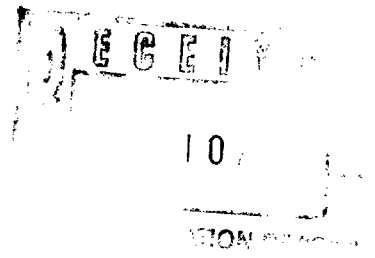


MERRION

OIL & GAS

NSL 1/30/01
102236431



January 8, 2001

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
2040 S. Pacheco St.
Santa Fe, New Mexico 87505

**RE: Application of Merrion Oil & Gas
Non-Standard Location
Pinon Hills Com 1E
Basin Dakota Pool
E/2 Section 36, T30N, R13W
San Juan County, New Mexico**

Dear Mr. Stogner:

Merrion Oil & Gas Corp. (Merrion) requests administrative approval for a non-standard location for the subject well for topographic reasons.

Enclosed in support of this application are the following:

- Exhibit 1: C-102 Plat
- Exhibit 2: Topographic Map (1963)
- Exhibit 3: Landowners Development Plat
- Exhibit 4: Offset Operator Plat
- Exhibit 5: Address List of Offset Operators

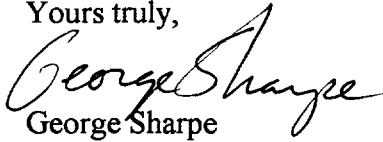
The well will be completed as an infill well in the Basin Dakota Pool. The well is non-standard because it is only 456 feet from the northern boundary of the spacing unit. The well is staked within the Farmington City limits in a residential area.

Finding an acceptable drilling location within the city limits is a near impossibility. Merrion has worked with the landowner to place the location so as to minimize the impact on his development plans. As Exhibit 3 shows, the well is just north of future home sites. Moving the well south would mean the landowner would lose the ability to develop those lots.

The well is encroaching on the south half of Section 25, T30N, R13W to the north of the location and the SW/4 of Section 19, T30N, R12W to the northeast. Exhibit 4 is a map showing the offset operators of those spacing units. Exhibit 5 is an address list of these operators. All offset operators received certified copies of this application.

Please call me at 505-327-9801 ext 114 if additional information is needed.

Yours truly,

A handwritten signature in black ink, appearing to read "George Sharpe". The signature is fluid and cursive, with a large initial "G" and a long, sweeping underline.

George Sharpe
Manager, Oil & Gas Investments

cc Frank Chavez, NMOCD – Aztec
Well File

S:\invest\gfs\2000 corres\smith le nonstd app

State of New Mexico
Energy, Minerals & Mining Resources Department

Form C - 102

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

APA Number 30-045-30425		Pool Code 71599		Pool Name Basin Dakota	
Property Code 26820		Property Name PINON HILLS COM			Well Number 1E
OCD No. 014634		Operator Name MERRION OIL & GAS			Elevation 5601
Surface Location					
TL or Lot	Sec.	Twp.	Rge.	Lot No.	Feet from North/South
A	36	30 N.	13 W.		456 NORTH
				Feet from	East/West
				677	EAST
County SAN JUAN					
Bottom Hole Location (Different From Surface)					
TL or Lot	Sec.	Twp.	Rge.	Lot No.	Feet from North/South
				Feet from	East/West
County					
Dedication 320		Joint? Y	Consolidation C	Order No. Communitization Dated January 27, 1965	

