

7632

DOCKET MAILED

Date 7/26/82

CASE NO.

7631

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
4 August 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Merrion Oil & Gas
Corporation for a non-standard pro-
ration unit, Rio Arriba County, New
New Mexico.

CASES
7631
and
7632

&
Application of Aztec Energy Corpora-
tion for a non-standard proration unit,
Rio Arriba County, New Mexico.

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal-Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Thomas C. H. Mills, Esq., for
William F. Carr, Esq.
CAMPBELL, BYRD, & BLACK P. A.
Jefferson Place
Santa Fe, New Mexico 87501

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I N D E X

J. GREGORY MERRION

Direct Examination by Mr. Carr 3

Cross Examination by Mr. Stamets 9

E X H I B I T S

Applicant Exhibit One, Plat 6

1
2 MR. STAMETS: We'll call next Case 7631.

3 MR. MILLS: Application of Merrion Oil
4 and Gas Corporation for a non-standard proration unit, Rio
5 Arriba County, New Mexico.

6 MR. CARR: May it please the Examiner, my
7 name is William F. Carr, with the law firm Campbell, Byrd,
8 and Black, P. A., of Santa Fe, appearing on behalf of the
9 applicant.

10 I would ask at this time that the Examiner
11 also call Case 7632, which involves another non-standard pro-
12 ration unit that adjoins the proration unit in the case pre-
13 viously called. The testimony in both cases will be identi-
14 cal.

15 MR. STAMETS: If there is no objection,
16 we will call Case 7632 and consolidate these cases for pur-
17 poses of testimony.

18 MR. MILLS: Case 7632 is application of
19 Aztec Energy Corporation for a non-standard proration unit,
20 Rio Arriba County, New Mexico.

21 MR. CARR: We will offer one exhibit.
22 That will be the only exhibit offered in both cases.

23 And I have one witness who needs to be
24 sworn.
25

(Witness sworn.)

J. GREGORY MERRION

being called as a witness and being duly sworn upon his oath,
testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your name and place of
residence?

A J. Gregory Merrion, Farmington, New
Mexico.

Q Mr. Merrion, by whom are you employed and
in what capacity?

A Merrion Oil and Gas Corporation as Pres-
ident.

Q Have you previously testified before
this Commission or one of its examiners and had your creden-
tials accepted and made a matter of record?

A I have.

Q And at that time how were you qualified?

A As a petroleum engineer.

Q Are you familiar with the applications
filed by Merrion Oil and Gas Corporation and Aztec Energy

1
2 Corporation for non-standard proration units in Cases 7631
3 and 7632?

4 A Yes, I am.

5 Q Are you familiar with the subject area?

6 A Yes, I am.

7 MR. CARR: Are the witness' qualifications
8 acceptable?

9 MR. STAMETS: Mr. Merrion, in this case
10 are you appearing as a consultant or representative of Aztec
11 Energy Corporation?

12 A Aztec Energy is represented here by Mr.
13 Wayne Townsend. I am not employed by Aztec Energy, but it is
14 a joint problem and therefor, I'm presenting it for both of
15 us.

16 MR. STAMETS: So you're representing them
17 here in a petroleum engineering capacity for free.

18 A Yes, I guess so.

19 MR. STAMETS: I think you could probably
20 do a land office business that way.

21 Yes, the witness is considered qualified.

22 Q Mr. Merrion, will you briefly state what
23 Merrion Oil and Gas Corporation and Aztec Energy Corporation
24 seek in this consolidated case?

25 A We seek non-standard proration units

1 crossing section lines. The subject area has recently been
2 approved for 160-acre oil and gas spacing and there are existing
3 two wells which we would like to have L-shaped proration units
4 for, and these will be complimentary and create no other prob-
5 lems.
6

7 Q Will you please refer to what has been
8 marked as Merrion Exhibit Number One and explain what it is
9 and what it shows?

10 A Merrion Exhibit Number One is a township
11 plat of Township 23 North, Range 6 West, showing the existing
12 wells in the Counselor's Gallup field, and the approximate
13 ownership of leases in that area.

14 Also, we have hachured an L-shaped proposed
15 non-standard proration unit for Merrion Oil and Gas Corporation
16 including the north half of the southeast quarter of Section 5,
17 the southwest of the southeast quarter of Section 5, and the
18 northwest of the northeast quarter of Section 8, which would
19 be 160-acre L-shaped unit, comprised of 80 acres of fee land
20 and owned by Merrion Oil and Gas Corporation; 80 acres of
21 Federal land, which has been earned by Aztec Energy Corporation,
22 and this would be dedicated as a proration unit under the Rita
23 No. 2 Well, which has been drilled by Merrion Oil and Gas Cor-
24 poration.

