



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

May 6, 1996

Merrion Oil & Gas Corporation
610 Reilly Avenue
Farmington, New Mexico 87401
Attention: George Sharpe

Administrative Order DD-143(H)
High Angle/Horizontal

Dear Mr. Sharpe:

Reference is made to your application dated March 21, 1996 for authorization to initiate a high angle/horizontal directionally drilling project in the designated and Undesignated Ojo Encino-Entrada Oil Pool within a "cooperative area" comprising three separate Federal leases operated by Merrion Oil & Gas Corporation in Sections 21 and 28, Township 20 North, Range 5 West, NMPM, McKinley County, New Mexico.

The Division Director Finds That:

- (1) The application by Merrion Oil & Gas Corporation ("Merrion") has been duly filed under the provisions of Rule 111.D and E of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995;
- (2) The Ojo Encino-Entrada Oil Pool currently comprises the SE/4 NW/4 and E/2 SW/4 of Section 21, Township 20 North, Range 5 West, NMPM, McKinley County, New Mexico and is therefore subject to the statewide rules and regulations for oil wells, as promulgated by Rule 104.C(1)(a), which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of a single 40-acre oil spacing and proration unit;
- (3) A special depth bracket oil allowable of 750 barrels of oil per day per 40-acre unit was established for said pool by Division Order No. R-5420, dated April 26, 1977;
- (4) The Entrada formation in this area was deposited as an eolian sand overlain by lacustrine limestones and anhydrites of the Todilto formation. The resulting "dune-like" structures, having porosity and permeability, act as the reservoir for trapping the accumulation of oil in the Entrada formation. The designated and Undesignated Ojo Encino-Entrada Pool is in contact with a large aquifer and hydrodynamically active fresh ground water flowing to the southwest beneath the oil accumulation. This strong drive acts to tilt the oil-water contact in the direction of flow; conventionally drilled (vertical) wells in this pool

experience significant "water coning", whereby the water below the oil moves upward to the wellbore, a process that has left a significant amount of "attic" oil sidetracked or bypassed between wells; by drilling horizontally across the top of the structure, the applicant is attempting to drain this otherwise unrecoverable attic oil by alleviating this coning action; such horizontal drainhole will act to create a small pressure drop along the large area found in a long horizontal drainhole instead of a large pressure drop through a small area available to a vertical wellbore;

- (5) The "project area" proposed by Merrion would consist of an area comprising 480 acres, more or less, covered by a cooperative Federal lease agreement underlying the following described acreage in McKinley County, New Mexico:

TOWNSHIP 20 NORTH, RANGE 5 WEST, NMPM

Section 21: SW/4 (Federal Lease No. NM-5980)
Section 21: W/2 SE/4 (Federal Lease No. NM-89020)
Section 28: NE/4 and E/2 NW/4 (Federal Lease No. NM-90836);

- (6) Within this project area Merrion seeks:

a) the ability to traverse section, quarter section and quarter-quarter section lines within the project area in order to form non-standard oversized and irregular sized spacing and proration units to accommodate such wellbores;

b) drill the proposed horizontal wellbores to within 330 feet of the outer boundary of the project area; and,

c) the assignment of an allowable for a horizontally drilled well based upon the number of standard 40-acre proration units which are developed or traversed by a horizontal wellbore;

- (7) Initially, it is Merrion's intent to utilize the following two existing wellbores in order to drill short radius horizontal drainholes a lateral distance of approximately 1,000 feet:

a) the Federal "21" Well No. 1 (API No. 30-031-20486), located 2310 feet from the South and West lines (Unit K), of said Section 21; and,

b) the Federal "21" Well No. 4 (API No. 30-031-20934), located 330 feet from the South line and 2310 feet from the West line (Unit N), of said Section 21.

