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

October 10, 1984

Mr. Steve Dunn
Merrion Oil & Gas Corp.
P.O. Box 1017
Farmington, NM 87499

Re: Custer Federal #1 M-5-25N-8W

Dear Steve:

Your recommended allocation of gas to the zones of the referenced well for NGPA purposes is hereby approved as follows:

| | |
|---|---|
| Dakota | 99% |
| Gallup | 1% |

If you have any questions, please contact this office.

Sincerely,

Frank T. Chavez
District Supervisor

FTC/dj

xc: Well File

PH. 505-325-5093

MERRION OIL & GAS CORPORATION

P. O. Box 1017
FARMINGTON, NEW MEXICO 87499

September 27, 1984

New Mexico Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico 87410

Attention: Mr. Frank Chavez

Re: Custer Federal No. 1
NM 47168
Sec. 5, T25N, R8W
San Juan Co., New Mexico

Dear Mr. Chavez,

The Merrion Oil & Gas Corporation has completed the Custer Federal No. 1 as a Dufers Point Gallup-Dakota well. This 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 the Gallup, Greenhorn and Dakota, it is necessary to arrive at an allocation formula for gas in order to properly settle for gas produced.

Based on the data attached, we request that the NMOCD approve an allocation formula as follows:

| | |
|---|---|
| Dakota Formation | 98.6% |
| Gallup Formation | 1.4% |

Yours truly,

MERRION OIL & GAS CORPORATION

Steve S. Dunn, Operations Manager

SSD/am

Enc.

MERRION OIL & GAS CORPORATION

Custer Federal No. 1

REQUEST FOR ALLOWABLE OF GAS

| | | | |
|---|---|---|---|
| Dakota Completion: | 97 BOPD | Flowing | 2163 MCF/Day |
| Gallup Completion: | 10 BOPD | Flowing | 30 MCF/Day |

Combined Rate: 2193 MCF/Day

$$\frac{\text{Dakota Production}}{\text{Dakota + Gallup Production}} - \frac{2163 \text{ MCF/Day}}{2193 \text{ MCF/Day}} = 98.6\%$$

$$\frac{\text{Gallup Production}}{\text{Dakota + Gallup Production}} - \frac{30 \text{ MCF/Day}}{2193 \text{ MCF/Day}} = 1.4\%$$

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