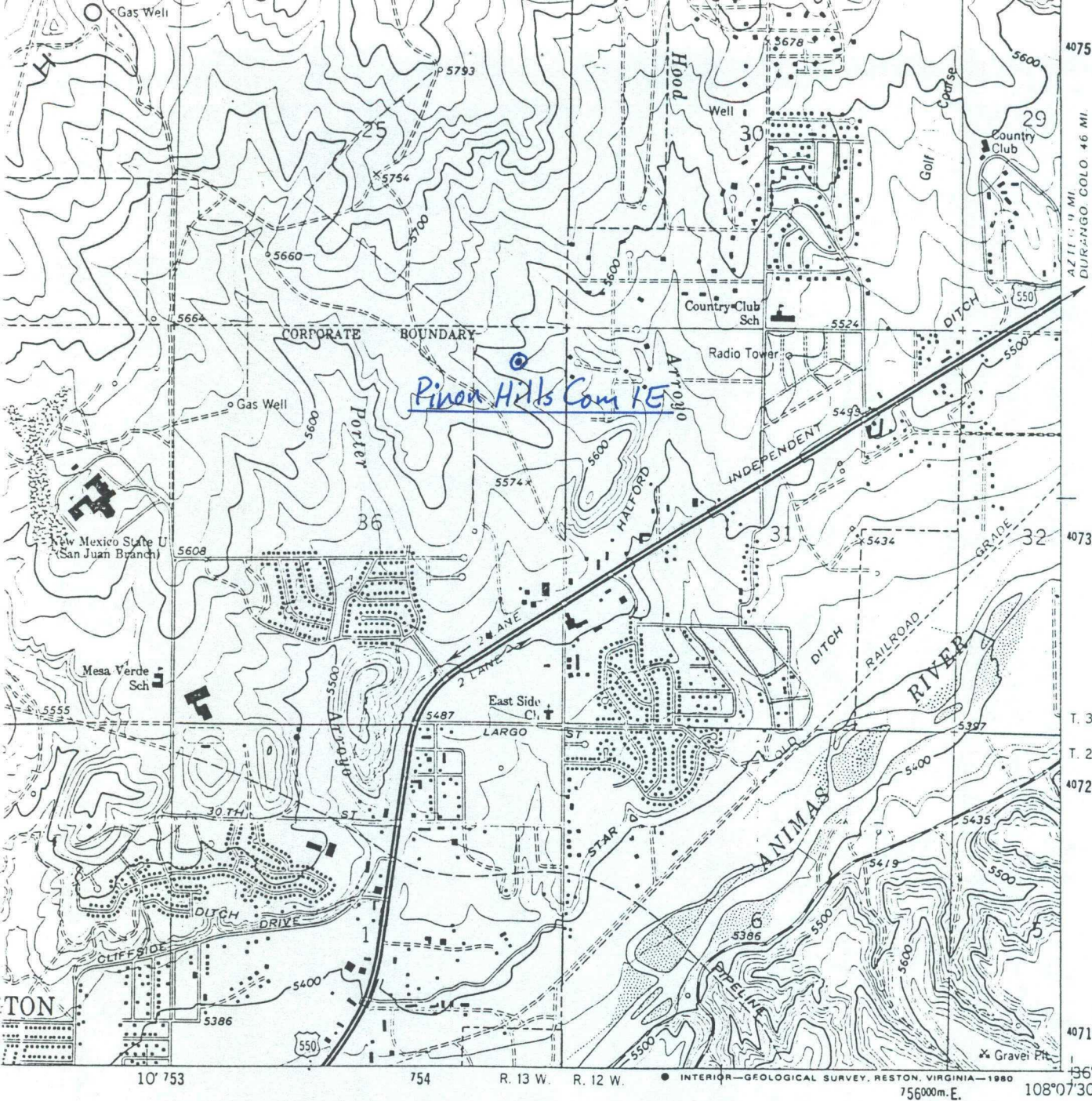
NO ALLOWABLE WELL ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	E-7066-2 Pinon Hills Com 1E 677' A E-3149-11
	E-3149-11 OG-2004-1
	E-7066-2 Pinon Hills Com 1 <i>Spud 10-14-63</i> B-10735-52
	B-10735-38 E-3149-11

