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**MERRION** CONSERVATION DIVISION  
OIL & GAS RECEIVED

July 21, 1994

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Mr. Jim Morrow  
NMOCD  
P. O. Box 2088  
Santa Fe, New Mexico 87503

Fax (505) 827-5741

Re: Objection to Case 11043  
Salt Water Disposal Application  
Gallegos Gallup Pool  
Bengal A #1  
Section 1, T26N, R12W

Dear Mr. Morrow:

Merrion Oil & Gas Corporation strongly objects to JK Edwards application for a Gallup water disposal well in Section 1, T26N, R12W. Merrion operates four Gallup wells (Western 1, 2, 3, and 5) less than a mile away in Section 7, T26N, R11W and one Gallup well (Western 4) in Section 18, T26N, R11W. Three of the five wells have already watered out due, we believe, to cross flow from other zones in nearby wellbores. The bottom line, however, is they demonstrate the susceptibility of the fractured Gallup to transfer water over great distances. In addition, these watered out wells illustrate how sensitive Gallup oil and gas production is to increased water rates.

Merrion has two remaining wells on the lease (Western 2 and Western 4) making 3 BOD and 140 MCFD combined. Over a remaining 30 year life, combined reserves are projected to be 13 MSTBO and 740 MMCF of gas. We feel that if JK Edwards is allowed to inject into their proposed disposal well, it will prematurely water out our two remaining wells. Therefore, we request that the OCD not approve the referenced application.

Should JK Edwards choose not to withdraw their application, Merrion requests that this case be delayed until the August 18, 1994 docket to allow us time to prepare testimony for the hearing. We were not directly notified by JK Edwards concerning this application and just recently noticed it on the NMOCD docket publication.

Thank you for your consideration.

Sincerely,

*Handwritten signature: George F. Sharpe*

George F. Sharpe  
Manager - Oil & Gas Investments

xc: Ann Feldman - JK Edwards  
Frank Chavez - NMOCD, Aztec