

Entered August 3, 1984
JLR

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. 8261
Order No. R-7617

APPLICATION OF MERRION OIL & GAS
CORPORATION FOR RETROACTIVE ALLOWABLE,
RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on July 11, 1984, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 3rd day of August, 1984, 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, is the owner and operator of the East Lindrith Well No. 5, located in Unit L of Section 27, Township 24 North, Range 2 West, NMPM, South Blanco-Pictured Cliffs Pool, Rio Arriba County, New Mexico.

(3) That the applicant seeks the assignment of a retroactive allowable for said well from the date of first production on June 2, 1982, until the date the well received its first regular allowable on July 17, 1983.

(4) That actual drilling operations on said well were completed on May 22, 1980, but due to certain complications delaying final disposition of the hearings involving the compulsory pooling of the lands dedicated to the well, the well was not completed ready for production until December 3, 1981.

(5) That further delay was encountered in obtaining a pipeline connection for said well, and the well was not actually connected to the pipeline until June 2, 1982.

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(6) That the first initial deliverability test on the well was interrupted due to inclement weather, and two additional deliverability tests were scheduled and commenced before a complete and valid test was obtained.

(7) That during the interim period after the well was connected but prior to the time a valid deliverability test was obtained, the well was permitted to produce, being carried in the proration schedule with an "NC" (new connection) status symbol without an allowable assignment and accumulating overproduction.

(8) That the well produced against such "NC" status from June 2, 1982, until July 17, 1983, and accumulated some 25,260 MCF of overproduction during that time plus an additional 2567 MCF while being tested, for a total of 27,827 MCF of overproduction.

(9) That with the exception of the deliverability test, the well has been completely shut in to make up overproduction since June, 1983, (10 months), but as of May 31, 1984, still had 16,049 MCF of overproduction to make up.

(10) That with said volume of overproduction, and based on the average allowable for the last four months for a well of like acreage assignment and deliverability in the South Blanco-Pictured Cliffs Pool, the well could require more than two years of additional shut-in time before being back in balance.

(11) That the required deliverability test has now been taken and received by the Division.

(12) That there appears to be no further need or benefit in requiring said well to remain shut-in.

(13) That retroactive allowable for the period when the well was not in compliance with Division rules should not be made, however, the well's overproduced status should be adjusted to zero as of July 1, 1984.

(14) That the entry of an order with the above status adjustment will not result in waste or violation of correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Merrion Oil and Gas Corporation for assignment of retroactive allowable to its East Lindrith Well No. 5, located in Unit L of Section 27, Township

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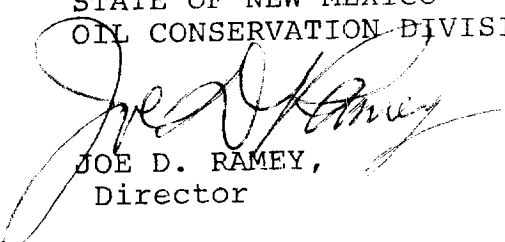
24 North, Range 2 West, NMPM, South Blanco-Pictured Cliffs Pool, Rio Arriba County, New Mexico, is hereby denied.

(2) That the overproduced status of said well is hereby adjusted to zero as of 7:00 o'clock a.m. on July 1, 1984.

(3) 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

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