36

EXHIBIT 1

OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <i>Steven S. Dunn</i> Printed Name: Steven S. Dunn Title: Drilling & Production Manager Date: November 14, 2000	
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: OCTOBER 2000 Signature and Seal: <i>GERALD S. SHUDDLESTON</i> Professional Seal: GERALD S. SHUDDLESTON NEW MEXICO 6844 REGISTERED LAND SURVEYOR	



1 MILE
30 FEET
ER



ROAD CLASSIFICATION

Heavy-duty _____ Light-duty _____
Medium-duty _____ Unimproved dirt _____
U.S. Route State Route

FARMINGTON NORTH, N. MEX.
N3645-W10807.5/7.5

1963
PHOTOREVISED 1979
DMA 4357 I SW-SERIES V881

EXHIBIT 2
Topographic Map

EXHIBIT 3 Developers Plat

EXHIBIT B

Attached to and made
part of that
agreement dated
October 6, 2000
between SOCUNO, Ltd
and Merriam Oil & Gas

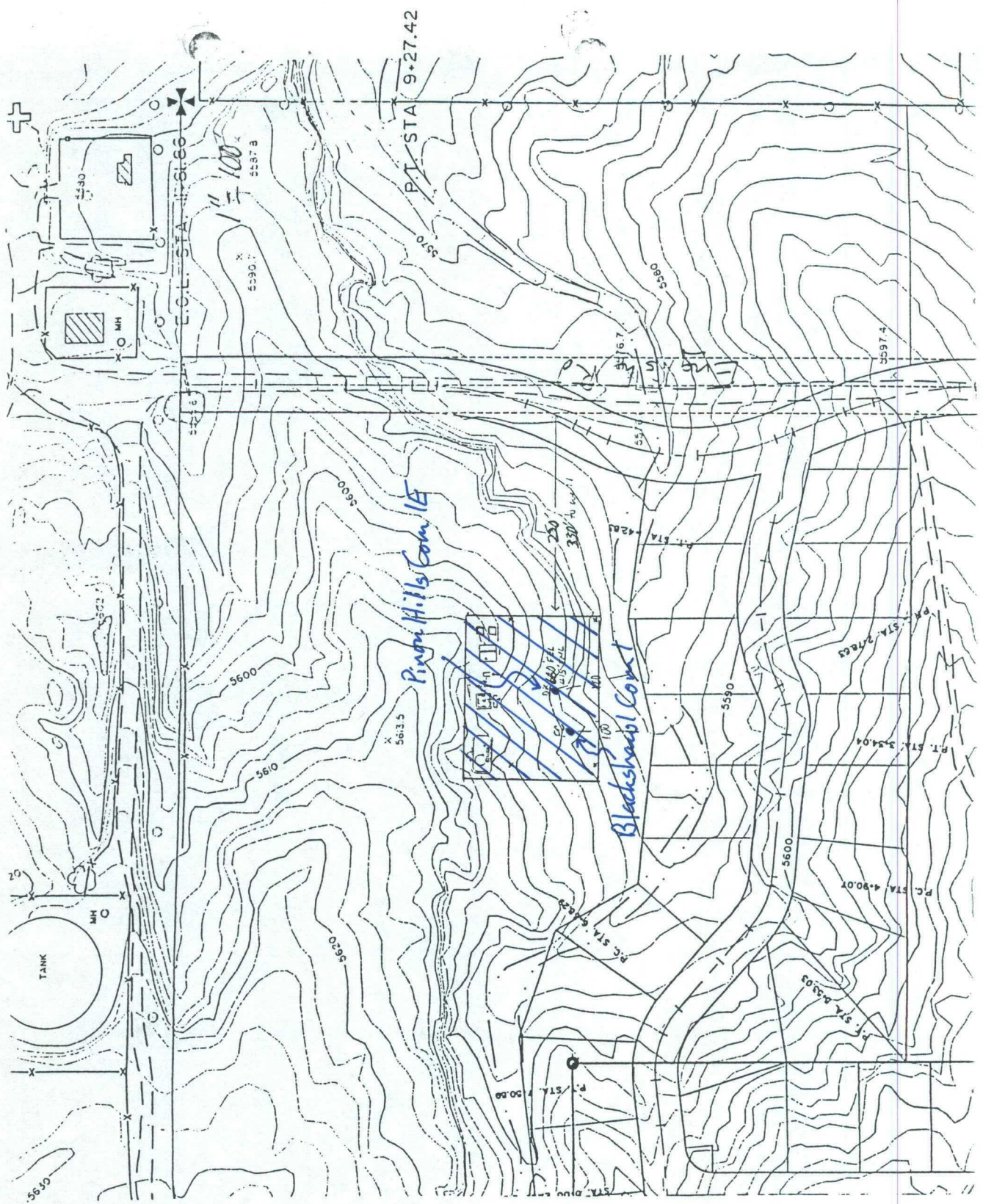


EXHIBIT 4
OFFSET OPERATOR PLAT
PINON HILLS COM #1E
NON-STANDARD LOCATION APPLICATION

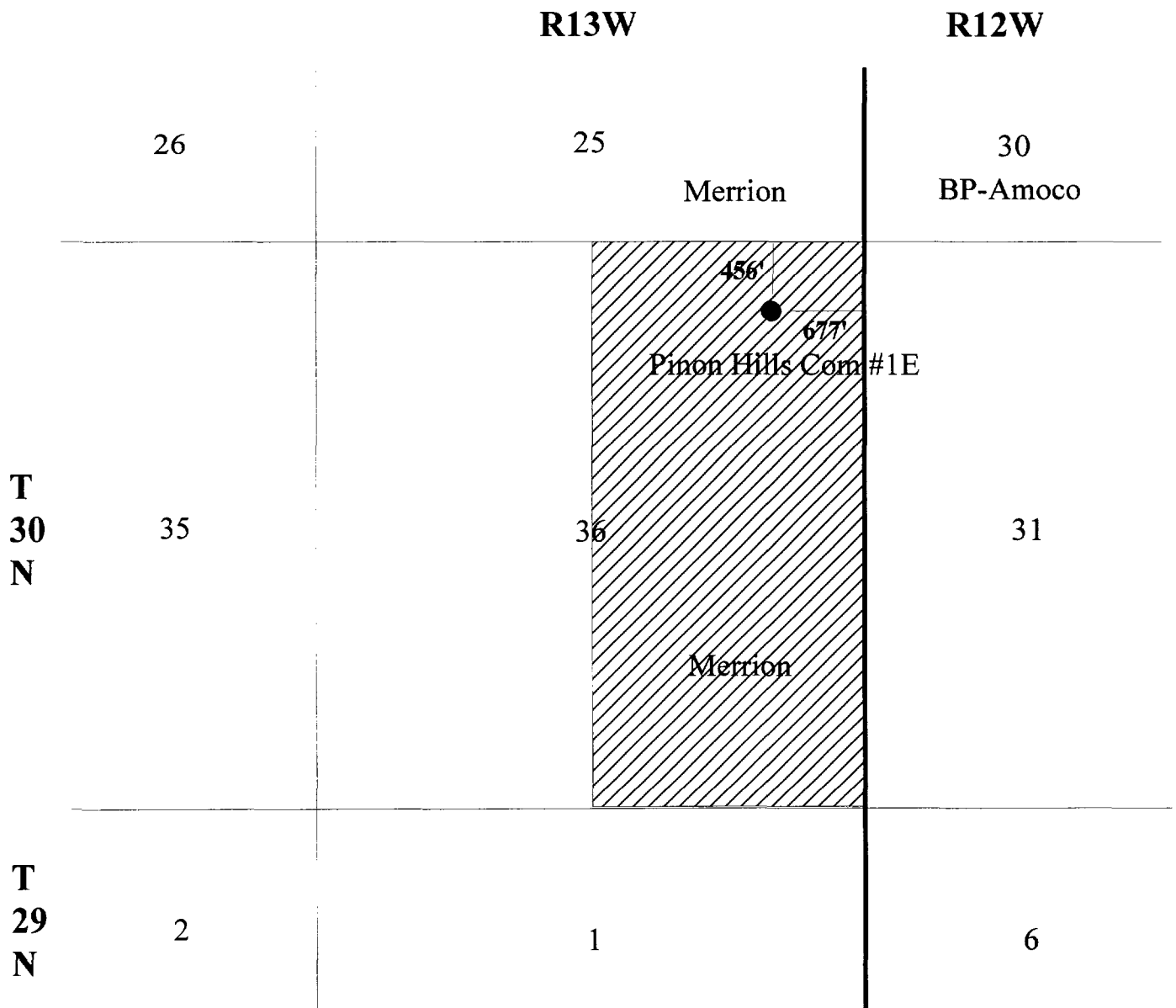


EXHIBIT 5

Offset Operator Notification Pinon Hills Com 1E Non-Standard Location Application

To: Offset Operators

