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August 25, 1986

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

Case 8989

Attn: R. L. Stamets, Division Directors

Re: Application for Permission for Directional Drilling
and for Unorthodox Bottom Hole Well Location
McKinley County, New Mexico
Merrion Oil & Gas Corporation

Gentlemen:


Merrion Oil & Gas Corporation hereby applies for an Order of the New Mexico Oil Conservation Division permitting the plugging back, sidetracking and directional drilling of the Federal No. 21-1 Well to the Ojo Encino Entrada Oil Pool at a surface location which is 2,310 feet from the south line and 2,310 feet from the west line of Section 21, Township 20 North, Range 5 West, N.M.P.M., McKinley County, New Mexico, to a bottom hole location which is 2,310 feet from the south line and 2,610 feet from the west line of said Section 21. In addition, Merrion Oil & Gas Corporation hereby applies for an Order of the New Mexico Oil Conservation Division approving an unorthodox bottom hole oil well location for the Federal No. 21-1 Well at a bottom hole location which is 2,310 feet from the south line and 2,610 feet from the west line of Section 21, Township 20 North, Range 5 West, N.M.P.M., McKinley County, New Mexico, Ojo Encino Entrada Oil Pool, with allowance for a 100 foot variance to the targeted bottom hole location, the NE/4 of the SW/4 of said Section 21 to be dedicated to the well.

Merrion Oil & Gas Corporation hereby requests that this application be placed on the New Mexico Oil Conservation Division's September 17, 1986 Examiner Hearing Docket.

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Enclosed are two (2) additional copies of this letter application.
Please advise should you require any additional information.

Sincerely,



TOMMY ROBERTS, Attorney
for Merrion Oil & Gas Corporation

TR:nk

xc: Merrion Oil & Gas Corporation
Attn: Steven S. Dunn, Operations Manager
P. O. Box 840
Farmington, New Mexico 87499

Supervisor--District III Office
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410