

MERIT ENERGY COMPANY

12221 Merit Drive, Suite 500
Dallas, Texas 75251
(214) 701-8377
(214) 960-1252 Fax

OIL CONSERVATION DIVISION
RECEIVED

JAN 11 1998 10 54

Mr. Mike Stogner
Oil Conservation Commission
310 Old Santa Fe Trail
Santa Fe, NM 87501

Case 10662

Re: Merit Energy Company's Unorthodox Locations
Penjack Federal #9 and Dana Federal #7

Dear Mr. Stogner:

By copy of this letter, Merit Energy Company respectfully requests an exception be granted for unorthodox locations on the above captioned wells. Enclosed for your review is a map illustrating Merit Energy Company's lease ownership in the Bitter Lakes Area of South Pecos Slope Field. The color scheme is as follows:

- Green - Depicts all leases owned by Merit Energy Company
- Blue - Depicts the leases owned by Merit Energy Company and contain the wells in question (i.e. Penjack Federal #9 and Dana Federal #7)
- Orange- Depicts 160 acre proration units dedicated to the wells in question

These unorthodox locations do not pose any drainage risk to any offset operators, since Merit Energy Company operates all surrounding acreage where correlative rights could be damaged. Furthermore, all minerals in this area are owned by the Federal Government, therefore, drainage of other mineral interest should not occur.

Additional consideration should be given to topographical constraints on the location of the Dana #7. Our flexibility in locating this well was limited by the existence of both sand dunes and Highway 70 which passes through the 160 acre proration unit.

Your assistance in correcting this problem in the most expeditious manner is greatly appreciated. If you have any questions or require additional information, please contact me at (214) 701-8377.

Sincerely,


Sheryl J. Carruth
Regulatory Manager

SJC:s

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1/12/93

Per my telephone conversation w/
Sheryl Carroon - she will submit
interests listings for the NE 1/4 and
NE 1/4 of Section 9. This will not affect
this case but serves to educate Merit.
MS.

cc: President Bush

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