

CASE 5986: J. GREGORY MERRION FOR
DOWNHOLE COMMINGLING, RIO ARRIBA
COUNTY, NEW MEXICO

Case Number

5986

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
20 July 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of J. Gregory Merrion
for downhole commingling, Rio
Arriba County, New Mexico.

CASE
5986

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: Lynn Teschendorf, Esq.
Lega Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico 87501

For the Applicant: J. Gregory Merrion, Pro se

sid morrish reporting service
General Court Reporting Service
825 Calle Meja, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

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1 MR. STAMETS: We'll call the next case, 5986.

2 MS. TESCHENDORF: Case 5986. Application of J.
3 Gregory Merrion for downhole commingling, Rio Arriba County,
4 New Mexico.

5 MR. MERRION: Mr. Examiner, I'm J. Gregory Merrion,
6 the owner and operator of the well which is the subject of
7 this hearing, and I'm a petroleum engineer and I've previously
8 given my qualifications to the Commission. They're a matter
9 of record.

10 MR. STAMETS: Will you stand and be sworn, please?
11 (Witness sworn.)

12 MR. MERRION: Mr. Examiner, I've prepared four
13 exhibits for presentation in this case. They've been per-
14 sonally prepared by me and I am familiar with the well,
15 planned the workover and supervised the completion thereof.

16 I'd like to present the first exhibit. The ex-
17 hibit which you have before you is a plat of a portion of the
18 Devils Fork Field of Rio Arriba County, New Mexico. The well
19 which is the subject of the hearing is circled. Also, ad-
20 jacent wells producing from the Gallup horizon, the Mesaverde
21 horizon, and commingled wells producing from the two zones
22 are indicated thereon.

23 As you can see, there are four other wells in the
24 immediate area which have been previously approved for com-
25 mingled production from the Gallup and Mesaverde. The Edna

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1 Two is the south offset of one of these wells, the Edna Four.
2 I have no further presentation on this exhibit.

3 If there are any questions on that I'll be happy
4 to answer them.

5 The second exhibit is a diagrammatic sketch of the
6 Edna Number Two well completion. This well was originally --
7 completed in 1961 as a dual completion with a Pictured Cliffs
8 flowing through 2-7/8ths casing, which was set along 4-1/2
9 in the same wellbore. The Gallup was originally completed in
10 the 4-1/2 casing. The recent workover opened up the Mesaverde
11 and we are now commingling the production from the Mesaverde
12 and Gallup perforations in the 4-1/2 casing.

13 The Mesaverde -- the Pictured Cliffs was unaffected
14 by this workover. The Mesaverde was perforated 4602 to 12;
15 4692 to 94; 4700 to 4703; 4777 to 4780; 4798 to 4404; was
16 acidized with a thousand gallons and tested after acidizing
17 which indicated to be small volume gas productive. It was
18 subsequently fraced with 17,000 gallons of jelled oil and
19 11,000 pounds of 40/60 sand. There's no further testing after
20 the fraced treatment.

21 The Gallup horizon, and incidentally, this well
22 had ceased to produce from the Gallup and had not pumped
23 any after the last pump change, so the Gallup seemed to be
24 sick and we cleaned it out and acidized the lower Gallup with
25 500 gallons and swabbed back mud and water with no show of

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1 oil or gas. We subsequently fraced that zone, 7500 gallons
2 of oil and 700 pounds of 40/60 sand. The Upper Gallup 5694
3 to 5706; 5744 to 5768, was swab tested at an estimated rate
4 of 10 Mcf per day, plus 2 barrels of oil per day and was not
5 fraced.

6 I have no further comments on the exhibit. If
7 there are any questions?

8 The exhibit, third exhibit, which you have before
9 you, is a resume of the test data on the subject well, which
10 is somewhat sketchy. The Mesaverde was tested by swab after
11 acidizing and before frac; indicated it to be small volume
12 gas productive; no test after frac. I've estimated the pro-
13 duction moderate volume of gas, approximately 50 Mcf per day
14 after frac. The lower zone of the Gallup was making only
15 mud and acid water after acidizing; was not tested after frac.
16 The upper zone tested approximately 10 Mcf per day and 2
17 barrels of oil after acidizing; was not fraced; the well was
18 commingled and put on production in the middle of June, and
19 on a 49-hour test on July 15th to July 17th, 1977, the well
20 produced at the rate of 12 barrels of oil per day plus 7
21 barrels of water per day, plus 54 Mcf of gas per day, and
22 there were 350 barrels of load oil yet to recover.

