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AZTEC, N.M.

STATE OF NEW MEXICO
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

Date: 2/4/73

Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

RE: Proposed MC _____
Proposed NSL _____
Proposed WFX _____
Proposed NSP _____

Proposed DIIC X _____
Proposed SWD _____
Proposed PMX _____
Proposed DD _____

Gentlemen:

I have examined the application received on 2/1/73
for the Mexican Renter #12
OPERATOR LEASE & WELL NO.

1 34-250-6W and my recommendations are as follows:
H-S-T-R

Approve back casing exception & DIIC

Yours truly,

B. J. S.

January 26, 1993

New Mexico Oil Conservation Division
Attn: Mr. William J. LeMay
P.O. Box 2088
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

RECEIVED
FEB 1 1993
OIL CON. DIV
DIST. 3

RE: **Surface Casing Requirement Exemption**
South Blanco Tocito Extension / Basin Dakota
Reuter #2
NW/SW/4, Section 34, T27N, R06W
Rio Arriba County, New Mexico

Dear Mr. LeMay

Meridian Oil Inc. requests an exemption of Rule 4 (a) of the South Blanco-Tocito pool rules requiring a minimum of 450' of surface casing for the proposed Tocito completion. Meridian intends to complete the Tocito Sandstone of the Gallup interval in the referenced well and commingle production with the existing Dakota. Administrative applications for commingling and non-standard location authorization are being made separately.

The referenced well is within one mile of the existing boundaries of the South Blanco-Tocito pool. The completion and resulting production will be considered a pool extension.

The referenced well is currently completed in the Dakota only and has 8 5/8" surface casing set at 292' KB. This string is cemented to surface and was adequately pressure tested prior to drill out. The existing surface casing will be adequate to protect all potable water-bearing strata encountered under proposed producing conditions of the commingled streams.

Production and reserve estimates, based on offset analogy, would not economically support drilling a new wellbore. Meridian has no other available wellbores for plug back on this leasehold to develop these reserves. Utilization of the referenced wellbore is considered the only viable alternative. Exemption of the surface casing requirements for the proposed commingling project will allow Meridian to develop its Tocito reserves while providing prevention of wasted resources and protection of correlative rights.

Sincerely,



Arden L. Walker, Jr.
Regional Production Engineer

DTB:tg

cc: Frank T. Chavez - NMOCD/Aztec