- (8) It should be noted that the Federal "21" Well No. 4 was the subject of a previous directional drilling directive, Division Order No. R-8323, issued in Case 8989 and dated October 10, 1986; and,
- (9) It appears the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

IT IS THEREFORE ORDERED THAT:

(1) The application of Merrion Oil and Gas Corporation ("Merrion") for high angle/horizontal directional drilling within a "project area" in the designated and Undesignated Ojo Encino-Entrada Oil Pool within a "cooperative area" comprising three separate Federal leases operated by Merrion underlying the following described acreage in McKinley County, New Mexico, is hereby approved:

TOWNSHIP 20 NORTH, RANGE 5 WEST, NMPM

Section 21:	SW/4	(Federal Lease No. NM-5980)
Section 21:	W/2 SE/4	(Federal Lease No. NM-89020)
Section 28:	NE/4 and E/2 NW/4	(Federal Lease No. NM-90836).

(2) Merrion is further authorized to proceed with their initial plans to recomplete its existing Federal "21" Well No. 1 (API No. 30-031-20486), located 2310 feet from the South and West lines (Unit K), of said Section 21 and its Federal "21" Well No. 4 (API No. 30-031-20934), located 330 feet from the South line and 2310 feet from the West line (Unit N), of said Section 21, by plugging-back, milling a window in the existing production casing, kick-off from the vertical, drill a short radius curve hole to approximately 90 degrees so as to encounter the upper portion of the oil bearing Entrada sand and continue drilling horizontally a distance of approximately 1,000 feet.

PROVIDED HOWEVER THAT any drainhole drilled from either of said wellbores may traverse section, quarter section, and quarter-quarter section lines within the project area provided that the horizontal or producing portion of any drainhole shall be located no closer than 330 feet from the outer boundary of the above-described "project area".

PROVIDED FURTHER THAT the applicant shall determine the actual location of the kick-off points in each well prior to commencing directional drilling operations. Also, the applicant shall conduct a directional survey on the lateral portion of any horizontal wellbore during or after completion of drilling operations.

(3) The applicant shall notify the supervisor of the Aztec District office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Aztec offices of the Division upon completion.

(4) The allowable assigned to the proration units designated to each well in the Ojo Encino-Entrada Oil Pool shall be assigned by the supervisor of the Division's Aztec district office and shall be equal to 750 barrels of oil per day times the number of standard 40-acre tracts within each designated proration unit that are developed/traversed by a horizontal drainhole.

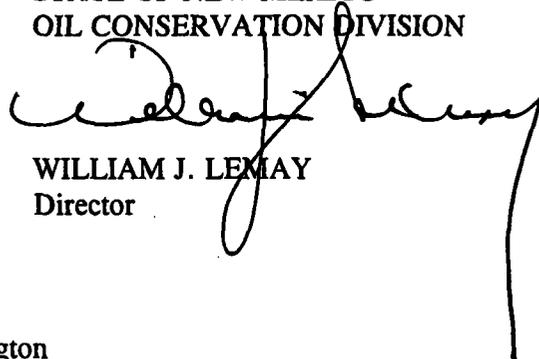
(5) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

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

(7) 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



WILLIAM J. LEMAY
Director

cc: Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington

DD-NDR. M4

May 6, 1996

Rec: 3-18-96

Susp: ~~4-8-96~~

Releasol: 5-6-96

**Merrion Oil & Gas Corporation
610 Reilly Avenue
Farmington, New Mexico 87401**

Attention: George Sharpe

143
Administrative Order DD-~~*****~~(H)
High Angle/Horizontal

Dear Mr. Sharpe:

Reference is made to your application dated March 21, 1996 for authorization to initiate a high angle/horizontal directionally drilling project in the designated and Undesignated Ojo Encino-Entrada Oil Pool within a "cooperative area" comprising three separate Federal leases operated by Merrion Oil & Gas Corporation in Sections 21 and 28, Township 20 North, Range 5 West, NMPM, McKinley County, New Mexico.

