

Correspondence with H. Buchenau

NMOCD Examiner Hearing  
December 16, 1993  
Application of Merrion Oil & Gas  
Case No.: 10888  
Exhibit: 5

## MERRION OIL &amp; GAS CORPORATION

610 REILLY AVE. • P. O. Box 840  
FARMINGTON, NEW MEXICO 87499

July 30, 1993

Harriett M. Buchenau  
P. O. Box 867585  
Plano, Texas 75086-7585

*214-517-4667*  
*Buchenau*  
**Certified Mail**  
**P 081 445 054**

Re: Notification of Conversion to Working Interest  
Offer to Purchase Federal Com #1  
Section 24, T27N, R7W  
San Juan County, New Mexico

*Rio Arriba, NM*

Dear Ms. Buchenau:

Merrion Oil & Gas (Merrion) has purchased the subject well from Mrs. Anne Fields and the Shelby Agency. This letter summarizes our interpretation of your ownership in the well and makes an offer for that interest.

You own an interest in the Federal Com #1 and associated lease which the Shelby Agency has been treating as a 1.875% overriding royalty interest (ORRI). However, in our title search on the well, it appears that the original ORRI (which totaled 7.5%) should have converted to a working interest (WI) when production from the lease dropped to less than 500 MCFD and 15 BOPD (see attached BLM assignment). The enclosed production plot for the well shows that your ORRI should have been a WI at least since 1973, or for the entire period plotted. There are four additional Ripley wells on the lease, which we did not buy, that are producing a combined 60 MCFD, which is still below the production requirement. Therefore, your interest should definately be a working interest.

Although the Shelby Agency did not catch this and thus, treated your interest as an ORRI, Merrion will treat it as a working interest from our effective purchase date forward (July 1, 1993). You will receive a division order to that effect in the near future.

As an alternative to being a working interest owner, Merrion extends to you an offer to purchase your 1.875% working interest for \$2,438, or on the same basis we purchased Shelby. Please let me know if you are interested and I will forward an Assignment and Bill of Sale for your execution.

Page 2  
July 30, 1993

I can fully understand if this appears confusing. Please give me a call and I will try to answer any questions. We hope to work with you to make this transfer as quickly and smoothly as possible.

Sincerely,

MERRION OIL & GAS CORPORATION

  
Crystal Williams  
Landman

Enclosures

xc: PW Long  
GF Sharpe  
TG Merrion

# MERRION

OIL & GAS

November 5, 1993

Ms. Harriet M. Buchenau  
P.O. Box 867585  
Plano, TX 75086-6585

CERTIFIED MAIL  
P 081 445 196

RE: Federal Com #1  
Federal Com #1E  
Section 24, T27N,R7W  
San Juan County, NM

Dear Ms. Buchenau:

On July 30th, Merrion Oil sent an offer to purchase your interest in the above property for \$2438.00. We hereby increase our offer to purchase your interest to \$4,000.00. We feel this is a reasonable offer, but if you find this offer unacceptable, we request that you fully execute and return the enclosed Operating Agreement for the Federal Com #1.

If you have decided to retain your working interest, we invite you to participate in the drilling of the Federal Com. #1E; enclosed please find AFE for the infill well.

If you decide to participate in the proposed well, please execute the enclosed AFE and return it to the above address. If you choose not to participate, you will go nonconsent, per the Operating Agreement and do not need to sign the enclosed AFE.

We would appreciate your response by November 19th on what you decide to do. If you have any questions, please feel free to call me.

Yours Truly,



Crystal Williams  
Landman

xc: TGM, GFS

P 081 445 196



# Receipt for Certified Mail

No Insurance Coverage Provided  
Do not use for International Mail  
(See Reverse)

Sent to: <u>H. Bucheraw</u>	
Street and No.	
P.O., State and ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, June 1991

Is your RETURN ADDRESS completed on the reverse side?

## SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- ☐ Addressee's Address
- ☐ Restricted Delivery  
Consult postmaster for fee.

### 3. Article Addressed to:

Harriet Bucheraw  
PO Box 867500  
Piano, TX 75086-6500

### 4a. Article Number

P081 445 196

### 4b. Service Type

- |   |   |
|---|---|
| <input type="checkbox"/> Registered           | <input type="checkbox"/> Insured                        |
| <input checked="" type="checkbox"/> Certified | <input type="checkbox"/> COD                            |
| <input type="checkbox"/> Express Mail         | <input type="checkbox"/> Return Receipt for Merchandise |

### 7. Date of Delivery

11-15-93

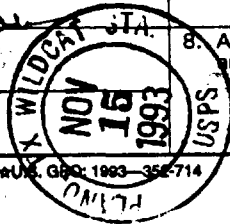
### 5. Signature (Addressee)

Harriet Bucheraw

### 6. Signature (Agent)

[Signature]

### 8. Addressee's Address (Only if requested and fee is paid)



PS Form 3811, December 1991

U.S. GPO: 1993-356-714

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

# M E R R I O N

OIL & GAS

November 24, 1993

Harriet M. Buchenau  
P.O. Box 867585  
Plano, TX 75086-6585

RE: Shelby Federal 1E Working Interest  
Rio Arriba County, NM

Dear Ms. Buchenau:

Pursuant to our conversation, enclosed please find numerous documents from Paul B. Horton to Bert Fields, and a copy of the BLM's decision letter approving the assignment with the production payment.

