

MERRION OIL & GAS CORPORATION

610 REILLY AVE. • P. O. Box 840
FARMINGTON, NEW MEXICO 87499OIL CONSERVATION DIVISION
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April 18, 1994

State of New Mexico
Energy, Minerals and Natural
Resources Department
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501-2088

Fax 827-5741
Attn: Mike Stogner

10970

Attn: William J. Lemay, Director

Re: Application of Merrion Oil & Gas Corporation
for Downhole Commingling
Carnahan Com No. 1
Section 35, Township 30 North, Range 1 West
San Juan County, New Mexico

Gentlemen:

Please consider this letter the formal application of Merrion Oil & Gas Corporation for an Order of the New Mexico Oil Conservation Division approving the downhole commingling of production from the Fulcher-Kutz Pictured Cliffs Gas Pool and the Basin-Fruitland Coal (Gas) Pool in the wellbore of its Carnahan Com No. 1 Well located in the SE/4SE/4 (Unit P) of Section 35, Township 30 North, Range 12 West, N.M.P.M., San Juan County, New Mexico.

The Carnahan Com No. 1 Well was originally completed in the Dakota Formation and subsequently recompleted in the Mesa Verde formation; however, the well is no longer able to produce from the Mesa Verde formation and has been shut-in for an extended period of time. Merrion Oil & Gas Corporation proposes to plug back the existing wellbore and recomplete uphole in the Pictured Cliffs and Fruitland Coal formations. Based on economic factors, Merrion Oil & Gas Corporation believes Pictured Cliffs and Fruitland Coal production must be commingled in the wellbore.

All offset operators will be notified of this application in accordance with the rules and regulations of the New Mexico Oil Conservation Division, and proof of such notice will be provided for the record at the time of the hearing.

William J. Lemay, Director
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Please place this application on the May 12, 1994 Examiner Hearing Docket.
Please advise should you require any additional information.

Sincerely,

MERRION OIL & GAS CORPORATION



George F. Sharpe
Manager - Oil & Gas Investments

xc: Supervisor, District III Office
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

Bureau of Land Management
Farmington District Office
1235 La Plata Highway
Farmington, New Mexico 87401

Amoco Production Co.
Conoco, Inc.
Meridian Oil, Inc.
Southland Royalties, Inc.
Tommy Roberts