

MERRION OIL & GAS CORPORATION

610 REILLY AVE. • P. O. Box 840
FARMINGTON, NEW MEXICO 87499

August 10, 1989

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OIL CON. DIV
DIST. 3

State of New Mexico
Energy and Minerals Dept.
N. M. Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Michael Stogner, Hearing Examiner

Subject: Application for Permission for Directionally Drilling
Horizontally and for Unorthodox Bottom Hole Well Location
McKinley Co., New Mexico

Gentlemen:

Merrion Oil & Gas Corporation hereby applies for an Order of the New Mexico Oil Conservation Division authorizing a pilot project to either plug back, sidetrack and directionally drill horizontally through the Entrada formation in the Federal 15 No. 2 well at a surface location which is 1,910' FNL and 990' FWL of Sec. 15, T19N, R5W, N.M.P.M., McKinley County, New Mexico or to drill a new well for the same purpose, to be located within the same 40 acre surface area. (See attached structure map) The horizontal wellbore will be drilled in a southerly direction within a target area which may be described as a rectangle 1,250 feet wide and 2,050 feet long, the northern side of which is located 1,700 feet from the north line of Section 15, with the western side formed by the section line. The producing interval of the Entrada in the horizontal portion of the wellbore will be located in an 80 acre area consisting of the SW/4 of the NW/4 and the NW/4 of the SW/4 of Section 15. In addition, Merrion Oil & Gas Corporation hereby applies for an Order approving an unorthodox bottom hole oil well location for the subject well within the previously described target area.

Merrion Oil & Gas is presently seeking approval for a cooperative agreement from the Federal Bureau of Land Management wherein all leases in the Papers Wash Entrada Pool would share in the production from the proposed horizontal well based on a net pay formula designed to protect correlative rights. The acreage which will be subject to such a cooperative agreement is shown on the attached location map of the Papers Wash field.


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Merrion Oil & Gas Corporation hereby requests that this application be placed on the New Mexico Oil Conservation Division's September 6, 1989 Examiner Hearing Docket.

Enclosed are two additional copies of this letter application. Please advise should you require any additional information.

Sincerely,



Steven S. Dunn
Operations Manager

SSD:ks

Enc.

cc: Mr. Tommy Roberts
P. O. Box 129
Farmington, N.M. 87499

Mr. Frank Chavez, Supervisor
District Three Office
N.M. Oil Conservation Division
1000 Rio Brazos
Aztec, N.M. 87410