If you have questions, please call George Sharpe at 505-327-9801 ext. 114. If you have any objections to this application, please notify the NMOCD in writing within 20 days of receipt of this application.

Mr. David Penner
BP-Amoco
200 Amoco Ct.
Farmington, NM 87401

WAIVER OF OBJECTION

_____ does not object to the proposed non-standard location.
Company Name

Signature: _____ Date: _____

If you have no objections, please sign and return this page to George Sharpe at Merrion Oil & Gas, 610 Reilly Ave., Farmington, NM 87401. Thanks.

MERRION

OIL & GAS

January 22, 2001

Mr. Gary Markestad
Cross Timbers Operating Co.
2700 Farmington Ave., Bldg K, Suite 1
Farmington, NM 87401

CERTIFIED MAIL

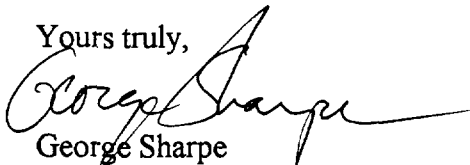
**RE: Application of Merrion Oil & Gas
Non-Standard Location
Pinon Hills Com 1E
Basin Dakota Pool
E/2 Section 36, T30N, R13W
San Juan County, New Mexico**

Dear Gary:

Attached is an application by Merrion Oil & Gas Corp. (Merrion) for NMOCD approval for a non-standard location for the subject well. We inadvertently sent this to BP-Amoco. If you have objections to this application, please notify Michael Stogner of the OCD. If you have no objections, please sign the enclosed waiver and fax me a copy for our records.

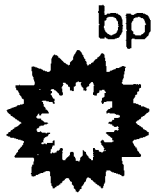
Please call me at 505-327-9801 ext 114 if additional information is needed. Thank you for your attention to this matter.

Yours truly,


George Sharpe
Manager, Oil & Gas Investments

cc Michael Stogner, NMOCD – Santa Fe
Frank Chavez, NMOCD - Aztec
Well File

S:\invest\gfs\2000 corres\pinon hills 1e nonstd app-2



**Amoco Production Company
Vastar Resources, Inc.**

A Part of the BP Amoco p.l.c. Group
501 WestLake Park Blvd.
Houston, TX 77079-3092

Phone: 281-366-4491

January 18, 2001

George Sharpe
Manager Oil & Gas Investments
Merrion Oil & Gas
610 Reilly Avenue
Farmington, NM 87401

RE: Application of Merrion Oil & Gas
Non-Standard Location
Pinon Hill Com 1E
Basin Dakota Pool
E/2 Section 36, T30N, R13W
San Juan County, New Mexico

According to our records the acreage offsetting the subject well was sold to Crosstimber Operating Company, therefore, we are returning your request for waiver.

