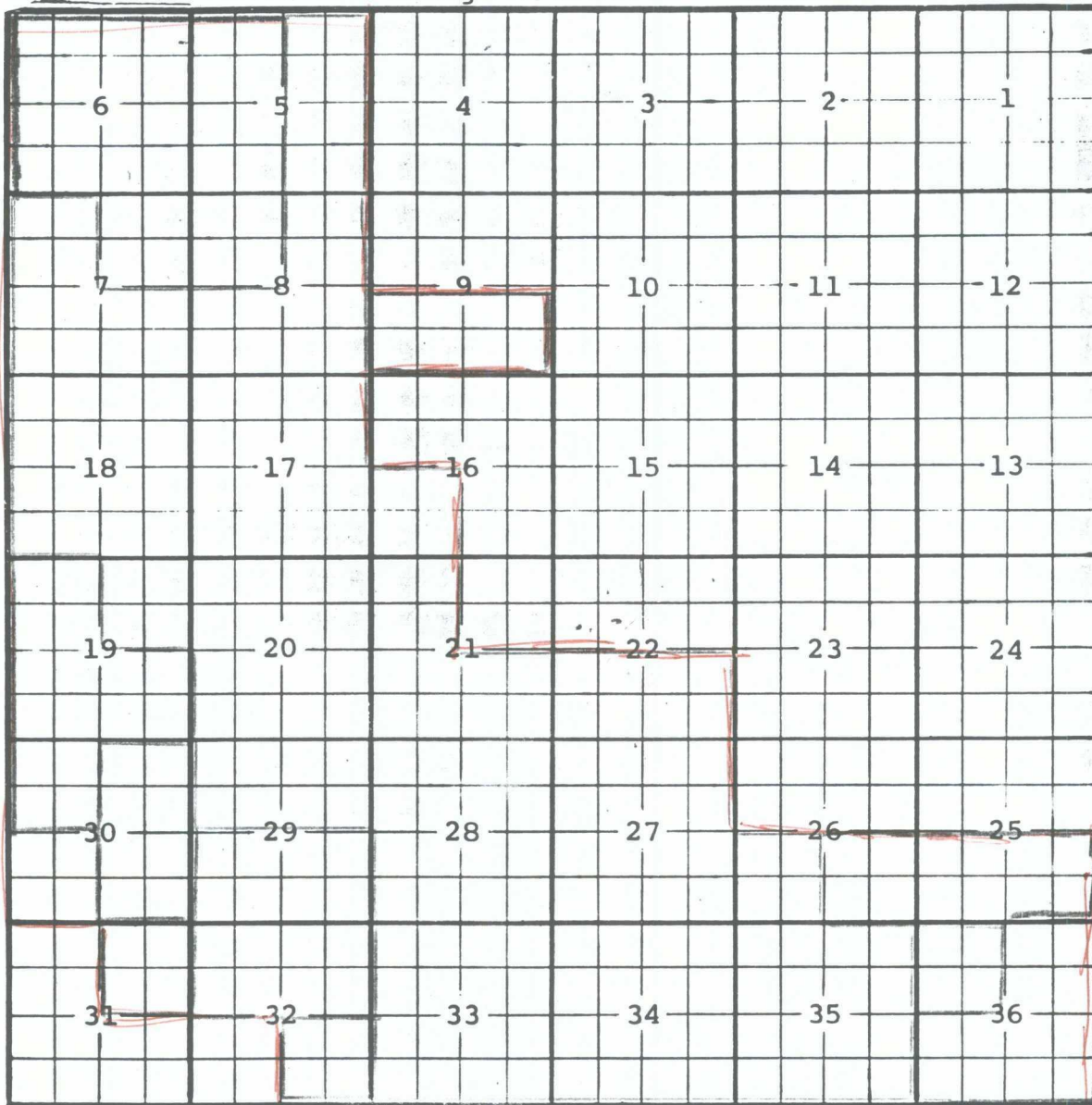
SAND

Pictured Cliffs

TOWNSHIP 26 North

Range 12 West

NMPM



Ext: $\frac{E}{2}$ Sec 5, $\frac{W}{2}$ & $\frac{SE}{4}$ Sec 7, $\frac{E}{2}$ & $\frac{SW}{4}$ Sec 8, $\frac{SW}{4}$ Sec 16, All Secs 17 & 18 -
 - $\frac{NE}{4}$ Sec 19, All Sec 20, $\frac{W}{2}$ & $\frac{SE}{4}$ Sec 21, $\frac{S}{2}$ Sec 22, $\frac{SW}{4}$ Sec 26, -
 - All Secs 27 & 28, $\frac{N}{2}$ Sec 29, All Secs 33, 34 & 35 (R-5779, 8-1-78)

Ext: $\frac{SE}{4}$ Sec. 32 (R-6056, 8-1-79) Ext: $\frac{S}{2}$ Sec. 29 $\frac{E}{2}$ Sec. 30, $\frac{N}{2}$ Sec. 32 (R-6180, 11-1-79) Ext: $\frac{S}{2}$ and $\frac{NW}{4}$ Sec. 19, $\frac{NW}{4}$ Sec. 30, $\frac{NE}{4}$ Sec. 31, $\frac{NW}{4}$ Sec. 36 (R-6327, 5-1-80) Ext: $\frac{S}{2}$ sec 25, $\frac{SE}{4}$ sec 26 (R-6886, 1-22-82)

Ext: $\frac{S}{2}$ Sec. 9 (A-7046, 8-6-82) Ext: $\frac{S}{2}$ and $\frac{NE}{4}$ Sec. 36 (R-8022, 8-22-85)
 REDESIGNATED (R-8769, 10/17/88) Ext: $\frac{W}{2}$ sec. 5, All Sec. 6, $\frac{NE}{4}$ Sec 7, $\frac{NW}{4}$ Sec 8 (R-10761, 2-10-97)