



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

TONEY ANAYA
GOVERNOR

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

April 5, 1984

Merrion Oil & Gas Corp.
P.O. Box 1017
Farmington NM 87499

Re: Jalapeno #1, C-16-25N-8W, FERC Gas Allocation

Dear Greg:

Your recommended allocation of gas to the referenced well is hereby approved as follows:

	Gas
Gallup	16%
Dakota	84%

This allocation is only for FERC purposes and should not be used on form C-115.

If production circumstances change which may require a change in the allocation, contact this office immediately.

Sincerely,

A handwritten signature in cursive script, appearing to read "Frank T. Chavez".

Frank T. Chavez
District Supervisor

FTC/lh

MERRION OIL & GAS CORPORATION

P. O. Box 1017
FARMINGTON, NEW MEXICO 87499

RECEIVED
APR 05 1984
OIL CON. DIV.
DIST. 3

April 3, 1984

New Mexico Oil Conservation Division
Attention: Mr. Frank Chavez, District Supervisor
1000 Rio Brazos Road
Aztec, New Mexico 87410

Re: Request for Allocation Formula for
Dakota Gas from Jalapeno No. 1,
Dufers Point Field

Gentlemen:

The Merrion Oil & Gas Corporation Jalapeno No. 1 well, located 790' fnl and 1650' fwl, Section 16, T25N, R8W, San Juan County, New Mexico, has been completed as a Dufers Point Gallup-Dakota well.

The well is located in an area approved by the NMOCD and FERC for tight gas pricing for the Dakota formation.

Therefore, although Dufers Point Field rules allow commingling of Gallup Greenhorn and Dakota, it is necessary to arrive at an allocation formula for gas in order to properly settle for gas produced.

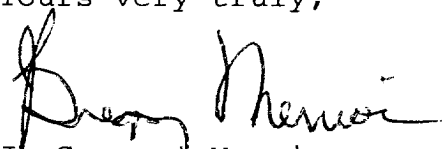
On July 19, 1983, the Gallup portion of this well was isolated with straddle packers and swab tested for eight hours. A stabilized swab rate was 14 BOPH with gas estimated at 5 MCF/D.

On September 9, 1983, the well was potentialized with all zones open to production (Gallup, Dakota). The well pumped 22 BOPD, 0 BWPD, and 31 MCF/D.

Based upon the above data, we request that the NMOCD approve an allocation formula for gas as follows:

Dakota - 84%
Gallup - 16%

Yours very truly,


J. Gregory Merrion
President

JGM/rs