23 I have no further comments on that exhibit. If
24 there are any questions?

25 The final exhibit represents a proposed allocation

1 formula assuming that the Commission will approve this com-
2 mingling.

3 Mesaverde is mainly gas productive and in the north
4 offset of the Edna Number Four was gas productive only.

5 The Gallup is mainly oil productive, and therefore
6 we propose an allocation formula identical to the north off-
7 set in Edna Four, which allocates all gas to the Mesaverde
8 and all oil to the Gallup. This is not exactly correct but
9 it is approximately correct and is simple and that way I'll
10 get more money for my gas in the Mesaverde.

11 I have -- oh, there have been, as shown on Exhibit
12 Number One, several commingled wells for the Mesaverde-Gallup
13 in this area and we've had no problems with them, and there-
14 fore, we anticipate no problems here.

15 Mr. Examiner, I would move that Exhibits One
16 through Four be accepted.

17 MR. STAMETS: These exhibits will be admitted.

18
19 QUESTIONS BY MR. STAMETS:

20 ANSWERS BY MR. MERRION:

21 Q Referring back to Exhibit Number Two, the combined
22 Mesaverde-Gallup production, is that being produced through
23 tubing?

24 A Yes, sir, there's 2-3/8ths inch tubing set at
25 about 5900 and very close to bottom, 5912, I think, and it's

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1 rod-pumped.

2 There's also a string of an inch and a quarter
3 tubing in the Pictured Cliffs side. I didn't give all those
4 details.

5 Q You do understand that a separate 104 is required
6 for each zone?

7 A. Yes, sir.

8 MR. STAMETS: Okay. Any other questions of the
9 witness?

10 He may be excused. Anything further in this case?
11 Take the case under advisement.

12 (Hearing concluded.)
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REPORTER'S CERTIFICATE

I, Sally Walton Boyd, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill,
and ability.

Sally Walton Boyd
Sally Walton Boyd, C. S. R.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5986
heard by me on 7-29-1977.
Richard J. Stanb Examiner
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
August 11, 1977

STATE GEOLOGIST
EMERY C. ARNOLD

Mr. J. Gregory Merrion
Petroleum Engineer
P. O. Box 507
Farmington, New Mexico 87401

Re: CASE NO. 5986
ORDER NO. R-5499

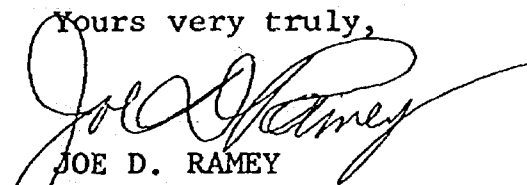
Applicant:

J. Gregory Merrion

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

| | |
|-------------|----------|
| Hobbs OCC | <u>X</u> |
| Artesia OCC | <u>X</u> |
| Aztec OCC | <u>X</u> |

Other _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5986
Order No. R-5499

APPLICATION OF J. GREGORY MERRION
FOR DOWNHOLE COMMINGLING, RIO ARRIBA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 20, 1977,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 9th day of August, 1977, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being
fully advised in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, J. Gregory Merrion, is the owner
and operator of the Edna Well No. 2, located in Unit O of
Section 7, Township 24 North, Range 6 West, NMPM, Rio Arriba
County, New Mexico.

(3) That the applicant seeks authority to commingle
Devils Fork-Gallup and Mesaverde production within the
wellbore of the above-described well.

(4) That from the Devils Fork-Gallup zone, the subject
well is capable of low rates of production only.

(5) That from the Mesaverde zone, the subject well is
capable of low rates of production only.

(6) That the proposed commingling may result in the
recovery of additional hydrocarbons from each of the subject
pools, thereby preventing waste, and will not violate
correlative rights.

-2-
Case No. 5986
Order No. R-5499

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(8) That to afford the Commission the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Aztec district office of the Commission any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 100 percent of the commingled oil production should be allocated to the Devils Fork-Gallup zone, and 100 percent of the commingled gas production to the Mesaverde zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, J. Gregory Merrion, is hereby authorized to commingle Devils Fork-Gallup and Mesaverde production within the wellbore of the Edna Well No. 2, located in Unit 0 of Section 7, Township 24 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

(2) That 100 percent of the commingled oil production shall be allocated to the Devils Fork-Gallup zone and 100 percent of the commingled gas production shall be allocated to the Mesaverde zone.