25 The complimentary proration unit would be

1
2 the other hachured L-shaped unit, comprised of the southeast
3 of the southeast of Section 5, the northeast and south half
4 of the northeast quarter of Section 8, which is all one Fed-
5 eral lease, which Axtec Energy has earned from Gulf Oil Cor-
6 poration by the drilling of the Dever No. 1 Well.

7 Q Mr, Merrion, what was the order number
8 approving the 160-acre oil and gas spacing in this area?

9 A Order No. R-7034.

10 Q And when was that order entered?

11 A July 28th, 1982.

12 Q What is the status of each of the wells
13 on the subject non-standard spacing units?

14 A They are -- have been completed and pro-
15 duced and are either producing intermittently or shut in
16 waiting on a gas market.

17 Q Are they drilled at approved or standard
18 locations?

19 A The Order R-7034 gave blanket approval
20 to existing wells that had been drilled prior to the order;
21 therefor, they would be standard or approved locations.

22 Q What problems would result if standard
23 160-acre spacing units were dedicated to each of these sub-
24 ject wells?

25 A It would involve an additional communiti-

1
2 zation agreement. Under the proposed non-standard units we
3 will not need a communitization agreement covering the L-
4 shaped unit under the Dever No. 1. There will be a communiti-
5 zation agreement required for the 80 acres of fee and 80 acres
6 of Federal land under the Rita No. 2.

7 It will also -- in other words, there has
8 been prior production from the Dever No. 1 and the Rita No. 2.
9 The Dever No. 1 has some mechanical problems which will make
10 it difficult for Aztec Energy and Merrion Oil and Gas to get
11 together on sharing the well. This, perhaps, is the most
12 important reason for the non-standard proration unit.

13 Q Will approval of these applications re-
14 quire other wells to subsequently have to be developed on
15 non-standard spacing or proration units?

16 A These two non-standard units are compli-
17 mentary and will use up the two standard units which might
18 otherwise be used and therefor will cause no downhole theft
19 or require or cause any other problems.

20 Q In your opinion will granting these ap-
21 plications be in the best interest of conservation, the pre-
22 vention of waste, and the protection of correlative rights?

23 A It will.

24 Q Was Exhibit One prepared by you?

25 A It was prepared under my direction.

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Q Can you testify as to its accuracy?

A Yes, I can.

MR. CARR: At this time, Mr. Stamets, we would offer Applicant's Exhibit Number One.

MR. STAMETS: Exhibit One will be admitted.

MR. CARR: I have nothing further on direct.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Merrion, my recaller isn't too good today, apparently, but I seem to remember that this order that you spoke of, 7034, was effective August 1.

A The effective date of R-7034 is August 1st.

Q All right. Now, is it important when the effective date of any order approving these two non-standard units, is that date important? Should that also be August 1 or can that be any date that such order might be issued?

A I'll refer that to my lawyer.

MR. CARR: It would be safer for it to be effective August 1.

MR. STAMETS: So that's what you seek.

MR. CARR: Yes, sir. I think we could work

1
2 it out if it were another date but it would be simpler to
3 do it that way.

4 MR. STAMETS: Okay.

5 Any other questions of the witness?

6 He may be excused.

7 Anything further in this case?

8 MR. CARR: Nothing further.

9 MR. STAMETS: The case will be taken under
10 advisement.

11
12 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 17631 heard by me on 8-4 1982
Richard P. Stamm Examiner
 Oil Conservation Division

SALLY W. BOYD, C.S.R.
 Box 193-B
 Santa Fe, New Mexico 87501
 Phone (505) 455-7409



BRUCE KING
GOVERNOR
LARRY KENNE
COMMISSIONER

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

August 11, 1982

POST OFFICE BOX 8088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-3404

Mr. William F. Carr
Campbell, Byrd & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 7631
ORDER NO. R-7054

Applicant:

Merrion Oil & Gas Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Yours very truly,


JOE D. RANEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD x

Other _____

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7631
Order No. R-7054

APPLICATION OF MERRION OIL & GAS
CORPORATION FOR A NON-STANDARD PRORATION
UNIT, RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 4, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 10th day of August, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Merrion Oil & Gas Corporation, seeks approval of a 160-acre non-standard proration unit comprising the N/2 SE/4 and SW/4 SE/4 of Section 5, and the NW/4 NE/4 of Section 8, Township 23 North, Range 6 West, NMPM, to be dedicated to its Rita Well No. 2 located in Unit O of said Section 5.