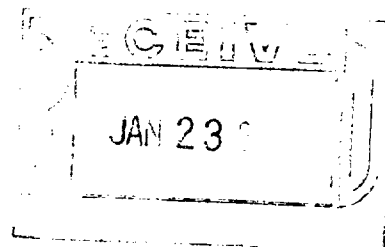
Should you have any questions concerning this matter please do not hesitate to call me at 281-366-4491.

Yours very truly

A handwritten signature in cursive script that reads "Mary Corley".

Mary Corley
Sr. Regulatory Analyst
Amoco Production Company
Vastar Resources, Inc.

Michael E. Stogner
New Mexico Oil Conservation Division
2040 S. Pacheco St.
Santa Fe, New Mexico 87505



CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION02/07/01 10:42:06
OGOMES -TPXJ
PAGE NO: 1

Sec : 36 Twp : 30N Rng : 13W Section Type : NORMAL

D 40.00 CS E03149 0012 MERRION OIL & GAS C 12/10/59 A A	C 40.00 CS E07066 0003 MERRION OIL & GAS C 04/10/63	B 40.00 CS E07066 0003 MERRION OIL & GAS C 04/10/63	A 40.00 CS E03149 0012 MERRION OIL & GAS C 12/10/59 A A
E 40.00 CS OG2004 0001 CROSS TIMBERS OIL C 02/18/68	F 40.00 CS VC0014 0002 CROSS TIMBERS OIL C 08/01/99	G 40.00 CS E03149 0012 MERRION OIL & GAS C 12/10/59	H 40.00 CS OG2004 0001 CROSS TIMBERS OIL C 02/18/68

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

CMD :
OG5SECTONGARD
INQUIRE LAND BY SECTION02/07/01 10:42:09
OGOMES -TPX
PAGE NO: 2

Sec : 36 Twp : 30N Rng : 13W Section Type : NORMAL

L 40.00 CS E07066 0003 MERRION OIL & GAS C 04/10/63	K 40.00 CS VC0014 0002 CROSS TIMBERS OIL C 08/01/99	J 40.00 CS E07066 0003 MERRION OIL & GAS C 04/10/63	I 40.00 CS B10735 0052 ENRON OIL & GAS C C 10/20/53 A A
M 40.00 CS E00453 0022 DUGAN PRODUCTION C 07/16/55 A A	N 40.00 CS B11242 0050 CROSS TIMBERS OIL C 05/26/54	O 40.00 CS B10735 0038 EVKO DEVELOPMENT C 10/20/53	P 40.00 CS E03149 0012 MERRION OIL & GAS C 12/10/59

PF01 HELP
PF07 BKWDPF02
PF08 FWDPF03 EXIT
PF09 PRINTPF04 GoTo
PF10 SDIVPF05
PF11PF06
PF12

CMD : ONGARD 02/07/01 10:43:29
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TPXC

OGRID Idn : 14634 API Well No: 30 45 30425 APD Status(A/C/P): A
Opr Name, Addr: MERRION OIL & GAS CORP Aprvl/Cncl Date : 11-16-2000
610 REILLY AVE
FARMINGTON,NM 87401-2634

Prop Idn: 26820 PINON HILLS COM Well No: 1 E

	U/L	Sec	Township	Range	Lot	Idn	North/South	East/West
Surface Locn : A	36	30N	13W				FTG 456 F N	FTG 677 F E
OCD U/L : A		API	County	45				

Work typ(N/E/D/P/A) : N Well typ(O/G/M/I/S/W/C): G Cable/Rotary (C/R) : F
Lease typ(F/S/P/N/J/U/I): S Ground Level Elevation : 5601

State Lease No: Multiple Comp (S/M/C) : S
Prpsd Depth : 6460 Prpsd Frmtn : BASIN DAKOTA

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12

CMD : ONGARD 02/07/01 10:43:50
OG6IWCM INQUIRE WELL COMPLETIONS OGOMES -TPXC

API Well No : 30 45 9005 Eff Date : 10-18-2000 WC Status : A
Pool Idn : 71599 BASIN DAKOTA (PRORATED GAS)
OGRID Idn : 14634 MERRION OIL & GAS CORP
Prop Idn : 26820 PINON HILLS COM

