

Oil Conservation Division
dugan production corp.

'90 SEP 4 AM 9 39

August 28, 1990

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87503-2088

Attn: Mr. William LeMay

RE: Application for Non-Standard Proration Unit
and Unorthodox Location
Western No. 5
660' FNL & 1980' FEL
Section 7-T26N-R11W
San Juan County, NM

Dear Mr. LeMay:

Enclosed is a Waiver of Objection executed by Dugan Production Corp. for a non-standard proration unit and unorthodox location requested by Merrion Oil and Gas which covers the captioned well.

If you have any questions pertaining to the enclosed information, please contact me.

Sincerely,

Richard Corcoran
Land Manager

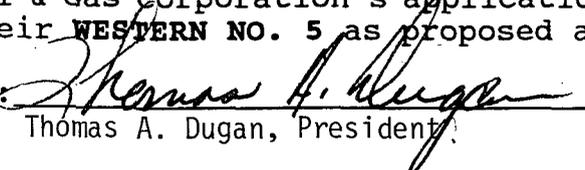
RC/mm

Enclosures

cc: Merrion Oil and Gas

New Mexico Oil Conservation Division
August 22, 1990
Page Two

DUGAN PRODUCTION CORP. hereby waives objection to Merrion Oil & Gas Corporation's application for a non-standard location for their **WESTERN NO. 5** as proposed above.

By: 
Thomas A. Dugan, President

Date: August 28, 1990

CC: Well File
✓ Dugan Production Company
Meridian Oil
J. P. McHugh
Beta Development Company



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

August 30, 1990

Merrion Oil and Gas Corporation
P.O. Box 840
Farmington, NM 87499

Attention: G. F. Sharpe, Reservoir Engineer

RE: Administrative Application for a 160-acre non-standard gas spacing and proration unit, Western Well No. 5, B-7-T26N-R11W, Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico.

Dear Mr. Sharpe:

We are reviewing your application for a 160-acre non-standard proration unit consisting of the NW/4 of said Section 7 for the above-well. Because this office is concerned that the granting of this application may impair correlative rights or result in waste, we cannot grant your application at this time.

In order to resolve those questions, this matter can be set for hearing. In lieu thereof, if you would provide information showing what impact the formation of a standard 320-acre, stand-up, E/2, gas proration unit would have on the equities in the existing well, we could reconsider this preliminary decision. This information which would be necessary to satisfy this request would include:

- (1) ownership in the existing proration unit (royalty, override and working interests);
- (2) ownership in the SE/4 which could be consolidated with the existing proration unit to form a standard 320-acre gas proration unit;
- (3) other wells within the possible standard proration unit; and
- (4) any other information which you believe may be helpful in this evaluation.

Merrion Oil and Gas Corporation

Attn: G. F. Sharpe

August 30, 1990

Page 2

If you provide this information within 15 days, we will re-evaluate the application. If not, we will set it for hearing at the next possible examiner hearing date.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael E. Stogner". The signature is written in black ink and is positioned above the typed name.

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/ag

cc: William J. LeMay
Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington

MERRION OIL & GAS CORPORATION

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

September 5, 1990

'90 SEP 6 AM 8 33

Energy & Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

Attention: Mr. Michael E. Stogner

Re: Western #5 Non-standard Proration Unit
Basin Fruitland Coal Gas Pool
B-7-T26N-R11W
San Juan County, New Mexico

Our previous request for a non-standard proration unit (8-22-90 letter) was denied in your 8-30-90 letter, where you requested additional information. After review of the situation, we no longer feel a non-standard 160 acre location is needed, and request approval for a standard 320 acre proration unit in the E/2 of the section.

We had initially thought that both the NW/4 and SE/4 of the section had non-standard 160 acre proration units. Therefore, the only possible way to share in the coal production in the NE/4 was to form another 160 acre proration unit for the Basin Fruitland Coal. We now understand that the NW/4 and SW/4 both have 160 acre proration units, but the entire east half has no proration unit. We therefore rescind our request for a non-standard unit.

Attached for your review is a revised plat showing the 320 acre proration unit. We still need your approval for the non-standard location as outlined in our 8-22-90 letter.