(3) That the operator of the subject well shall immediately notify the Commission's Aztec district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Commission, a plan for remedial action.

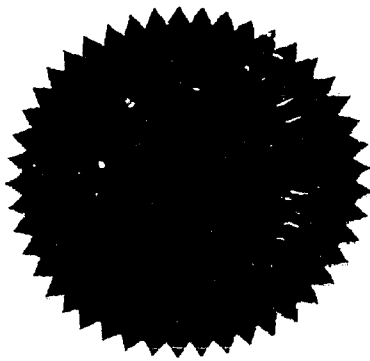
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

-3-

Case No. 5986
Order No. R-5499

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



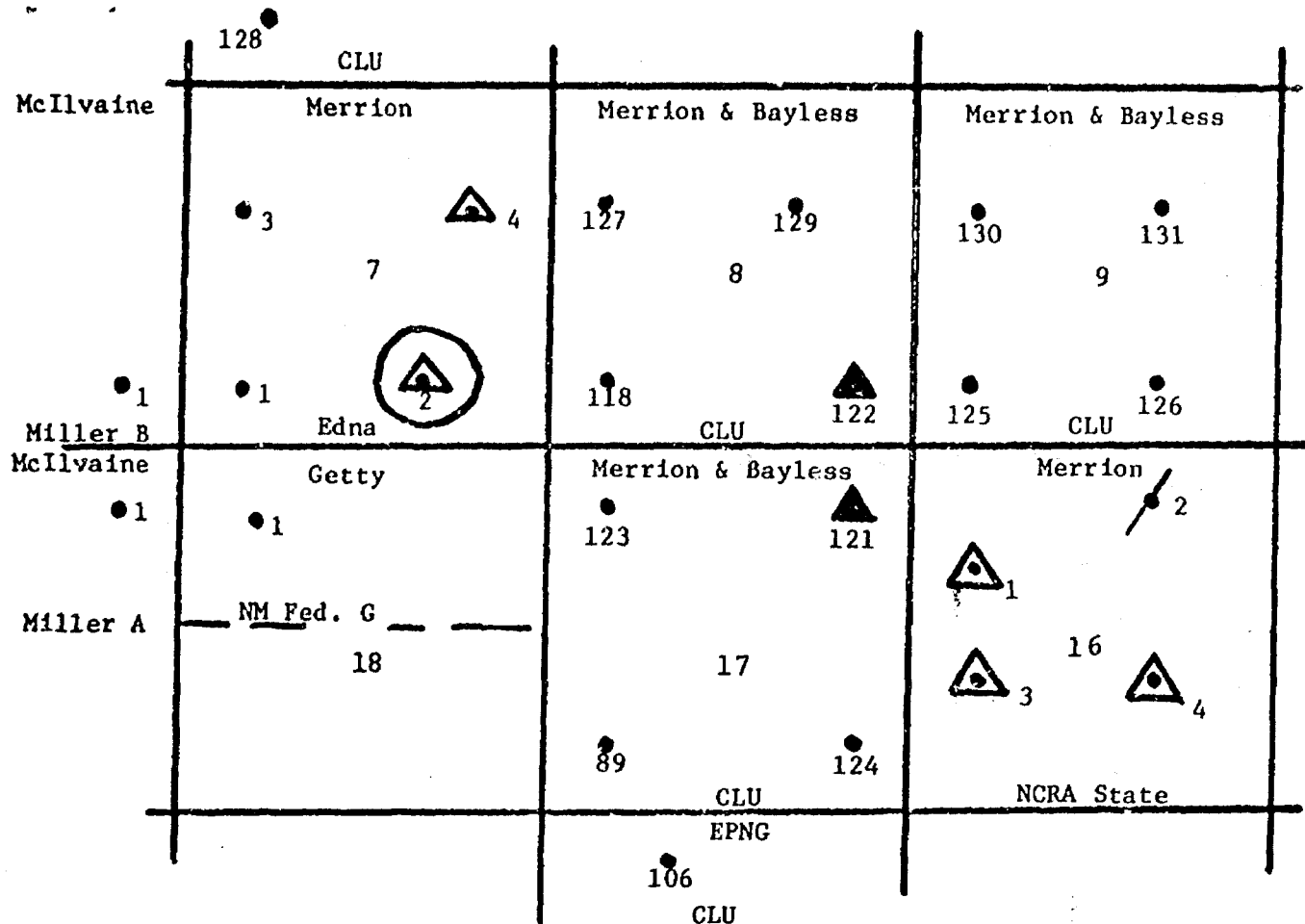
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

JOE D. RAMEY, Member & Secretary

S E A L

dr/



LEGEND

- Gallup Producer
- ▲ Mesa Verde Producer
- △ Comingled Gallup-Mesa Verde
- ⊙ Well which is subject of hearing

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. 1

CASE NO. 5886

Submitted by Applicant

Hearing Date 7-20-77

EXHIBIT NO. 1

Plat of Portion of Devils Fork
Field, Rio Arriba County, N.M.