The Division Director Finds That:

- (1) The application by Merrion Oil & Gas Corporation ("Merrion") has been duly filed under the provisions of Rule 111.D and E of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division"), revised by Division Order No. R-10388, issued by the Oil Conservation Commission in Case 11,274 on June 13, 1995;
- (2) The Ojo Encino-Entrada Oil Pool currently comprises the SE/4 NW/4 and E/2 SW/4 of Section 21, Township 20 North, Range 5 West, NMPM, McKinley County, New Mexico and is therefore subject to the statewide rules and regulations for oil wells, as promulgated by Rule 104.C(1)(a), which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of a single 40-acre oil spacing and proration unit;
- (3) A special depth bracket oil allowable of 750 barrels of oil per day per 40-acre unit was established for said pool by Division Order No. R-5420, dated April 26, 1977;
- (4) The Entrada formation in this area was deposited as an eolian sand overlain by lacustrine limestones and anhydrites of the Todilto formation. The resulting

"dune-like" structures, having porosity and permeability, act as the reservoir for trapping the accumulation of oil in the Entrada formation. The designated and Undesignated Ojo Encino-Entrada Pool is in contact with a large aquifer and hydrodynamically active fresh ground water flowing to the southwest beneath the oil accumulation. This strong drive acts to tilt the oil-water contact in the direction of flow; conventionally drilled (vertical) wells in this pool experience significant "water coning", whereby the water below the oil moves upward to the wellbore, a process that has left a significant amount of "attic" oil sidetracked or by-passed between wells; by drilling horizontally across the top of the structure, the applicant is attempting to drain this otherwise unrecoverable attic oil by alleviating this coning action; such horizontal drainhole will act to create a small pressure drop along the large area found in a long horizontal drainhole instead of a large pressure drop through a small area available to a vertical wellbore;

- (5) The "project area" proposed by Merrion would consist of an area comprising 480 acres, more or less, covered by a cooperative Federal lease agreement underlying the following described acreage in McKinley County, New Mexico:

TOWNSHIP 20 NORTH, RANGE 5 WEST, NMPM

Section 21: SW/4 (Federal Lease No. NM-5980)
Section 21: W/2 SE/4 (Federal Lease No. NM-89020)
Section 28: NE/4 and E/2 NW/4 (Federal Lease No. NM-90836);

- (6) Within this project area Merrion seeks:
- a) the ability to traverse section, quarter section and quarter-quarter section lines within the project area in order to form non-standard oversized and irregular sized spacing and proration units to accommodate such wellbores;
 - b) drill the proposed horizontal wellbores to within 330 feet of the outer boundary of the project area; and,
 - c) the assignment of an allowable for a horizontally drilled well based upon the number of standard 40-acre proration units which are developed or traversed by a horizontal wellbore;
- (7) Initially, it is Merrion's intent to utilize the following two existing wellbores in order to drill short radius horizontal drainholes a lateral distance of approximately 1,000 feet:
- a) the Federal "21" Well No. 1 (API No. 30-031-20486), located 2310 feet from the South and West lines (Unit K), of said Section

21; and,

- b) the Federal "21" Well No. 4 (API No. 30-031-20934), located 330 feet from the South line and 2310 feet from the West line (Unit N), of said Section 21.
- (8) It should be noted that the Federal "21" Well No. 4 was the subject of a previous directional drilling directive, Division Order No. R-8323, issued in Case 8989 and dated October 10, 1986; and,
- (9) It appears the applicant has satisfied all of the appropriate requirements prescribed in said Rule 111.D and E, the subject application should be approved and the well should be governed by the provisions contained within this order and all other applicable provisions of Division General Rule 111.

IT IS THEREFORE ORDERED THAT:

(1) The application of Merrion Oil and Gas Corporation ("Merrion") for high angle/horizontal directional drilling within a "project area" in the designated and Undesignated Ojo Encino-Entrada Oil Pool within a "cooperative area" comprising ~~four~~^{two} separate Federal leases operated by Merrion underlying the following described acreage in McKinley County, New Mexico, is hereby approved:

TOWNSHIP 20 NORTH, RANGE 5 WEST, NMPM

Section 21:	SW/4	(Federal Lease No. NM-5980)
Section 21:	W/2 SE/4	(Federal Lease No. NM-89020)
Section 28:	NE/4 and E/2 NW/4	(Federal Lease No. NM-90836).