Sincerely,

MERRION OIL & GAS CORPORATION

George F. Sharpe
Reservoir Engineer

GFS/l1s

cc: NMOCD, Aztec
Dugan Production Co.
Meridian Oil
J. P. McHugh
Beta Development Company
Well File

Submit to Appropriate District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

OIL CONSERVATION DIVISION

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

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

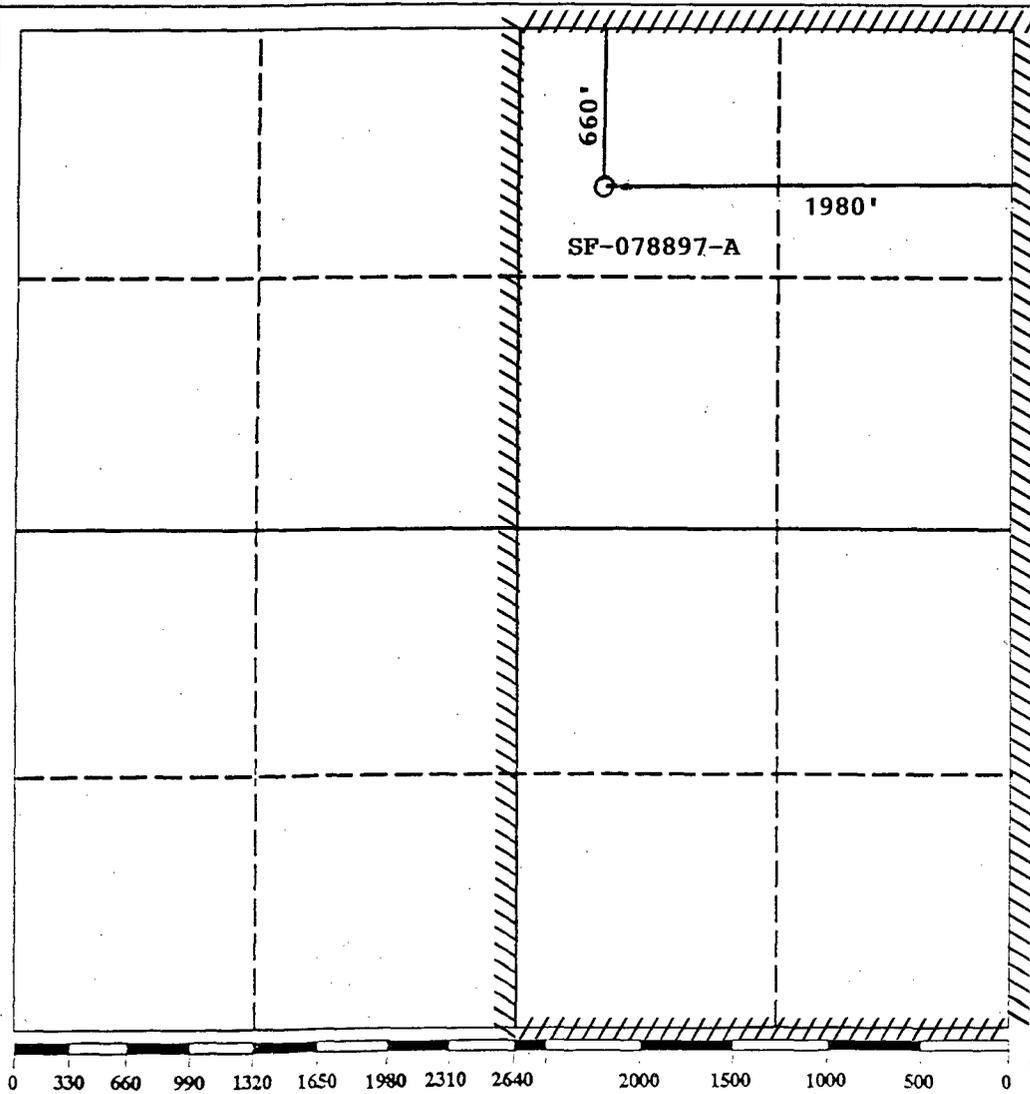
Operator Merrion Oil & Gas Corporation			Lease Western		Well No. 5
Unit Letter B	Section 7	Township 26N	Range 11W	County San Juan	
Actual Footage Location of Well: 660' feet from the North line and 1980' feet from the East line					
Ground level Elev. 6098'	Producing Formation Fruitland Coal		Pool Basin Fruitland		Dedicated Acreage: 320 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *George F. Sharpe*