For additional assistance, you may want to speak with Maelissa Watson, Sarah Mims' attorney. You can reach her at 214-368-1500.

If you have any questions, or require additional information in this regard, please feel free to call me.

Yours Truly,

MERRION OIL & GAS CORPORATION



Crystal Williams  
Landman

Enclosure

# MERRION

OIL & GAS

November 24, 1993

Harriet M. Buchenau  
P.O. Box 867585  
Plano, TX 75086-6585

CERTIFIED MAIL  
P 863 183 078

RE: Force-Pool Hearing  
Shelby Federal 1E Infill  
Rio Arriba County, NM

Dear Ms. Buchenau:

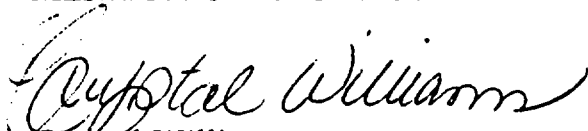
Merrion Oil & Gas Corporation has decided to proceed with force-pool hearings in regards to the above captioned well for uncommitted interests.

We invite you to join in the drilling of the infill well, but if you choose to remain uncommitted, enclosed for your review, is a copy of the letter sent to the NMOCD asking for a hearing dated of December 16, 1993, at which time you will be allowed to state your case, if you choose to, then the OCD will decide what future actions will take place.

If you have any questions, or require additional information in this regard, please feel free to call me.

Yours Truly,

MERRION OIL & GAS CORPORATION

  
Crystal Williams  
Landman

Enclosure

*she rec'd it  
Dec 6  
by phone  
said go ahead +  
force pool.  
she (Mrs. B)*

# MERRION

OIL & GAS

November 23, 1993

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

FAXED & MAILED

RE: Application for Compulsory Pooling  
Merrion Oil & Gas Corporation  
N/2 of Section 24, T27N, R7W, N.M.P.M.  
Rio Arriba County, New Mexico

Gentlemen:

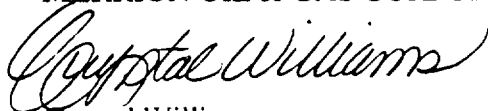
Please consider this letter the formal application of Merrion Oil & Gas Corporation for an order of the New Mexico Oil Conservation Division force-pooling all mineral interests from the surface of the earth to the base of the Dakota formation underlying the N/2 of Section 24, Township 27 North, Range 7 West, N.M.P.M., Rio Arriba County, New Mexico, forming a 352.07 acre gas spacing and proration unit for the Basin Dakota Gas Pool to be dedicated to the Shelby Federal No. 1E Well to be drilled in the Dakota formation at a standard gas well location 880 feet from the north line and 2030 feet from the west line of said Section 24. Merrion Oil & Gas Corporation requests that such order designate Merrion Oil & Gas Corporation as the operator of the proposed drilling operation, and that it provide for the recovery by the joining working interest owners of the costs of drilling, completing, equipping and operating the well, together with a reasonable charge for risk involved in drilling the well. In addition, Merrion Oil & Gas Corporation requests that the order establish a reasonable charge for the supervision of the well during the drilling and production stages.

Please place this application on the December 16, 1993 docket of the New Mexico Oil Conservation Division.

Enclosed are two additional copies of this letter application. Please advise should you require any additional information.

Yours Truly,

MERRION OIL & GAS CORPORATION



Crystal Williams  
Landman

xc: New Mexico Oil Conservation Division  
District III Office  
1000 Rio Brazos Road  
Aztec, NM 87410  
Attn: Mr. Frank Chavez, Supervisor



- SENDER.
- Complete items 1 and/or 2 for additional services.
  - Complete items 3, and 4a & b.
  - Print your name and address on the reverse of this form so that we can return this card to you.
  - Attach this form to the front of the mailpiece, or on the back if space does not permit.
  - Write "Return Receipt Requested" on the mailpiece below the article number.
  - The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

2. Article Addressed to:

Harriet Buchenau  
P.O. Box 867585  
Plano, Tx 75086-6585

4a. Article Number

P863 183 078

4b. Service Type

- ☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Express Mail ☐ Return Receipt for Merchandise

Date of Delivery

12-6-93

5. Signature (Addressee)

*[Signature]*

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)

PS Form 3811, December 1991

★U.S. GPO: 1993-352-714

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

P 863 183 078



## Receipt for Certified Mail

No Insurance Coverage Provided  
Do not use for International Mail  
(See Reverse)

Sent to <i>Buchenau</i>	
Street and No.	
P.O., State and ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, JUNE 1991