Well No : 001
GL Elevation: 5560

	U/L	Sec	Township	Range	North/South	East/West	Prop/Act (P/A)
	---	---	-----	-----	-----	-----	-----
B.H. Locn : I	36	30N	13W	FTG 2500 F S	FTG 1190 F E		P

Lot Identifier:

Dedicated Acre: 320.00

Lease Type : S

Type of consolidation (Comm, Unit, Forced Pooling - C/U/F/O) :

M0025: Enter PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06
PF07	PF08	PF09	PF10 NEXT-WC	PF11 HISTORY	PF12 NXTREC

CMD : ONGARD 02/07/01 10:43:58
 OG6ACRE C102-DEDICATE ACREAGE OGOMES -TPX
 Page No : 1

API Well No : 30 45 9005 Eff Date : 04-30-1991
 Pool Idn : 71599 BASIN DAKOTA (PRORATED GAS)
 Prop Idn : 26820 PINON HILLS COM Well No : 001
 Spacing Unit : 30117 OCD Order : Simultaneous Dedication:
 Sect/Twp/Rng : Acreage : 320.00 Revised C102? (Y/N) :
 Dedicated Land:

S	Base	U/L	Sec	Twp	Rng	Acreage	L/W	Ownership	Lot	Idn
	A	36	30N	13W	40.00	N	ST			
	B	36	30N	13W	40.00	N	ST			
	G	36	30N	13W	40.00	N	ST			
	H	36	30N	13W	40.00	N	ST			
	I	36	30N	13W	40.00	N	ST			
	J	36	30N	13W	40.00	N	ST			
	O	36	30N	13W	40.00	N	ST			
	P	36	30N	13W	40.00	N	ST			

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 LAND PF11 NXTSEC PF12 RECONF

From: Stogner, Michael
Sent: Wednesday, February 07, 2001 3:43 PM
To: Hayden, Steven
Subject: RE: 2 Merrion NSL requests

I show to have only four. Thanks. Consider the Heights Com #1-E and Pinon Hills #1-E processed and approved. The other two (Knight Com. #1 and Blackshawl Com. #1) I'll try to get out this week. Thanks again Steve.

From: Hayden, Steven
Sent: Wednesday, February 07, 2001 2:56 PM
To: Stogner, Michael
Subject: RE: 2 Merrion NSL requests

There were a total of five wells that Merrion has applied to drill within the city limits of Farmington that are all constrained by the location of things like schools. The city has OKed four of them so far. As long as they can get the city's approval, I would not object to non-standard locations. They appear to have done things right on this. I talked to the city engineer about this a couple of weeks ago and he is satisfied.

Steve

From: Stogner, Michael
Sent: Wednesday, February 07, 2001 2:25 PM
To: Hayden, Steven; Perrin, Charlie
Subject: FW: 2 Merrion NSL requests

While ya'll are reviewing the two Merrion wells below, I should soon be getting down to two other Merrion applications that are in the same section: (1) Knight Com. #1 and (2) Blackshawl Com. #1, both PC wells. Your thoughts on those. Thanks.

From: Stogner, Michael
Sent: Wednesday, February 07, 2001 1:47 PM
To: Hayden, Steven; Perrin, Charlie; Valdes, Kathy
Subject: 2 Merrion NSL requests

Attached are two draft NSL orders for Merrion's Heights Well No. 1-E and Pinon Hills Com. Well No. 1-E, both in Sec. 36-T30N-R13W, Basin-Dakota Pool. Within the applications, both dated Jan. 8th, Merrion shows copies were provided Aztec. Since I haven't seen anything from Aztec can I assume both are OK to release? If there are problems call me ASAP and I'll stop them. Thanks.

<<File: DKNFL038.doc>><<File: DKNFL037.doc>>