(2) Merrion is further authorized to proceed with their initial plans to recomplete its existing Federal "21" Well No. 1 (API No. 30-031-20486), located 2310 feet from the South and West lines (Unit K), of said Section 21 and its Federal "21" Well No. 4 (API No. 30-031-20934), located 330 feet from the South line and 2310 feet from the West line (Unit N), of said Section 21, by plugging-back, milling a window in the existing production casing, kick-off from the vertical, drill a short radius curve hole to approximately 90 degrees so as to encounter the upper portion of the oil bearing Entrada sand and continue drilling horizontally a distance of approximately 1,000 feet.

PROVIDED HOWEVER THAT any drainhole drilled from either of said wellbores may traverse section, quarter section, and quarter-quarter section lines within the project area provided that the horizontal or producing portion of any drainhole shall be located no closer than 330 feet from the outer boundary of the above-described "project area".

PROVIDED FURTHER THAT the applicant shall determine the actual location of the kick-off points in each well prior to commencing directional drilling operations. Also, the applicant shall conduct a directional survey on the lateral portion of any horizontal wellbore during or after completion of drilling operations.

(3) The applicant shall notify the supervisor of the Aztec District office of the Division of the date and time said wellbore surveys are to be conducted so that they may be witnessed. The applicant shall further provide a copy of said wellbore surveys to the Santa Fe and Aztec offices of the Division upon completion.

(4) The allowable assigned to the proration units designated to each well in the Ojo Encino-Entrada Oil Pool shall be assigned by the supervisor of the Division's Aztec district office and shall be equal to 750 barrels of oil per day times the number of standard 40-acre tracts within each designated proration unit that are developed/traversed by a horizontal drainhole.

(5) The operator shall comply with all requirements and conditions set forth in Division General Rule 111.E(2) and any applicable requirements in 111.D and F.

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

(7) 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

WILLIAM J. LEMAY
Director

cc: Oil Conservation Division - Aztec
U. S. Bureau of Land Management - Farmington

MERRION

OIL & GAS

March 12, 1996

Mr. Michael Stogner
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87503

Rec. 3/18/96

**Re: Application for Administrative Approval - Special Pool Rules
For Non-Standard Spacing Units and Special Allowables
To Facilitate Horizontal Drilling
Ojo Encino Entrada Oil Pool
McKinley County, New Mexico**

Dear Mr. Stogner:

Merrion Oil & Gas requests administrative approval of special pool rules for the Ojo Encino Entrada Oil Pool (see Exhibit 1 for land plat) to allow for horizontal drilling within the Federal leases which encompass the Project Area. This application reviews the justification for horizontal drilling in the Entrada and outlines the pool rules we are requesting.

JUSTIFICATION FOR HORIZONTAL DRILLING

In the Entrada, oil trapped in the top of preserved dunes is underlain by a large aquifer. The strong water drive results in severe water coning around vertical wells, leaving significant "attic" oil undrained between wells at the top of the dune. The use of horizontal wells to tap into that attic oil has proven effective at the Papers Wash Entrada Oil Pool, and again recently at the Eagle Mesa Entrada Oil Pool and the Snake Eyes Entrada Oil Pool. We feel this technology could also be successfully applied at the Ojo Encino Entrada Oil Pool (see Exhibit 2 for remaining net pay map).

Our original plans would be to kick off from either the Federal 21-1 location or the Federal 21-4 location and drill a horizontal well to the southeast in the Entrada formation a distance of approximately 1000' from the wellbore. The projected well traverses are shown in Exhibits 1 and 2.

REQUESTED SPECIAL POOL RULES

Merrion requests the following provisions be approved for the Ojo Encino Entrada Oil Pool:

- 1.) Merrion is authorized to institute a horizontal drilling pilot project within the "project area" in the Ojo Encino Entrada Oil Pool within the Federal Leases with the following described 480 acres in McKinley County, New Mexico:

TOWNSHIP 20N, RANGE 5W, NMPM

Section 21: SW/4 Lease NM 5980

Section 21: W/2 SE/4 Lease NM 89020

Section 28: NE/4, E/2 NW/4 Lease NM 90836

- 2.) Special operating provisions for additional horizontal wells within these leases will be promulgated that allow for:
 - a.) No portion of any horizontal well shall be closer than 330 feet to the outer boundary of the project area;
 - b.) The allowable assigned to each well shall be 750 barrels of oil per day times the number of 40 acre tracts that are traversed by its horizontal drain hole.
 - c.) A Communitization Agreement shall be submitted to and approved by the regulatory agencies communitizing each 40 acre tract that is intersected by a wellbore into a non-standard spacing unit for that well.

