



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

FILE

GARREY CARRUTHERS
GOVERNOR

July 21, 1989

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Merrion Oil & Gas Corporation
P.O. Box 840
Farmington, New Mexico 87499

Attention: Steve S. Dunn

Dear Steve:

I have reviewed your recent application for authorization to inject into the Western Well No. 5 located in Section 7, Township 26 North, Range 11 West, NMPM, San Juan County, New Mexico, and wish to express some of the Division's concerns regarding this proposal. It appears from the data presented that several of the offset wells within the area of review are not plugged and/or completed so as to prevent migration of fluid from the Cliffhouse formation. Division policy generally dictates that all area of review wells must be cemented through and above the injection zone, and that all plugged and abandoned wells be plugged in such a manner so as to prevent migration to other formations.

In light of the situation, I cannot approve your application administratively. Please advise me if you would like the application set to hearing before a Division examiner. If you should have any questions, please contact myself at (505) 827-5800.

Sincerely,

David Catanach
David Catanach

xc: OCD-Aztec

RECEIVED
JUL 24 1989
OIL CON. DIV.
DIST. 3