

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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OIL CON. DIV.
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IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8989
Order No. R-8323

APPLICATION OF MERRION OIL & GAS
CORPORATION FOR DIRECTIONAL
DRILLING AND AN UNORTHODOX BOTTOM-
HOLE OIL WELL LOCATION, MCKINLEY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 17, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of October, 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 & Gas Corporation, is the owner and operator of the Federal "21" Well No. 1, located at a standard surface location 2310 feet from the South and West lines of Section 21, Township 20 North, Range 5 West, NMPM, Ojo Encino-Entrada Oil Pool, McKinley County, New Mexico.
- (3) Said well was drilled by Filon Exploration in July, 1976, and produced in said Ojo Encino-Entrada Oil Pool until it was abandoned by Texaco Inc. in July, 1985.
- (4) The applicant seeks authority to utilize the existing wellbore to directionally drill to an unorthodox bottomhole location within 100 feet of a point 2310 feet from the South line and 2610 feet from the West line of said Section 21 within said pool.

(5) A well at said unorthodox bottomhole location should better enable the applicant to economically produce the remaining oil reserves underlying the proration unit.

(6) Approval of the subject application will prevent the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

(7) The applicant should be required to determine the subsurface location of the kick-off point on the well prior to directional drilling and the bottomhole total depth location by means of directional surveys acceptable to the Division.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Merrion Oil & Gas Corporation, is hereby authorized to directionally drill its Federal "21" Well No. 1 from a surface location 2310 feet from the South line and 2310 feet from the West line of Section 21, Township 20 North, Range 5 West, NMPM, Ojo Encino-Entrada Oil Pool, by kicking off from the vertical at a depth of approximately 4000 feet and drilling in such a manner as to penetrate the Entrada formation at an unorthodox bottomhole location within 100 feet of a point 2310 feet from the South line and 2610 feet from the West line of said Section 21.

PROVIDED HOWEVER THAT, prior to the above-described directional drilling, the applicant shall establish the location of the kick-off point by conducting a continuous multi-shot directional survey of the well.

PROVIDED FURTHER THAT, should said well be a producer, a directional survey acceptable to the Division shall be made of the wellbore from total depth to the kick-off point with shot points not more than 100 feet apart; the operator shall cause the surveying company to forward a copy of the survey report directly to the Santa Fe office of the Division, P. O. Box 2088, Santa Fe, New Mexico 87501; and the operator shall notify the Division's Aztec District Office, in advance, of the date and time said survey is to be commenced.

(2) Form C-105 shall be filed in accordance with Division Rule 1105 and the operator shall indicate thereon true vertical depth in addition to measured depths.

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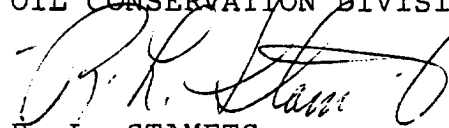
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(3) The NE/4 SW/4 of said Section 21 shall be dedicated to the subject well.

(4) 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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



R. L. STAMETS
Director

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