Printed Name: **George F. Sharpe**

Position: **Reservoir Engineer**

Company: **Merrion Oil & Gas Corp.**

Date: **September 5, 1990**

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: _____

Signature & Seal of Professional Surveyor: _____

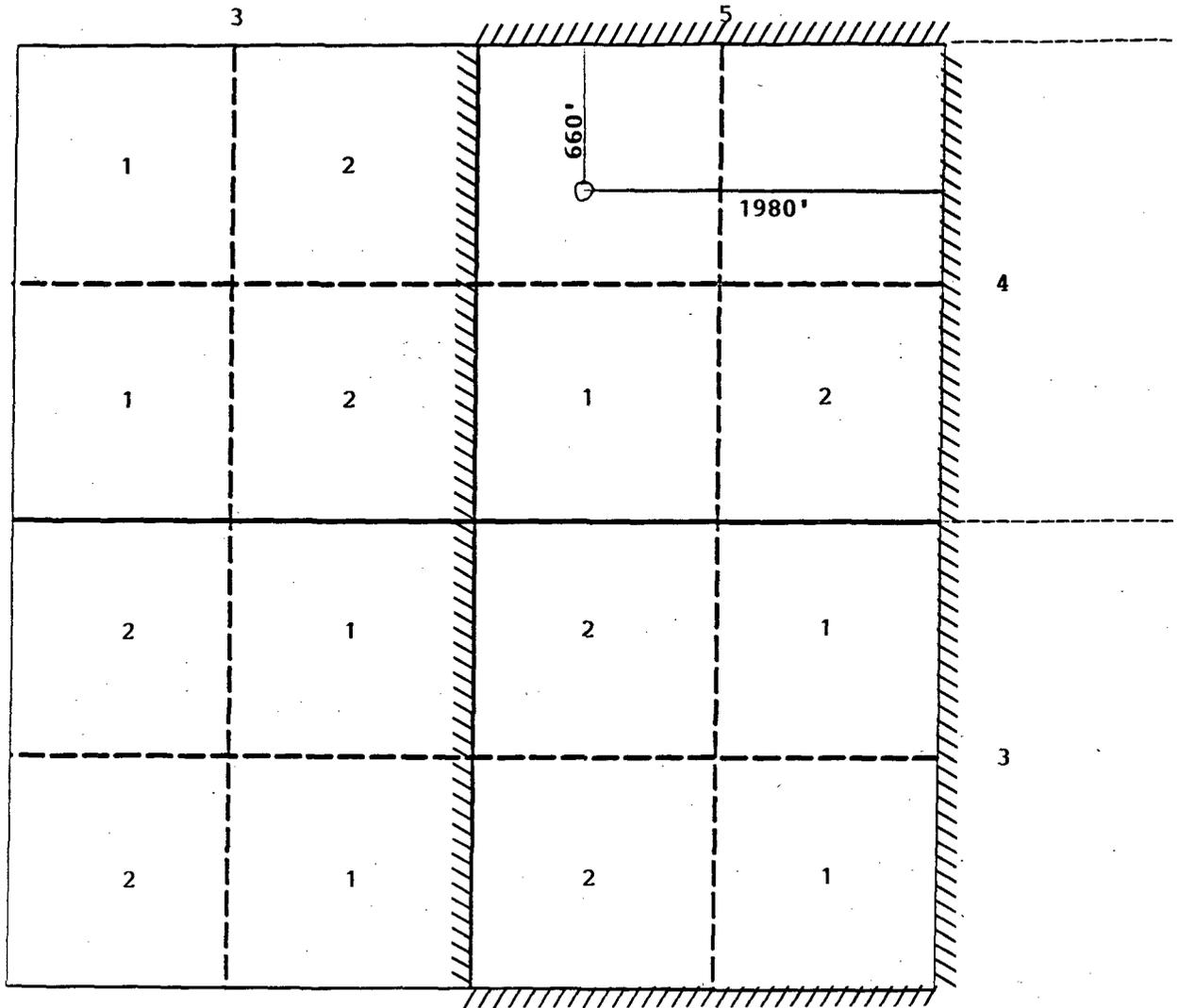
Certificate No.: _____

MERRION OIL & GAS CORPORATION

WESTERN NO. 5

660' FNL & 1980' FEL
Section 7, T26N, R11W
San Juan County, New Mexico

APPLICATION FOR NON-STANDARD PRORATION UNIT



Remarks: 1) Merrion Oil & Gas Corporation, P.O. Box 840, Farmington, NM 87499

2) Dugan Production Company, P.O. Box 420, Farmington, NM 87499

3) Meridian Oil Company, P.O. Box 4289, Farmington, NM 87499

4) Jerome P. McHugh & Associates, P.O. 809, Farmington, NM 87499

5) Beta Development Company, P.O. Box 1659, Midland, Texas 79701

6)

MERIDIAN OIL

OIL CONSERVATION DIVISION
RECEIVED

'90 SEP 6 AM 8 28

September 4, 1990

New Mexico Oil Conservation Division
Attn: Mr. William LeMay
PO Box 2088
Santa Fe, New Mexico 87503

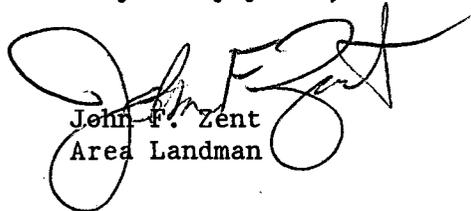
RE: Waiver of Unorthodox Location
Western No. 5
Section 7, T-26-N, R-11-W
San Juan County, New Mexico

Gentlemen:

Enclosed, please find a Waiver of Unorthodox Location for the referenced well. This waiver has been executed on behalf of Meridian Oil Inc.

