

MERRION OIL & GAS CORPORATION

EXHIBIT #5

DATE: 12/4/85

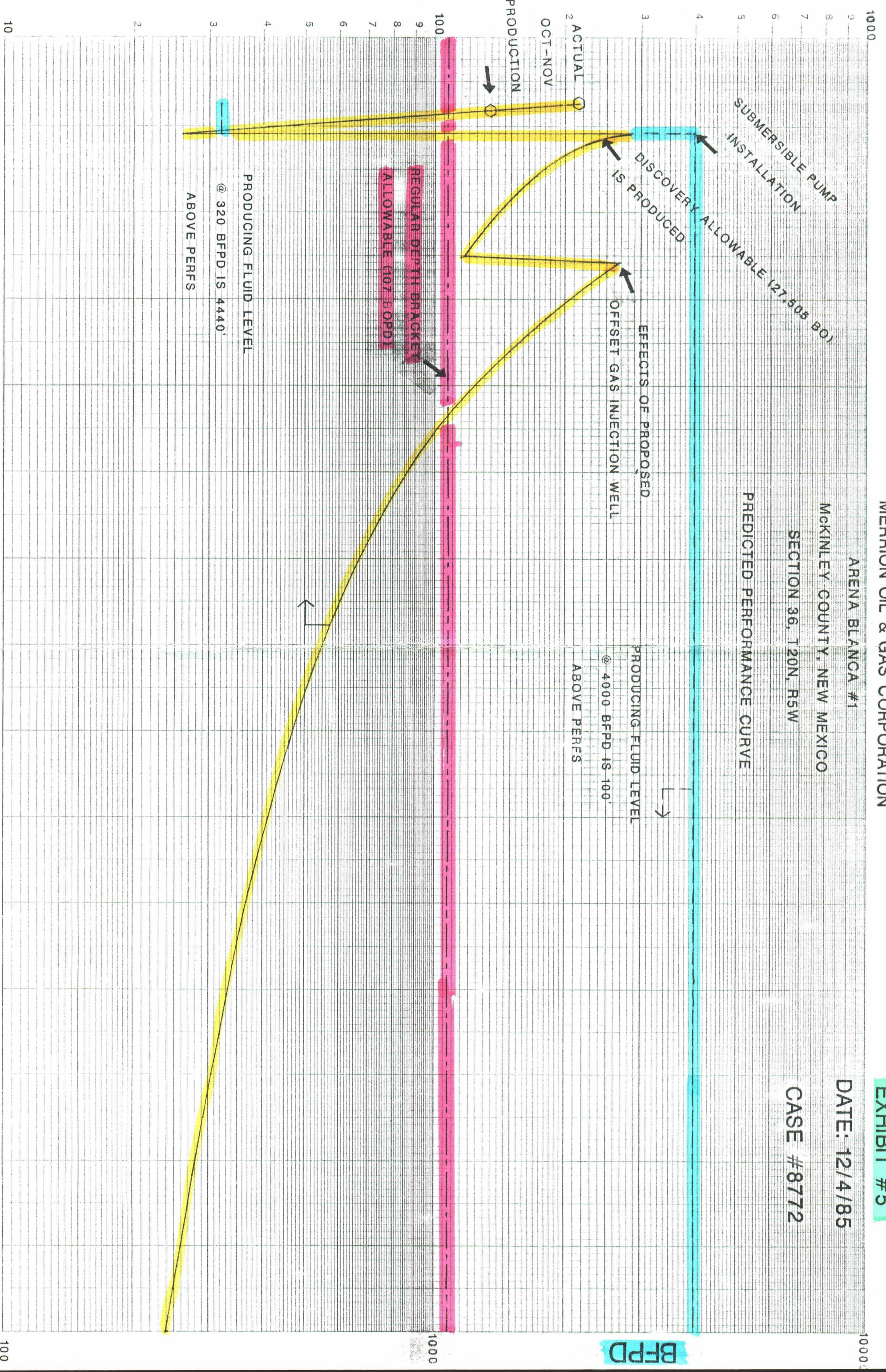
CASE #8772

ARENA BLANCA #1
MCKINLEY COUNTY, NEW MEXICO
SECTION 36, T20N, R5W

BOPD

47 5053

SEMI-LOGARITHMIC 2 CYCLES X 180 DIVISIONS
KERTZ & ELDER CO. MILWAUKEE, WIS.



