

9/8/03 ~~9/16/03~~ 9/29/03 MS LR NSL 7LR0325126694

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SEP 04 2003

OIL CONSERVATION  
DIVISION

August 29, 2003

Mr. David Catanach  
New Mexico Oil Conservation Division  
1220 S. St. Francis Dr.  
Santa Fe, New Mexico 87505

**Re: Application for Administrative Approval  
Non-Standard Location  
Basin Fruitland Coal Pool  
Shank Com #3, API # 30-045-31831  
W/2 Section 2, T26N, R13W  
San Juan County, New Mexico**

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Dear Mr. Catanach:

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 showing Coleman Oil as offset operator
- Exhibit 2: NAPI field map
- Exhibit 3: Address of Offset Operator

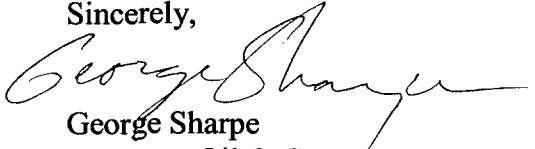
This well is an infill Fruitland Coal well drilled in the SW/4 of Section 2, T26N, R13W on a west half spacing unit. The APD has been submitted and approved by the State. However, because the well is too close to the centerline of the section, we need the approval for a non-standard location.

As can be seen on the NAPI field map, several large fields take up most of the SW/4 of Section 2. In addition, a power line intersects the SW/4, further limiting accessible surface locations. Further, the Shank #2 Pictured Cliffs well is also in the SW/4 of the Section. We want to be far enough from the Shank #2 that we don't damage the depleted Pictured Cliffs interval while drilling and completing the Shank Com #3. For these reasons, we have located the Shank Com #3 between three crop circles in the only feasible surface location.

This well encroaches on the E/2 of Section 2. Both the W/2 and E/2 of Section 2 are State minerals. Coleman Oil, the owner and operator in the east half, has been sent a certified copy of this application.

If you have questions or need additional information, please call me at 505-327-9801 x114.

