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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. 9550
ORDER NO. R-8368

APPLICATION OF MERIDIAN OIL, INC.
FOR A NON-STANDARD GAS PRORATION
UNIT AND AN UNORTHODOX GAS WELL
LOCATION, RIO ARriba COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 18 and on February 1, 1989, at Santa Fe, New Mexico, before Examiners Victor T. Lyon and David R. Catanach, respectively.

NOW, on this 23rd day of February, 1989, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Meridian Oil, Inc., seeks approval of a 115.04-acre non-standard gas proration unit comprising Lots 1 and 2 and the W/2 NE/4 of Section 36, Township 30 North, Range 6 West, NMPM, to be dedicated to a well to be drilled at an unorthodox gas well location 2200 feet from the North line and 1360 feet from the East line (Unit G) of said Section 36.

(3) The entire non-standard proration unit may reasonably be presumed productive of gas from the Fruitland (Sand) formation and the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(4) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Fruitland (Sand) formation, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

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(5) The Fruitland sand interfingers with coal deposits in the Basin-Fruitland Coal (Gas) Pool which is spaced on 320-acre spacing and proration units and there is a likelihood that coal gas will be produced in this well.

(6) In the event it is determined after the well has been completed that it is producing gas from the Basin-Fruitland Coal (Gas) Pool, applicant should consult with the Supervisor of the Division's Aztec District Office to determine if a standard proration unit for that pool should be formed and if other filings may be required.

IT IS THEREFORE ORDERED THAT:

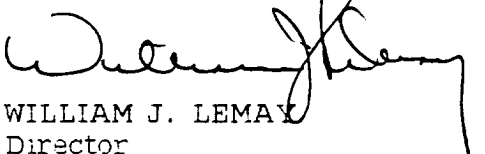
(1) A 115.04-acre non-standard gas proration unit in the Fruitland (Sand) formation comprising Lots 1 and 2 and the W/2 NE/4 of Section 36, Township 30 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, is hereby established and dedicated to a well to be drilled at an unorthodox gas well location 2200 feet from the North line and 1360 feet from the East line (Unit G) of said Section 36.

(2) In the event it is determined after the well has been completed that it is producing gas from the Basin-Fruitland Coal (Gas) Pool, applicant shall consult with the Supervisor of the Division's Aztec District Office to determine if a standard proration unit for that pool should be formed and if other filings may be required.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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