J. Gregory Merrion Edna #2

Application to Comingle
Devils Fork Gallup and
Devils Fork Mesa Verde

Exhibit No. 2

Diagramatic Sketch of Edna No. 2
Well Completion

July 20, 1977

10-3/4" Csg.
@ 213

Pictured Cliff

Perfs
2374-88
2396-2407
2-7/8" Csg. @
2516

PICTURED CLIFFS - Flowing through 1-1/4" tubing inside
of 2-7/8" casing. Unaffected by workover.

Mesa Verde Perfs

4602-12
4692-94
4700-03
4777-80
4798-4804

MESA VERDE - Acidized with 1000 gallons. Test after
acidizing indicated to be small volume gas
productive. Fracked with 17,000 gallons gelled
oil and 11,000# 40/60 sand.

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. 2

CASE NO. 5-586

Submitted by Applicant

Hearing Date 7-20-77

Gallup Perfs

5694-5706
5744-5768
5872-5887

GALLUP - Acidized 5872-87 with 500 gallons. Swabbed
mud and water. Fracked with 7500 gallons oil and
4700# 40/60 sand.

Acidized 5694-5706 and 5744-5768. Swab tested at
estimated rate of 10 MCF/day plus 2 BOPD.
No frack.

4-1/2" Csg. @
5949

Exhibit No. 3

J. GREGORY MERRION EDNA #2

Application to Comingle

TEST DATA

Mesa Verde. Test by swab after acidizing and before frack indicated small volume gas productive. No test after frack. Estimated production moderate volume of gas approximately 50 MCF/day.

Gallup. Lower zone making only mud and acid water after acidizing. No test after frack. Upper zone tested approximately 10 MCF/day plus 2 BOPD after acidizing. Not fracked.

Comingled. On 49 hour test, July 15 to 17, 1977, well produced at rate of 12 BOPD plus 7 ^WWPD plus 54 MCF/day. (350 BLO to recover.)
BWP

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
EXHIBIT NO. 3
CASE NO. 5986
Submitted by Applicant
Hearing Date 7-20-77

Exhibit No. 4

J. GREGORY MERRION EDNA #2

Application to Comingle

Proposed Allocation Formula

Mesa Verde is mainly gas productive -

Gallup is mainly oil productive.

Therefore, propose allocation formula
identical to Edna #4.

All gas to Mesa Verde.

All oil to Gallup.

| | |
|-----------------------------|------------------|
| BEFORE EXAMINER STAMETS | |
| OIL CONSERVATION COMMISSION | |
| EXHIBIT NO. | <u>4</u> |
| CASE NO. | <u>5986</u> |
| Submitted by | <u>Applicant</u> |
| Hearing Date | <u>11-20-77</u> |

Dockets Nos. 25-77 and 26-77 are tentatively set for hearing on August 3 and August 17, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 20, 1977

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Mutter, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for August, 1977, from fifteen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.

(2) Consideration of the allowable production of gas for August, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5982: Application of Sam H. Snoddy for directional drilling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of two 14,000-foot Morrow gas wells in Unit P of Section 25, Township 20 South, Range 32 East, South Salt Lake-Morrow Gas Pool, Lea County, New Mexico, one of which would be vertically drilled to a depth of 4000 feet from a surface location 660 feet from the South line and 760 feet from the East line of said Section 25, then directionally drilled in a North-Northwesterly direction and bottomed in the approximate center of the NE/4 of said Section 25, the N/2 of the section being dedicated to the well; the other well would be vertically drilled to a depth of 4000 feet from a surface location 760 feet from the South line and 660 feet from the East line of said Section 25, then directionally drilled in a West-Northwesterly direction and bottomed in the approximate center of the SW/4 of said Section 25, which would be a 160-acre non-standard unit for said well.

CASE 5983: Application of Yates Petroleum Corporation for the amendment of Order No. R-5445, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5445 to provide for a 200 percent risk factor for drilling the unit well rather than 20 percent. Said order pooled the N/2 of Section 19, Township 20 South, Range 25 East, Eddy County, New Mexico.