If further information is needed, please advise.

Very truly yours,



John F. Zent
Area Landman

JFZ:ch
Enclosure
File: Western #5
cc: Merrion Oil & Gas

MERRION OIL & GAS CORPORATION

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

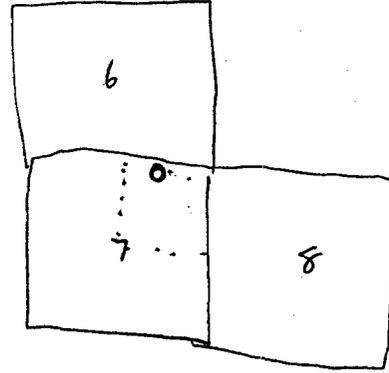
CERTIFIED MAIL

August 22, 1990

Mr. William LeMay
 New Mexico Oil Conservation Division
 P. O. Box 2088
 Santa Fe, New Mexico 87503

RE: Western No. 5
 660' FNL & 1980' FEL
 Section 7, T26N, R11W
 San Juan County, New Mexico

NSL
 NS PU



Dear Mr. LeMay:

This is a request for administrative approval for a non-standard gas well location and non-standard 160 acre proration unit in the Basin Fruitland Pool.

Merrion Oil & Gas intends to plugback and recomplete the Western #5 well from the Gallegos Gallup pool to the Basin Fruitland Coal Pool. Because other wells in the same section have 160 acre proration units in the Basin Fruitland Coal, this well also requires a non-standard 160 acre proration unit. In addition, because the well is closer than 790 feet to the proration unit boundary, it is in a non-standard location. To comply with the New Mexico Oil Conservation Division rules, Merrion is submitting the following for your approval of this non-standard location and proration unit:

1. C-102 plat showing location of the well;
2. Plat showing offset owners/operators;
3. Affidavit of notification of offset owners/operators;
4. Copy of Well Completion Log for original completion.

A copy of this application is being submitted to all offset owners/operators by certified mail with a request that they furnish your Santa Fe office with a Waiver of Objection, and return one copy to this office.

Sincerely yours,

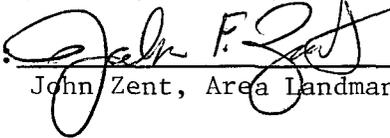
G. F. Sharpe
 G. F. Sharpe
 Reservoir Engineer

GFS/eg



New Mexico Oil Conservation Division
August 22, 1990
Page Two

Meridian Oil Inc. hereby waives objection to Merrion
Oil & Gas Corporation's application for a non-standard location for
their **WESTERN NO. 5** as proposed above.

By: 

John Zent, Area Landman

Date:

September 4, 1990

CC: Well File
Dugan Production Company
~~Meridian Oil~~
J. P. McHugh
Beta Development Company



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

January 10, 1989

Dugan Production Corp.
P.O. Box 5820
Farmington, NM 87499-5820

Attention: Richard Corcoran, Landman

Administrative Order NSP-1552

Dear Mr. Corcoran:

Reference is made to your application of November 18, 1988 for a 158.75-acre non-standard gas proration unit consisting of the following acreage in the Basin Fruitland Coal (Gas) Pool:

SAN JUAN COUNTY, NEW MEXICO
TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM
Section 7: Lots 3 and 4 and the E/2 SW/4

It is my understanding that this unit is to be dedicated to your existing Western Federal Well No. 7 which is presently completed in the South Gallegos Fruitland Pool and is located at a previously authorized unorthodox coal gas well location (pursuant to Decretory Paragraph No. (9) of Division Order No. R-8768), see also Division Administrative Order NSL-866, 650 feet from the South and West lines (Unit M) of said Section 7.

By authority granted me under the provisions of Rule 6 of said Division Order No. R-8768, the above non-standard gas proration unit is hereby approved.

Sincerely,

A handwritten signature in cursive script, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec
NM Oil and Gas Engineering Committee - Hobbs
U.S. Bureau of Land Management - Farmington
Vic Lyon



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

OIL CONSERVATION DIVISION
RECEIVED
1100 NIO INAZOS ROAD
AZTEC, NEW MEXICO 87410
'90 SEP 21 10 10

SARREY CARRUTHERS
GOVERNOR

Date: 9-7-90

Mike Fogner

Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

Re: Proposed MC _____
Proposed DHC _____
Proposed NSL X _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Gentlemen:

I have examined the application dated 9-6-90
for the ~~Herron Oil Corp.~~ Operator ~~Lease & Well No. #5~~
Operator Lease & Well No.

B-7-26M-110 and my recommendations are as follows:
Unit, S-T-R

Appearance

Yours truly,

Eric B...