

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. 10196

APPLICATION OF MERRION OIL  
& GAS CORPORATION FOR A  
HORIZONTAL DIRECTIONAL DRILL-  
ING PROJECT, MCKINLEY COUNTY,  
NEW MEXICO

PRE-HEARING STATEMENT

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

APPEARANCES OF PARTIES

APPLICANT

Merrion Oil & Gas Corporation

P.O. Box 840

Farmington, NM 87499

(505) 327-9801

Steven S. Dunn

name, address, phone  
and contact person

ATTORNEY

Tommy Roberts

P.O. Box 1020

Farmington, NM 87499

(505) 325-1801

OPPOSITION OR OTHER PARTY

No entries of appearance have  
been filed with the Oil  
Conservation Division as of  
the date of this Pre-Hearing  
Statement

name, address, phone  
and contact person

ATTORNEY

**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 an Order of the New Mexico Oil Conservation Division authorizing a pilot project to first drill vertically, then plug back and directionally drill horizontally through the Entrada formation, at an unorthodox surface location. The horizontal wellbore will be drilled in a southeasterly direction within an approved target area. In addition, Merrion seeks approval for an unorthodox bottom hole oil well location for the subject well and permission to produce the vertical and/or horizontal wellbores.

Reasons:

1. A horizontal well should improve drainage efficiency and ultimate recovery of oil.
2. A horizontal well should minimize the tendency from bottom water coning, which will improve producing economics and ultimate oil recovery.

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.)

No entries of appearance have been filed with the Oil Conservation Division as of the date of this Pre-Hearing Statement.

*BCM sliding scale royalty*

**PROPOSED EVIDENCE**

APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Steven Dunn, Petroleum Engineer	20 - 30 Minutes	Land Plat  Map showing Entrada Structure  Wellbore Schematic  Other exhibits not yet determined

OPPOSITION

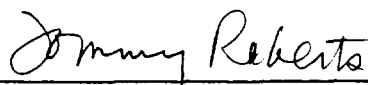
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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Not Applicable

**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