CASE 5984: Application of Morris R. Antweil for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in and underlying the N/2 of Section 20, Township 18 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5985: Application of Orla Petco, Inc., for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its B. K. Morrison Well No. 1 to be located 1980 feet from the South line and 660 feet from the West line of Section 5, Township 19 South, Range 26 East, Eddy County, New Mexico, the S/2 of said Section 5 to be dedicated to the well.

CASE 5986: Application of J. Gregory Merrion for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Devils Fork-Gallup and Mesaverde production in the wellbore of his Edna Well No. 2 located in Unit O of Section 7, Township 24 North, Range 6 West, Rio Arriba County, New Mexico.

CASE 5987: Application of Getty Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup, Mesaverde, and Dakota production in the wellbore of its C. W. Roberts Well No. 5, located in Unit F of Section 17, Township 25 North, Range 3 West, Rio Arriba County, New Mexico. Applicant also seeks approval for the reopening of its C. W. Roberts Wells Nos. 3 and 4 and its Lydia Rentz Well No. 4 to commingle Dakota, Mesaverde, and possibly Gallup production within the wellbores of the above-described wells located in Units O, M, and A of Sections 18, 17, and 19, respectively, of the same township.

CASE 5988: Application of Continental Oil Company for three unorthodox locations, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 2-A of the Blanco-Mesaverde Gas Pool Rules, to permit the drilling of its AXI Apache "N" Wells Nos. 12 and 14 in the NW/4 of Sections 11 and 1, respectively, and its AXI Apache "O" Well No. 10 in the SE/4 of Section 3, all in Township 25 North, Range 4 West, Rio Arriba County, New Mexico. Each of said wells is the first Mesaverde well on its proration unit.

Case 5986

OFF. 325-0181
RES. 327-9094

J. GREGORY MERRION
PETROLEUM ENGINEER
P. O. BOX 2088
FARMINGTON, NEW MEXICO 87401

June 15, 1977

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

ATTENTION: Mr. Joe Ramey
Director

RE: Application for Downhole
Commingling, Edna #2 Well
Devils Fork Gallup-Mesaverde

Gentlemen:

Request is herewith made for hearing to consider my application to produce the newly completed Mesaverde formation from perforations 4602-12, 4692-94, 4700-03, 4707-11, 4777-80, 4798-4804, along with the previously completed Gallup formation from perforations 5872-87, 5744-68, and 5694-5706 by downhole commingling inside the 4-1/2" casing in this well.

Yours very truly,


J. GREGORY MERRION

JGM/eh

O-7-24A-6W
R.A. Co.

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5986

JSu
Order No. R- 5499

APPLICATION OF J. GREGORY MERRION
FOR DOWNHOLE COMMINGLING, RIO ARRIBA
COUNTY, NEW MEXICO.

JS JLR
ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 20,
19 77, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this day of July, 1977, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, J. Gregory Merrion, is the
owner and operator of the Edna Well No. 2, located
in Unit 0 of Section 7, Township 24 North, Range
6 West, NMPM, Rio Arriba County, New Mexico.

(3) That the applicant seeks authority to commingle
Devils Fork-Gallup and Mesaverde production
within the wellbore of the above-described well.

(4) That from the Devils Fork-Gallup zone, the
subject well is capable of low ^{rates of} ~~marginal~~ production only.

(5) That from the Mesaverde zone, the
subject well is capable of low ^{rates of} ~~marginal~~ production only.

(6) That the proposed commingling may result in the recovery
of additional hydrocarbons from each of the subject pools, thereby
preventing waste, and will not violate correlative rights.

Case No. _____

Order No. R- _____

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(8) That to afford the Commission the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Aztec district office of the Commission any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 100 percent of the commingled oil production should be allocated to the Devils Fork-Gallup zone, and 100 percent of the commingled gas production to the Mesaverde zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, J. Gregory Merrion, is hereby authorized to commingle Devils Fork-Gallup and Mesaverde production within the wellbore of the Edna Well No. 2, located in Unit 0 of Section 7, Township 24 North, Range 6 West, NMNM, Rio Arriba County, New Mexico.

OK { (2) That 100 percent of the commingled oil production shall be allocated to the Devils Fork-Gallup zone and 100 percent of the commingled gas production shall be allocated to the Mesaverde zone.

(3) That the operator of the subject well shall immediately notify the Commission's Aztec district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Commission, a plan for remedial action.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.