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November 9, 1993

State of New Mexico  
Energy, Minerals and Natural  
Resources Department  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87501-2088

Attn: William J. Lemay, Director

Re: Application of Merrion Oil & Gas Corporation for a short-radius Horizontal Directional Drilling Pilot Project and Special Operating Rules therefore, McKinley County, New Mexico  
Case No. 10865

Dear Mr. Lemay:

Enclosed please find Applicant's Pre-Hearing Statement in the above-referenced matter.

Sincerely,



Tommy Roberts

TR:mkc

Encl.

cc: Merrion Oil & Gas Corp.

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 10865

APPLICATION OF MERRION OIL &  
GAS CORPORATION FOR A SHORT-RADIUS  
HORIZONTAL DIRECTIONAL DRILLING  
PILOT PROJECT AND SPECIAL OPERATING  
RULES THEREFOR, MCKINLEY COUNTY, NEW  
MEXICO.

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by Merrion Oil & Gas Corporation as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

ATTORNEY

Merrion Oil & Gas Corporation

Tommy Roberts

P.O. Box 840

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Farmington, New Mexico 87499

Farmington, New Mexico 87499

Attn: Steven S. Dunn

505/325-1801

505/327-9801

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OPPOSITION OR OTHER PARTY

ATTORNEY

Not Known

Not known

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STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with the application and the reasons therefore.)

Merrion Oil & Gas Corporation seeks authority from the New Mexico Oil Conservation Division to initiate a short-radius horizontal directional drilling pilot project in the Arena Blanca Entrada Pool in the N/2SE/4 of Section 36, Township 20 North, Range 5 West, N.M.P.M., McKinley County, New Mexico. A non-standard 80-acre oil spacing and proration unit will be dedicated to the well. Merrion proposes to utilize the Arena Blanca No. 1 Entrada well located 2,360' FSL and 1,200' FEL of Section 36. Merrion will plug back from the existing Entrada interval, kick-off from vertical, build angle to approximately 90 degrees with a short-radius curve and continue to drill approximately 400 feet of horizontal drain hole in a westerly direction. The target area will limit the horizontal displacement of the well's producing interval within 100 feet to the outer boundary of the 80-acre proration unit.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

NOT KNOWN

PROPOSED EVIDENCE

APPLICANT

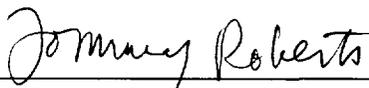
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Steven S. Dunn - Petroleum Engineer	30 min.	- Well location and Lease Ownership Plat - Structure/Net Pay Plat - Directional Plan - Proposed Wellbore Configuration - Summary of Reasons Supporting Approval - Proof of Notice

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
NOT KNOWN		

PROCEDURAL MATTERS  
(Please identify any procedural matters which  
need to be resolved prior to the hearing)

NONE

  
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TOMMY ROBERTS, Attorney for  
Merrion Oil & Gas Corporation

DATED: November 8, 1993