(3) That the entire non-standard proration unit may reasonably be presumed productive from the Counselors-Gallup Oil Pool and that the entire non-standard proration unit can be efficiently and economically drained and developed by the aforesaid well.

(4) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil and gas in the Counselors-Gallup Oil Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

-2-

Case No. 7631

Order No. R-7054

IT IS THEREFORE ORDERED:

(1) That Merrion Oil and Gas Corporation is hereby authorized a 160-acre non-standard proration unit in the Counselors-Gallup Oil Pool comprising the N/2 SE/4 and SW/4 SE/4 of Section 5, and the NW/4 NE/4 of Section 8, Township 23 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, to be dedicated to its Rita Well No. 2 located in Unit O of said Section 5.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

Dockets Nos. 25-82 and 27-82 are tentatively set for August 18 and September 1, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 4, 1982
9 A.M. - MORRIS HALL, OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Matter, Alternate Examiner:

- CASE 7627:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Sandi Production, Inc., United States Fidelity and Guaranty Company and other interested parties to appear and show cause why the El Paso Well No. 1 located in Unit L, Section 26, and the Pound Ranch C Well No. 14 located in Unit C, Section 14, both in Township 28 North, Range 1 East, Rio Arriba County, should should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7628:** Application of Wiser Oil Company for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Penrose-Shelly oil well to be drilled 1345 feet from the South line and 660 feet from the West line of Section 32, Township 21 South, Range 37 East, the NW/4 SW/4 of said Section 32 to be dedicated to the well.
- CASE 7629:** Application of Gulf Oil Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates and Seven Rivers formation in the open hole interval from 3169 feet to 3385 feet in its Arnott-Ramsay (NCT-R) Well No. 5, located in Unit E, Section 16, Township 25 South, Range 37 East, Jalmat Pool.
- CASE 7630:** Application of Ralph Nix for an oil treating plant permit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SW/4 NE/4 of Section 18, Township 19 South, Range 26 East.
- CASE 7631:** Application of Marrion Oil & Gas Corporation for a non-standard proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard proration unit comprising the N/2 SE/4 and SW/4 SE/4 of Section 5 and the NW/4 NE/4 of Section 8, Township 23 North, Range 6 West, Maguezi-Gallup Area.
- CASE 7632:** Application of Astec Energy Corporation for a non-standard proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard proration unit comprising the SE/4 SE/4 of Section 5, and the E/2 NE/4 and SW/4 NE/4 of Section 8, Township 23 North, Range 6 West, Maguezi-Gallup Area.
- CASE 7458:** (Continued from June 23, 1982, Examiner Hearing)
 Application of Marks & Garner Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of salt water into the Rough C formation in the perforated interval from 9596 feet to 9616 feet in its Betenbough Well No. 2, located in Unit H of Section 12, Township 9 South, Range 35 East.
- CASE 7620:** (Continued from July 21, 1982, Examiner Hearing)
 Application of Mesa Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from the surface through the base of the Abo formation underlying the SW/4 of Section 8, Township 5 South, Range 25 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 7633:** Application of T. H. McElvain, Jr. for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the base of the Abo formation underlying the SW/4 of Section 8, Township 5 South, Range 25 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 7634:** In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, and extending certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico.
 (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the West Indian Flats-Atoka Gas Pool. The discovery well is the Perry R. Bays Big Eddy Unit Well No. 79Y located in Unit J of Section 21, Township 21 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 21: E/2

(b) CREATE a new pool in Roosevelt County, New Mexico, classified as an oil pool for San Andres production and designated as the South Bluit-San Andres Pool. The discovery well is the Ike Lovelady, Inc. Lignum Well No. 1 located in Unit A of Section 35, Township 8 South, Range 17 East, NMPM. Said pool would comprise:

TOWNSHIP 8 SOUTH, RANGE 17 EAST, NMPM
Section 35: NE/4

(c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Permian-Pennsylvanian production and designated as the Boyd Permian-Pennsylvanian Gas Pool. The discovery well is Yates Petroleum Corporation Rio Pecos NW Federal Com Well No. 1 located in Unit F of Section 11, Township 19 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 2: S/2
Section 3: E/2
Section 11: W/2

