

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III  
1000 Rio Brazos Road, Aztec, NM 87410

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

Form C-136  
Originated 12/23/91

Submit original and 4 copies to the  
appropriate district office.

APPLICATION FOR APPROVAL TO USE AN ALTERNATE GAS MEASUREMENT METHOD  
Rule 403.B(1) or (2)

Operator Name: MERRION OIL & GAS CORPORATION Operator No. 5997  
Operator Address: P. O. Box 840, Farmington, New Mexico 87499  
Lease Name: Jalapeno 1 Type: State X Federal      Fee       
Location: (C) Section 16, T25N, R8W, San Juan, NM API: 30-045-25580  
Pool: Dufers Point Gallup-Dakota  
Requested Effective Time Period: Beginning      Ending     

APPROVAL PROCEDURE: RULE 403.B.(1)

Please attach a separate sheet with the following information.

- 1) A list of the wells (including well name, number, ULSTR location, and API No.) included in this application.
- 2) A one year production history of each well included in this application (showing the annual and daily volumes).
- 3) The established or agreed-upon daily producing rate for each well and the effective time period.
- 4) Designate wells to be equipped with a flow device (required for wells capable of producing 3 MCF per day or more).
- 5) The gas transporter(s) connected to each well.

RECEIVED  
FEB 27 1992

APPROVAL PROCEDURE: RULE 403.B.(2)

Please attach a separate sheet with the following information.

A separate application is required for each Central Point Delivery (CPD).

Working interest, royalty and overriding royalty ownership must be common for all wells to be connected to the subject CPD.

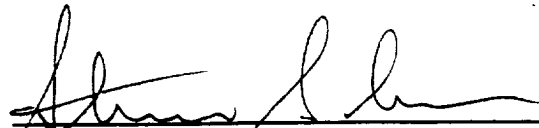
OIL CON. DIV.  
DIST. 3

- 1) An ownership plat showing a description of the lease and all of the wells to be produced through this CPD.
  - a) List the wells which will be metered separately, including API No.
  - b) List the wells which will not be metered separately, including API No.
- 2) Describe the proposed method of allocating production from non-metered wells.
- 3) A one year production history of the wells which will not be metered showing the annual and daily volumes.
- 4) The gas transporter(s) connected to this CPD.

Applicant will be responsible for filing OCD Form C-111 for the CPD.

OPERATOR

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature:   
Printed Name & Title: Steven S. Dunn  
Operations Manager  
2/26/92

OIL CONSERVATION DIVISION

This approval may be cancelled at anytime that operating conditions indicate that re-tests may be necessary to prevent waste and protect correlative rights.

Approved Until: Further notice  
By: Original Signed by FRANK T. CHAVEZ  
Title: SUPERVISOR DISTRICT # 3

DATE: 1-3-92

REV DATE:

ATTACHMENT  
ALTERNATIVE METHOD

## LOW FLOW WELL LISTING

Operator Code 5997  
Operator Name Merion Oil & Gas Corp.

METER NO.	WELL NAME	STATE	AREA LOCATION	TEST PERIOD MCF	TEST PERIOD FLOW HRS	TIME CALC. HOURLY RATE MCF	AGREED VOLUME DAILY RATE MCF	WELL VOLUME CLOSED CONDITIONS
94-492	Annie #1	NM-31	Chaco	1685	3360.1	0.5	12	TC
94-559	Annie #2	NM-31	Chaco	738	2669.9	0.27	6.48	TC
94-563	Glenmorangie #	NM-31	Chaco	1771	4559.9	0.38	9.12	TC
94-813	Mckenzie Federal # GL	NM-31	Chaco	302	777.4	0.38	9.12	TC
94-863	Canyon Largo Unit #325 GL	NM-31	Chaco	1562	2692	0.59	13.92	TC
94-933	Salazar G 27 # 2	NM-31	Chaco	2571	6169.3	0.41	9.84	TC
* 94-934	Pete # 1 R	NM-31	Chaco	208	1788.2	0.11	2.64	* Code 92 AV
95-284	Jalapeno #1 MS GL/DK	NM-31	Chaco	2554	4164.9	0.61	14.64	TC
95-664	Canyon Largo Unit # 356 GL	NM-31	Chaco	891	1850	0.48	11.52	TC
* 95-911	Hickman #7 R	NM-31	Chaco	244	1560	0.15	3.6	* Code 08 AV

AV = Agreed Upon Volume (Daily)

TC = Time Calculated Volume (Hourly)

ACCEPTED BY: