

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

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

**CASE NO. 12041  
Order No. R-11063**

**APPLICATION OF MERRION OIL & GAS  
CORPORATION FOR COMPULSORY  
POOLING, SAN JUAN COUNTY, NEW  
MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on September 17, 1998, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 30<sup>th</sup> day of September, 1998, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

**FINDS THAT:**

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Merrion Oil & Gas Corporation, seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the NW/4 of Section 14, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico, forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent which presently include but are not necessarily limited to the West Kutz-Pictured Cliffs Gas Pool. This unit is to be dedicated to the applicant's proposed Redfern Com Well No. 3 (API No. 30-045-29610) to be drilled at a standard gas well location within the NW/4 of Section 14.

(3) The applicant has the right to drill and proposes to drill its Redfern Com Well No. 3 at a standard gas well location within the NW/4 of Section 14.

(4) There are interest owners in the proposed proration unit who have not agreed to pool their interests.

(15) If the operator of the pooled unit fails to commence drilling the well to which the unit is dedicated on or before January 1, 1999, or if all the parties to this forced pooling reach voluntary agreement subsequent to entry of this order, this order should become of no further effect whatsoever.

(16) The operator of the well and unit should notify the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

**IT IS THEREFORE ORDERED THAT:**

(1) All mineral interests, whatever they may be, from the surface to the base of the Pictured Cliffs formation underlying the NW/4 of Section 14, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico, are hereby pooled forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent which presently include but are not necessarily limited to the West Kutz-Pictured Cliffs Gas Pool. This unit shall be dedicated to the applicant's Redfern Com Well No. 3 (API No. 30-045-29610) to be drilled at a standard gas well location within the NW/4 of Section 14.

**PROVIDED HOWEVER THAT,** the operator of the unit shall commence drilling the well on or before January 1, 1999, and shall thereafter continue drilling the well with due diligence to a depth sufficient to test the Pictured Cliffs formation.

**PROVIDED FURTHER THAT,** in the event the operator does not commence drilling the well on or before January 1, 1999, Ordering Paragraph (1) shall be of no further effect whatsoever, unless the operator obtains a time extension from the Division Director for good cause shown.

**PROVIDED FURTHER THAT,** should the well not be drilled to completion or abandoned within 120 days after commencement thereof, the operator shall appear before the Division Director and show cause why Ordering Paragraph (1) should not be rescinded.

(2) Merrion Oil & Gas Corporation is hereby designated the operator of the well and unit.

(3) After the effective date of this order and within 90 days prior to commencing the well, the operator shall furnish the Division and each known working interest owner in the unit an itemized schedule of estimated well costs.

(11) Any well costs or charges that are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) All proceeds from production from the well that are not disbursed for any reason shall immediately be placed in escrow in San Juan County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership. The operator shall notify the Division of the name and address of the escrow agent within 30 days from the date of first deposit with the escrow agent.


(13) Should all the parties to this forced pooling order reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

(14) The operator of the well and unit shall notify the Division in writing of the subsequent voluntary agreement of all parties subject to the forced pooling provisions of this order.

(15) Jurisdiction is hereby 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

  
LORI WROTENBERY  
Director



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