(d) CREATE a new pool in Chavez County, New Mexico, classified as a gas pool for Pre-Permian production and designated as the Four Ranch Pre-Permian Gas Pool. The discovery well is Plains Radio Broadcasting Canal Well No. 1 located in Unit F of Section 7, Township 9 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM
Section 1: E/2
Section 12: E/2
Section 13: All

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM
Section 7: W/2
Section 18: W/2

(e) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Yates and Seven Rivers production and designated as the House Yates-Seven Rivers Gas Pool. The discovery well is the MCF Oil Corporation J. Wright Well No. 1 located in Unit D of Section 5, Township 20 South, Range 39 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 39 EAST, NMPM
Section 31: SE/4
Section 32: SW/4

TOWNSHIP 20 SOUTH, RANGE 39 EAST, NMPM
Section 5: NW/4

(f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Pollock-Wolfcamp Pool. Further, to assign approximately 46,910 barrels of discovery allowable to the discovery well, the Reading and Bates Company Dickinson Cattle Company 33 Well No. 1 located in Unit W of Section 33, Township 14 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 14 SOUTH, RANGE 38 EAST, NMPM
Section 33: SW/4

(g) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the West Red Hills-Wolfcamp Gas Pool. The discovery well is the BTA Oil Producers Mesa 8105 JV-P Well No. 1 located in Unit I of Section 1, Township 26 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 32 EAST, NMPM
Section 1: E/2

(h) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the Townsend-Abo Pool. The discovery well is the Charles B. Gillespie, Jr. Exxon Townsend Well No. 1 located in Unit B of Section 9, Township 16 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 9: NE/4

- (i) ABOLISH the East Tannehill-Cisco Pool in Roosevelt County, New Mexico, as heretofore classified, defined, and described:

TOWNSHIP 6 SOUTH, RANGE 34 EAST, N2PM
Section 8: SE/4

- (j) EXTEND the Blitt-San Andres Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 37 EAST, N2PM
Section 23: E/2

- (k) EXTEND the Caroon-Morrow Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 31 EAST, N2PM
Section 3: E/2

- (l) EXTEND the Crow Flats-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, N2PM
Section 31: W/2

- (m) EXTEND the Empire-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, N2PM
Section 3: E/2

- (n) EXTEND the High Lonesome-Queen Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, N2PM
Section 19: SE/4 NE/4

- (o) EXTEND the North Loving-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, N2PM
Section 7: W/2
Section 18: All
Section 19: W/2
Section 30: W/2

- (p) EXTEND the West Madine-Blinsbry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, N2PM
Section 5: NW/4
Section 8: SE/4

- (q) EXTEND the Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 24 EAST, N2PM
Section 26: W/2

TOWNSHIP 5 SOUTH, RANGE 24 EAST, N2PM
Section 3: E/2

TOWNSHIP 6 SOUTH, RANGE 24 EAST, N2PM
Section 13: All
Section 16: All
Section 17: All
Section 18: E/2

TOWNSHIP 7 SOUTH, RANGE 26 EAST, N2PM
Section 27: All
Section 33: All
Section 34: All

TOWNSHIP 8 SOUTH, RANGE 25 EAST, N2PM
Section 13: E/2

TOWNSHIP 8 SOUTH, RANGE 26 EAST, N2PM
Section 3: All
Section 4: All
Section 5: All
Section 6: E/2

(r) EXTEND the South Peterson-Pennsylvanian Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 34 EAST, N2PM
Section 7: N/2
Section 8: N/2

(s) EXTEND the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, N2PM
Section 32: SW/4

(t) EXTEND the Square Lake Grayberg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, N2PM
Section 11: S/2

(u) EXTEND the Tomahawk-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, N2PM
Section 36: NE/4

TOWNSHIP 8 SOUTH, RANGE 31 EAST, N2PM
Section 1: W/2

(v) EXTEND the Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, N2PM
Section 3: N/2

(w) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 28 EAST, N2PM
Section 12: SE/4

TOWNSHIP 9 SOUTH, RANGE 29 EAST, N2PM
Section 16: N/2

(x) EXTEND the Willow Lakes-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, N2PM
Section 32: N/2 N/2
Section 33: N/2 NW/4

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
SPADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 986-4421
TELECOPIER: (505) 983-6043

June 28, 1982

Mr. Joe D. Ramey
Division Director
Oil Conservation Division
New Mexico Department of Energy
& Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

HAND DELIVERED

Case 7631

Re: Application of Merrion Oil & Gas Corporation for a
Non-Standard Proration Unit, Rio Arriba County, New
Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Merrion Oil &
Gas Corporation in the above-referenced matter.

