

Exhibit No. 4
Merrion Oil & Gas Corporation
Reasons Supporting Federal 28 No. 1 Horizontal Well

1) Maximize Oil recovery from one well & field

Type	Reserves Barrels	Drill Cost	Ratio \$/Bbl
Horizontal	600,000	\$700,000	\$1
Vertical	200,000	\$400,000	\$2
Increase	3 fold	< 2 fold	

Note: Basis for vertical reserve estimate is the mean calculated reserves from existing fields.

Basis for horizontal reserve estimate is volumetric calculations assuming a 34% recovery factor.

- 2) Reduce Water production...**
Thereby extend economic life & recovery.
- 3) Assess project applicability in other Entrada fields.**

Exhibit No. 4
Case No. 10196
NMOCD Hearing- Feb 7, 1991