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. 8772
Order No. R-8120

APPLICATION OF MERRION OIL & GAS
CORPORATION FOR POOL CREATION,
ASSIGNMENT OF DISCOVERY ALLOWABLE,
AND SPECIAL DEPTH BRACKET ALLOWABLE,
MCKINLEY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on December 4, 1985, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of January, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Merrion Oil and Gas Corporation, seeks the creation of a new Entrada oil pool, which would comprise the S/2 NE/4 and the N/2 SE/4 of Section 36, Township 20 North, Range 5 West, NMPM, McKinley County, New Mexico.
- (3) The applicant further seeks assignment of a discovery allowable to its Arena Blanca Well No. 1 located in Unit I of said Section 36.
- (4) Said Arena Blanca Well No. 1 was completed as a discovery well in the Entrada formation on August 27, 1985, in the perforated interval from 5514 feet to 5515.5 feet.
- (5) Under provisions of Division General Rule 509, said Arena Blanca Well No. 1 is entitled to and should be assigned a

discovery allowable equal to 5 barrels for each foot of depth to the uppermost perforation, or 27,505 barrels.

(6) A new pool for said discovery well should be created and designated the Arena Blanca-Entrada Oil Pool, with the vertical limits of the pool comprising the Entrada formation and the horizontal limits comprising the following described area:

TOWNSHIP 20 NORTH, RANGE 5 WEST, NMPM
Section 36: S/2 NE/4 and N/2 SE/4

(7) The applicant further proposed a special depth bracket allowable of 750 barrels of oil per day for the subject pool.

(8) The Eagle Mesa-Entrada Pool located approximately five miles southeast of the proposed pool and the Media-Entrada Pool located approximately 9 miles southeast of the proposed pool operate under special depth bracket allowables of 750 barrels of oil per day.

(9) Evidence presented at the hearing indicates that the reservoir characteristics in the subject pool are very similar to the Eagle Mesa and Media Entrada Pools in this area.

(10) Evidence presented by the applicant indicates that high volume pumping (750 BOPD) of wells in the subject pool should result in the recovery of additional quantities of oil from the reservoir, thereby preventing waste.

(11) Approval of the subject application will serve to prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) A new pool for Entrada oil production is hereby created in McKinley County, New Mexico, to be designated the Arena Blanca-Entrada Oil Pool with vertical limits consisting of the Entrada formation and horizontal limits comprising the following described area:

TOWNSHIP 20 NORTH, RANGE 5 WEST, NMPM
Section 36: S/2 NE/4 and N/2 SE/4

(2) The discovery well for said pool, the Merrion Oil and Gas Corporation Arena Blanca Well No. 1, located in Unit I, Section 36, Township 20 North, Range 5 West, NMPM, McKinley County, New Mexico, is hereby assigned an oil discovery allowable of 27,505 barrels of oil, to be produced within 730

Case No. 8772
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days after the effective date of this order at an approximate rate of 37 barrels per day.

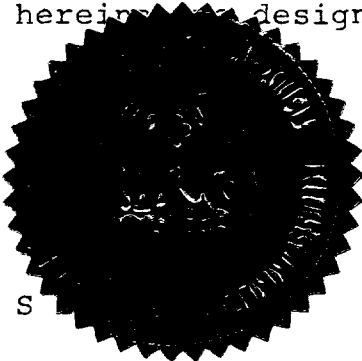
(3) A special depth bracket allowable of 750 barrels of oil per day is hereby established for the Arena Blanca-Entrada Oil Pool, McKinley County, New Mexico.

(4) The Director of the Division may rescind the provision for the special depth bracket allowable if at any time it appears that premature water encroachment or water coning is occurring, or other evidence of reservoir damage is apparent.

(5) The effective date of this order and of the pool creation contained herein shall be January 1, 1986.

(6) 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 hereinafter designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. STAMETS,
Director

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