Sincerely,



George Sharpe  
Manager, Oil & Gas Investments

cc. Coleman Oil & Gas  
Steve Hayden – NMOCD, Aztec

S/invest/gfs/2003 corres/08-29-03 Shank 3 Nonstandard Loc

## Form C - 102

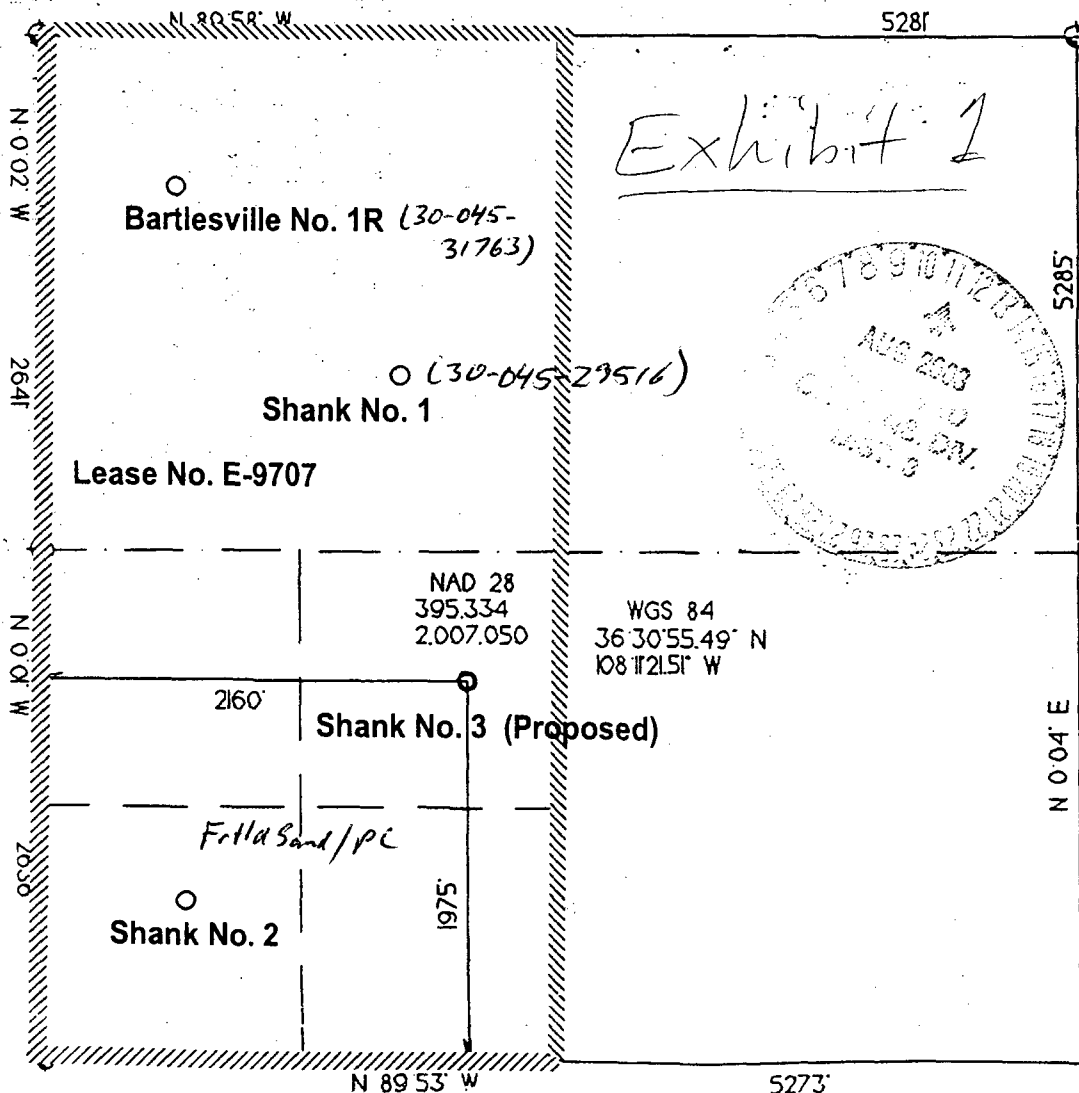
☐ AMENDED REPORT

APA Number 30-045-31831	Pool Code 71629	Pool Name Basin Fruitland
Property Code 22342	Property Name SHANK <i>COM</i>	Well Number 3
OGRD No. 014634	Operator Name MERRION OIL & GAS	Elevation 6042'

Surface Location									
UL or Lot	Sec.	Twp.	Rge.	Lot km.	Feet from >	North/South	Feet from >	East/West	County
K	2	26 N.	13 W.	nesw	1975'	SOUTH	2160'	WEST	SAN JUAN

UL or Lot	Sec.	Twp.	Rge.	Lot km.	Feet from >	North/South	Feet from >	East/West	County
Dedication <del>2205</del>	Joint ?	Consolidation			Order No.				

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



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

Signature \_\_\_\_\_

Printed Name Connie S. Dinning

Title.	Production Engineer
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Date August 7, 2003

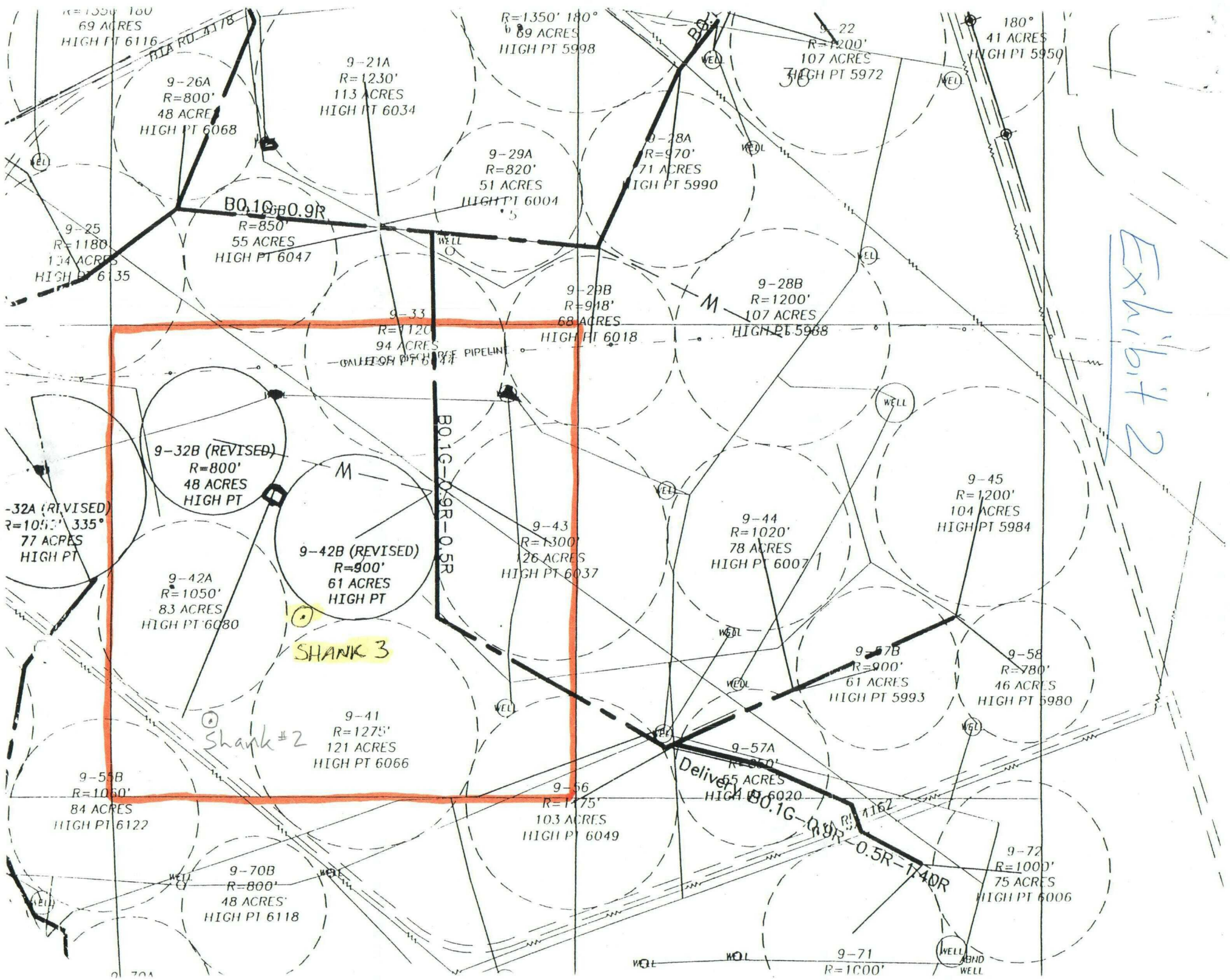
I hereby certify that the well location on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of Survey

