

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

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

DISTRICT III
1000 Rio Brimos Road, Aztec, NM 87410

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-136
Originated 12/23/91

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

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: Hickman 7R Type: State SF-080384B Federal X Fee
Location: (A) Section 3, T26N, R12W, San Juan, NM API: 30-045-25646
Pool: Basin Fruitland
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 more than 1000 bbls per day or more).
- 5) The gas transporter(s) connected to each well.

RECEIVED
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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:

Steven S. Dunn

Printed Name & Title: 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 Merrion 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 |
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TC = Time Calculated Volume (Hourly)

AV = Agreed Upon Volume (Daily)

ACCEPTED BY: _____