



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

Aztec
OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

January 17, 1995

Williams Production Company
P. O. Box 3102
Tulsa, Oklahoma 74101

Attention: M. Vern Hansen

RECEIVED
APR 16 1996

OIL CONSERV. DIV.
DIST. 3

RE: Administrative application of Meridian Oil, Inc. for an unorthodox coal gas well location within the Cedar Hill-Fruitland Basal Coal (Gas) Pool [not the Basin Dakota Coal (Gas) Pool as referenced in said application] for its existing Payne Well No. 11 (API No. 30-045-26804), which was originally drilled in September, 1987 and completed in the Basin-Dakota Pool at a previously approved non-standard gas well location (see Division Administrative Order NSL-2382, dated August 24, 1987) 590 feet from the North line and 810 feet from the East line (Lot 1/Unit A) of Section 27, Township 32 North, Range 10 West, NMPM, San Juan County, New Mexico.

*A-27-32N-10W
Payne #11*

Dear Mr. Hansen:

The subject application was filed with the Division on March 14, 1996, your letter of objection dated April 4, 1996 (see copy attached) was received by the Division on April 8, 1996, or 25 calendar days after the official filing date of the Meridian application. Pursuant to **Rule 5** the "*Special Rules and Regulations for the Cedar Hill-Fruitland Basal Coal (Gas) Pool*", as promulgated by Division Order No. R-7588, as amended:

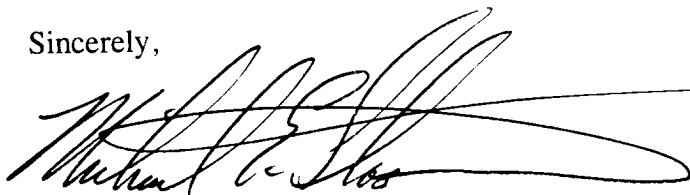
"The Division Director may approve the application upon receipt of written waivers from all offset operators offsetting the proration unit or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application."

Your objection was received too late for the Division to take any action in either delaying or denying Meridian's request. An order approving this application is being processed at this time and will be forthcoming.

Williams Production Company
April 10, 1996
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Should Williams Production Company wish to pursue this matter further, an application to rescind this order through the Examiner's hearing process can be filed by William Production Company as the applicant.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", with a long horizontal flourish extending to the right.

Michael E. Stogner
Chief Hearing Officer/Engineer

WJL/MES/kv

cc: Oil Conservation Division - Aztec
U.S. Bureau of Land Management - Farmington
Meridian Oil, Inc. (Attn: Peggy Bradfield) - Farmington, NM
W. Thomas Kellahin - Santa Fe
William J. LeMay - OCD Director, Santa Fe
Rand Carroll, General Counsel - OCD, Santa Fe
File: NSL-2382
NSL-2382-A

OIL CONSERVATION DIVISION
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'96 APR 8 AM 8 52

April 4, 1996

Mr. Michael Stogner
New Mexico Oil Conservation Commission
2040 Pacheco Street
Santa Fe, New Mexico 87505


Re: Application for Non-Standard Location
Payne #11, API #30-045-26804
590' FNL & 810' FEL, Sec.27,T32N,R10W
San Juan County New Mexico

Gentlemen:

Williams Production Company received Meridian Oil's waiver for a non-standard gas well location in the Basin Fruitland Coal for the referenced well.

Williams opposes the non-standard location. Meridian has proposed to drill the Payne #221 Fruitland Coal well in the NE/4 of Sec.22,T32N,R10W, and current spacing rules will not allow a well to be drilled in the SE/4 of Section 22,T32N,R10W to protect our acreage from drainage from the proposed Payne #11 well.

Sincerely yours,


M. Vern Hansen
Senior Landman

cc: Bryan Guderian
M. J. Turnbaugh