



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

December 10, 1984

Mr. Steve Dunn
Merrion Oil and Gas Corp.
P.O. Box 1017
Farmington, NM 87499

Re: Stephenson #2, I-7-25N-8W ✓

Dear Steve:

Your recommended allocation of gas to the commingled zones of the referenced well for NGPA purposes only is approved as follows:

Gallup	6%
Dakota	94%

If you have any questions, please call.

Sincerely,

A handwritten signature in cursive script, appearing to read "Frank T. Chavez".

Frank T. Chavez
District Supervisor

FTC/lh

MERRION OIL & GAS CORPORATION

P. O. Box 1017
FARMINGTON, NEW MEXICO 87499

December 6, 1984

New Mexico Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico 87410

Attention: Mr. Frank Chavez

Re: Stephenson No. 2
1960' FSL and 650' FEL
Sec. 7, T25N, R8W
San Juan Co., New Mexico

Dear Mr. Chavez,

The Merrion Oil & Gas Corporation has completed the Stephenson No. 2 as a Dufers Point Gallup-Dakota well. This well is located in an area approved by the NMOCD and FERC for tight gas pricing for the Dakota Formation.

Therefore, although Dufers Point Field Rules allow commingling of the Gallup, Greenhorn and Dakota, it is necessary to arrive at an allocation formula for gas in order to properly settle for gas produced.

Based on the data attached, we request that the NMOCD approve an allocation formula as follows:

Dakota Formation	93.75%
Gallup Formation	6.25%

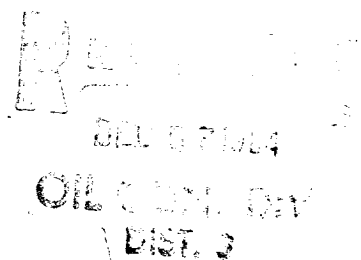
Yours truly,

MERRION OIL & GAS CORPORATION


Steve S. Dunn, Operations Manager

SSD/am

Enc.



MERRION OIL & GAS CORPORATION

Stephenson No. 2
Sec. 7, T25N, R8W
San Juan Co., New Mexico

Dakota Completion: 50 BOPD Flowing 450 MCF/Day

Gallup Completion: 70 BOPD Flowing 30 MCF/Day

Combined Rate: 120 BOPD 480 MCF/Day

<u>Dakota Production</u>	-	<u>450 MCF/Day</u>	=	93.75%
Dakota + Gallup Production		480 MCF/Day		

<u>Gallup Production</u>	-	<u>30 MCF/Day</u>	=	6.25%
Dakota + Gallup Production		480 MCF/Day		

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OIL CON. DIV.
DIST. 3