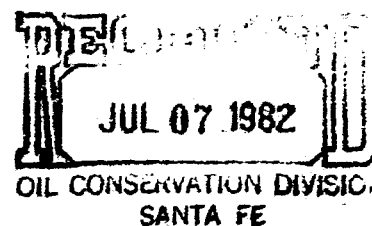
The applicant requests that this matter be included on the
docket for the August 4th examiner hearing.

Very truly yours,

William F. Carr

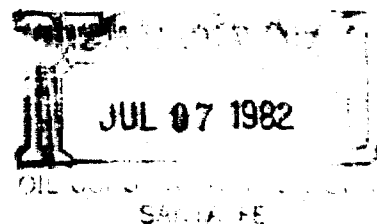
William F. Carr

WFC:jh
w/enc.



BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS



IN THE MATTER OF THE APPLICATION
OF MERRION OIL & GAS CORPORATION
FOR A NON-STANDARD PRORATION
UNIT, RIO ARriba COUNTY, NEW
MEXICO

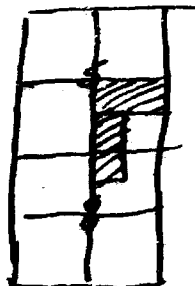
CASE 7631

APPLICATION

Comes now, Merrion Oil & Gas Corporation, by its under-
signed attorneys, and hereby applies to the New Mexico Oil
Conservation Division for approval of a non-standard proration
unit in the Gallup Formation, Rio Arriba County, New Mexico and
in support of its application states:

1. Applicant is the operator of its Rita #2 Well
located in Unit 0 of Township 23 North, Range 6
West, N.M.P.M., Rio Arriba County, New Mexico.
2. Applicant seeks the establishment of a non-
standard 160-acre proration unit for the Rita #2
Well to be comprised of the N/2 SE/4 and SW/4 SE/4
of Section 5 and NW/4 in the Gallup NE/4 of Section 8,
Township 23 North, Range 6 West, N.M.P.M.
3. Granting the application and the drilling of the
proposed wells will be in the best interest of
conservation, the prevention of waste and the protection
of correlative rights.

WHEREFORE, Applicant respectfully requests that this matter
be set for hearing before one of the Division's duly appointed
examiners on August 4, 1982 and, that after notice of hearing as
required by law, the Division enter its order approving the appli-
cation.



Respectfully submitted,

CAMPBELL, BYRD & BLACK, P.A.

By 

William F. Carr

Post Office Box 2206

Santa Fe, New Mexico 87501

Attorneys for Applicant

BASE

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

[Handwritten signature]

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

[Handwritten signature]

m.s.

CASE NO. 7631

Order No. R-7054

APPLICATION OF MERRION OIL & GAS
CORPORATION FOR A NON-STANDARD PRORATION
UNIT, RIO ARriba COUNTY, NEW MEXICO.

[Handwritten signature]

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 4, 1982,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of August, 1982, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Merrion Oil & Gas Corporation, seeks approval of a 160-acre non-standard ~~gas~~ proration unit comprising the N/2 SE/4 and SW/4 SE/4 of Section 5, and the NW/4 NE/4 of Section 8, Township 23 North, Range 6 West, NMPM, to be dedicated to its B. Va Well No 2, located in Unit 0 of said Section 8. 5.

(3) That the entire non-standard proration unit may reasonably be presumed productive ~~of gas~~ ^{from the ~~Nageezi~~ ~~Councils~~ Gallup} ~~Oil~~ Pool and that the entire non-standard ~~gas~~ proration unit can be efficiently and economically drained and developed by the aforesaid well.

(4) That approval of the subject application will afford the applicant the opportunity to produce ^{its} ~~his~~ just and equitable share of the ^{oil and} ~~gas~~ in the ^{Councils} ~~Nageezi~~ Gallup Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

^{Merrion Oil and Gas Corporation is hereby authorized}
(1) That ^{Councils} ~~a~~ 160-acre non-standard ~~gas~~ proration unit in the ^{Oil Pool} ~~Nageezi~~ Gallup Area comprising the N/2 SE/4 and SW/4 SE/4 of Section 5, and the NW/4 NE/4 of Section 8, Township 23 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, ~~is hereby~~ ^{to be} established and dedicated to its

Bitter Well No 2, located in Unit 0
of said Section 8.5

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY,
Director

S E A L