

FEB 20 1987

El Paso
Natural Gas Company

P.O. BOX 149
EL PASO, TEXAS 79878
PHONE 915-541-6106

JOHN F. NANCE ATTORNEY AT LAW

February 19, 1987

FEDERAL EXPRESS

Tommy Roberts, Esq.
3005 Northridge - Suite G
(P. O. Box 129)
Farmington, New Mexico 87499

Re: Application of Merrion Oil & Gas
Corporation to NMOCC--Case No. 9063

Dear Mr. Roberts:

On January 6, 1987, you sent to the New Mexico Oil Conservation Commission a Request for Order Requiring Production of Documents and for Issuance of Subpoena in the above-described proceeding. The General Counsel of the NMOCC, Mr. Jeff Taylor, had provided a copy of your Request to El Paso in hopes that such information could be provided without the necessity for a subpoena to be issued by the Commission.

As I discussed with you, this letter will provide what El Paso believes to be an appropriate response to your Request. In summary, El Paso's connections to wells in the Gavilan Mancos Oil Pool in Rio Arriba County, New Mexico, fall primarily into one of two categories: (1) wells which are subject to the San Juan Gathering Agreement under which El Paso takes certain gas volumes purchased by Northwest Pipeline and, in exchange, Northwest receives production attributable to certain purchases by El Paso; and (2) wells from which gas is transported by El Paso on behalf of other purchasers. Thus, although El Paso is connected to a number of wells in the pool, the principal pipeline purchaser in the area is Northwest. El Paso does have purchase-contract interests in a portion of the production from one well, which will be identified below.

In response to item 1. a) of the Request, El Paso's contracting activities in the Gavilan Mancos Oil Pool since March 1, 1984, have been confined to execution of four contracts for a total of slightly more than 50% of the production from the Hawk Federal No. 3 well, located in the SW/4, Section 35, T-25-N, R-2-W. Those contracts are more specifically identified as follows:

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OIL CONSERVATION COMMISSION	
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Merrion Oil & Gas Corporation	
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<u>Seller</u>	<u>Contract No.</u>	<u>Date</u>	<u>Percentage Interest</u>
Southland Royalty	5411	3/5/85	32.815%
Kenai Oil & Gas	5459	4/4/85	2.148%
Hooper, Kimball & Williams	5460	4/4/85	8.333%
Reading & Bates	637M	11/1/85	8.333%
		Total	<u>51.629%</u>

The gas purchasing activities of El Paso, in response to item 1. b) of the Request, have been confined to the purchases made under the above-described contracts.

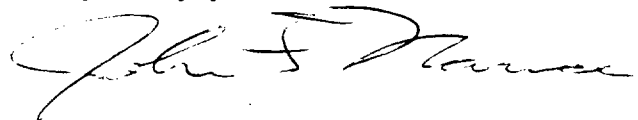
In response to item 1. c) of the Request, a schedule of all Gavilan Mancos wells tied to El Paso's system has been attached as Exhibit "A" to this letter. The wells are divided between those from which production is being purchased by Northwest and those from which production is being transported by El Paso for others. Also noted on the schedule are those wells which have been tied to El Paso's system since March 1, 1984.

The identities of sellers of gas to El Paso, as sought in item 1. d) of the Request, are found in the response to item 1. a), above.

It should be apparent that, in spite of the physical connection of wells in the Gavilan Mancos Oil Pool to El Paso's system, El Paso is not a significant purchaser of production from the pool and cannot reasonably be compelled to purchase production as requested in Merrion's common purchaser enforcement proceeding.

Please let me know if there is any additional information which El Paso might provide or if clarification of this response is necessary. You can reach me at 915/541-6106 with any questions you may have.

Very truly yours,



JFN:jbla/129
Attachment

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cc (w/attach): Messrs. R. O. Baish
D. J. Dwyer
J. F. Eichelmann, Jr.
G. A. Hammons
W. Hampton
W. H. Healy, Jr.
T. S. Jensen
D. M. Kelsey
D. J. MacIver, Jr.
E. R. Manning
E. J. Mitrisin
J. H. Peace
D. A. Ward
M. W. Wiseman

Jeff Taylor, General Counsel
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Exhibit "A"
Gavilan Mancos Well Connections

Gas Transported by El Paso:

<u>Well Name</u>	<u>Meter No.</u>	<u>Location</u>	<u>Distance From Merrion Wells</u>
Lindrith B Unit CPD	03850	Sec. 4-24-2	3.5 miles
* Gavilan Howard CPD	03928	Sec. 23-25-2	5 miles
* Hill Federal No. 1	03940	NW/4-24-25-2	5 miles
* Hill Federal No. 2Y	95958	NE/4-25-25-2	5 miles
* Hill Federal No. 3	03941	NW/4-36-25-2	3.5 miles
* Gavilan No. 2	95663	SE/4-26-25-2	4 miles
Lindrith B Unit No. 34	03849	NE/4-32-25-2	4.5 miles
** Hawk Federal No. 3	95208	SW/4-35-25-2	3 miles

Production Purchased by Northwest Pipeline:

* Wright Way No. 1	94886	NW/4-2-24-2	2.5 miles
Mother Lode No. 1	94897	NE/4-3-24-2	2.5 miles
Janet No. 2	94704	SE/4-21-25-2	5.5 miles
Rucker Lake No. 2	94771	SW/4-24-25-2	5 miles
Rucker Lake No. 3	94747	SW/4-25-25-2	4 miles
Gavilan No. 1	94347	NE/4-26-25-2	4 miles
Gavilan No. 3	94756	NW/4-26-25-2	4 miles
Janet No. 1	94697	NE/4-27-25-2	4.5 miles
* Native Son No. 2	94998	SW/4-27-25-2	4.5 miles
* ET No. 1	94873	NW/4-28-25-2	5 miles
* Full Sale CPD	95225	Sec. 29-25-2	5.5 miles
Native Son No. 1	95219	NE/4-34-25-2	3.5 miles
* Hawk Federal No. 2	95218	NW/4-35-25-2	3.5 miles
Brown CPD	95950	Sec. 17-25-2	6 miles
Loddy CPD	95977	Sec. 20-25-2	6 miles

* Wells connected and first flowed on or after March 1, 1984.

** A portion of production from the Hawk Federal No. 3 is purchased by El Paso, a portion is transported by El Paso, and a portion is purchased by Northwest.