SUPPORTING INFORMATION

The following information is provided in support of this request:

- 1.) Merrion owns 100% of the working interest and the BLM owns 100% of the royalty in all the leases. The two owners listed below own a combined 3% override in lease NM-5980.
- 2.) The proposed rules will protect correlative rights by providing additional drilling, which will benefit the royalty owners and override owners.
- 3.) All offset acreage is currently open federal leases.
- 4.) Copies of this application were sent certified mail to the following offset lease owner (see Exhibit 1) and the royalty owners:

Bureau of Land Management
Attn: Duane Spencer
1235 La Plata Highway
Farmington, New Mexico 87401

Page 3
March 12, 1996

McBride Oil & Gas Corp. (Override)
P.O. Box 1515
Roswell, New Mexico 88201

SUMMARY

These proposed rules are needed to allow horizontal wells to be drilled in the Ojo Encino Entrada Oil Pool. This will protect correlative rights through increased royalty payments. Therefore, we request your prompt attention to this matter.

Please call me at (505) 327-9801 with questions or comments.

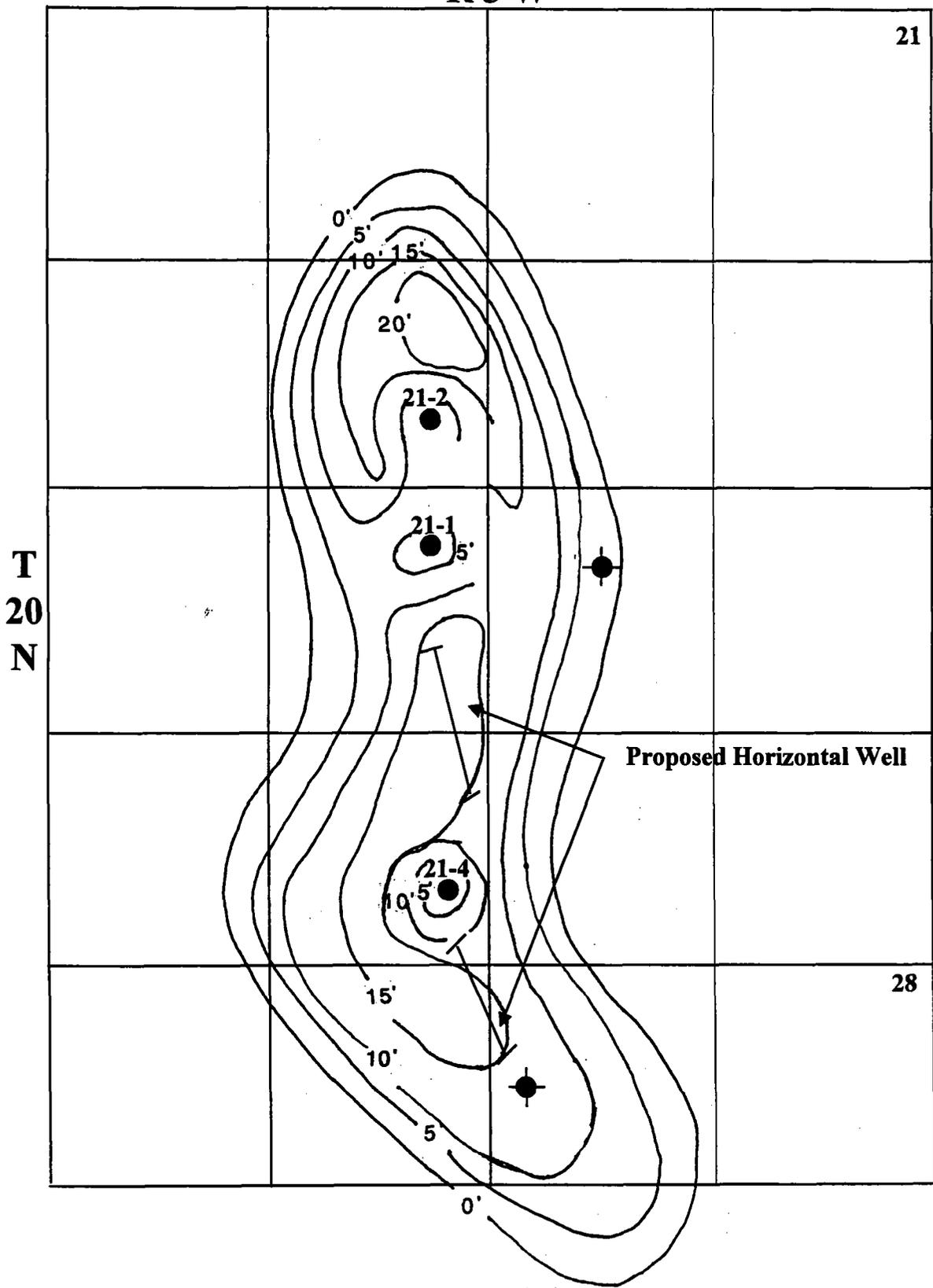
Sincerely,



George F. Sharpe
Manager - Oil & Gas Investments

xc: Field File
Jim Johnson

EXHIBIT 2
OJO ENCINO ENTRADA FIELD
McKinley County, New Mexico
R 5 W



✓
COUNTY McKinley POOL Ojo Encino-Entrada Oil

TOWNSHIP 20 North RANGE 5 West NMPM

	6	5	4	3	2	1
	7	8	9	10	11	12
	18	17	16	15	14	13
	19	20	21	22	23	24
	30	29	28	27	26	25
	31	32	33	34	35	36

Description: SE/4 NW/4 & NE/4 SW/4 Sec 21 (R-5330, 12-1-76)