Signature of Registered Professional Surveyor

6844

REGISTERED LAND SURVEYOR



**EXHIBIT 3**

**Offset Operator List  
Application for Nonstandard Location  
Shank Com #3**

**Coleman Oil & Gas  
PO Drawer 3337  
Farmington, NM 87499**

**Note: Objections to this application must be sent to the NMOCD within 20 days of receipt of this application.**

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 &amp; Natural Resources Department

OIL CONSERVATION DIVISION

2040 South Pacheco

Santa Fe, NM 87505

Form C-101

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 6 Copies

Fee Lease - 5 Copies

AMENDED REPORT

## APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

<sup>1</sup> Operator Name and Address. <b>Merrion Oil &amp; Gas Corporation</b> 610 Reilly Avenue Farmington, New Mexico 87401		<sup>2</sup> OGRID Number 014634
		<sup>3</sup> API Number 30-045-31831
<sup>4</sup> Property Code 22342	<sup>5</sup> Property Name <b>Shank Com</b>	<sup>6</sup> Well No. 3

<sup>7</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	2	26N	13W	nesw	1975'	South	2160'	West	San Juan

<sup>8</sup> Proposed 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

<sup>9</sup> Proposed Pool 1

Basin Fruitland

<sup>10</sup> Proposed Pool 2

<sup>11</sup> Work Type Code N	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary Rotary	<sup>14</sup> Lease Type Code S	<sup>15</sup> Ground Level Elevation 6042'
<sup>16</sup> Multiple No	<sup>17</sup> Proposed Depth 1400' KB	<sup>18</sup> Formation Basin Fruitland Coal	<sup>19</sup> Contractor L&B Speed Drill	<sup>20</sup> Spud Date As Soon As Permitted

<sup>21</sup> Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
8-3/4"	7" J55	20 ppf or greater	~120' KB	~30 sx (35 cuft)	Surface
6-1/4"	4-1/2" J55	10.5 ppf or greater	~1400' KB	~106 sx (171 cuft)	Surface

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Merrion Oil & Gas proposes to drill 8 3/4" hole with native mud to approx. 120' KB and set 7" 20# J55 or greater surface casing, cement to surface with ~30 sx 'B' w/ 2% CaCl<sub>2</sub> (35 ft<sup>3</sup>). Will drill 6 1/4" hole to TD @ approx. 1400' KB with low solids non-dispersed gel mud system. Run open hole surveys. Set 4 1/2", 10.5# J55 or greater production casing, cement with 51 sx 'B' w/ extender (106 ft<sup>3</sup>), tail in with 55 sx (65 ft<sup>3</sup>) Class 'B'. Top of cement should circulate to surface (will adjust volumes based upon caliper log). If cement does not reach surface, a temperature log or cement bond log will be run to determine top of cement.

Will test Fruitland Coal Cliffs through perforated casing. Will fracture stimulate and put on for production test.

Drilling operations below surface casing will be conducted with a Bag type BOP in place, minimum working pressure 1000 psig.

Formation tops: Ojo Alamo - 220', Kirtland - 325', Fruitland - 915', Main Coal - 1205', Pictured Cliffs - 1242'.

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name:

Connie S. Dinning

Title:

Production Engineer

Date:

August 7, 2003

Phone: 505-327-9801

## OIL CONSERVATION DIVISION

Approved by:

Title: DEPUTY OIL &amp; GAS INSPECTOR, DIST. 4B

Approval Date:

AUG 11 2003

Expiration Date:

AUG 11 2004

Conditions of Approval:

Attached ☐