



TONEY ANAYA  
GOVERNOR

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

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

December 10, 1984

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

Re: Stephenson #4, O-8-25N-8W✓

Dear Steve:

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

Gallup	11%
Dakota	89%

If you have any questions, please call.

Sincerely,

Frank T. Chavez  
District Supervisor

FTC/lh

## MERRION OIL &amp; GAS CORPORATION

P. O. Box 1017  
FARMINGTON, NEW MEXICO 87499

December 6, 1984

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

Attention: Mr. Frank Chavez

Re: Stephenson No. 4  
650 FSL and 1980' FELL  
Sec. 8, T25N, R8W  
San Juan Co., New Mexico

Dear Mr. Chavez,

The Merrion Oil & Gas Corporation has completed the Stephenson No. 4 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.

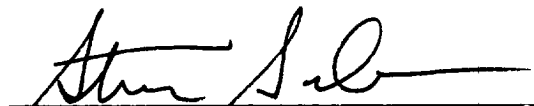
Therefore, although Dufers Point Field Rules allow commingling of the Gallup, Greenhorn and Dakota, it is necessary to arrive at an allocation formula for gas in order to properly settle for gas produced.

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

Dakota Formation	89%
Gallup Formation	11%

Yours truly,

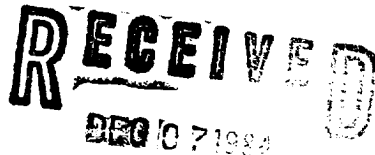
MERRION OIL & GAS CORPORATION



Steve S. Dunn, Operations Manager

SSD/am

Enc.



MERRION OIL & GAS CORPORATION

Stephenson No. 4  
Sec. 8, T25N, R8W  
San Juan Co., New Mexico

Dakota Completion:	321 BOPD	Flowing	550 MCF/Day
Gallup Completion:	92 BOPD	Flowing	70 MCF/Day
Combined Rate:	143 BOPD		620 MCF/Day

<u>Dakota Production</u>	-	<u>550 MCF/Day</u>	=	89%
Dakota + Gallup Production		620 MCF/Day		

<u>Gallup Production</u>	-	<u>70 MCF/Day</u>	=	11%
Dakota + Gallup Production		620 MCF/Day		

**RECEIVED**  
DEC 07 1984