Ext. SE/4 SW/4 Sec. 21 (R-9573, 8-23-91)

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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.

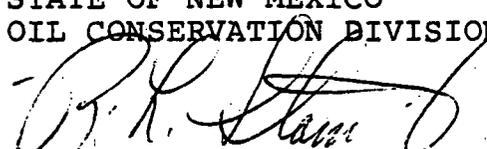
Case No. 8989
Order No. R-8323

(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

S E A L

fd/

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. 5908
Order No. R-5420

APPLICATION OF DOME PETROLEUM
CORPORATION FOR A SPECIAL DEPTH
BRACKET ALLOWABLE, MCKINLEY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

NOW, on this 26th day of April, 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, Dome Petroleum Corporation, seeks a special depth bracket allowable of 750 barrels per day for the Ojo Encino-Entrada Oil Pool, McKinley County, New Mexico.

(3) That the wells in said Ojo Encino-Entrada Oil Pool are capable of producing large volumes of oil and water.

(4) That the ultimate recovery of oil in said pool will not be adversely affected by high rates of production but will instead be improved thereby.

(5) That approval of the application should serve to prevent waste and will not violate correlative rights.

(6) That the subject application should be approved.

IT IS THEREFORE ORDERED:

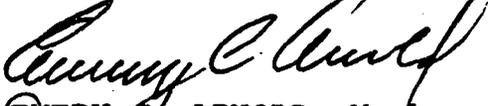
(1) That effective May 1, 1977, a special depth bracket allowable of 750 barrels of oil per day is hereby established for the Ojo Encino-Entrada Oil Pool, McKinley County, New Mexico.

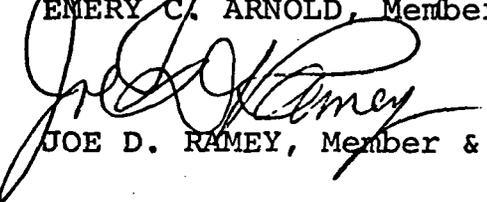
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

jr/