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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

RECEIVED
OIL CONSERVATION
DIVISION
JUL 12 1995
TELEPHONE (505) 982-4265
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July 11, 1995

HAND DELIVERED

Mr. David R. Catanach
Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

*Re: NMOCD Case 11302:
Carson Well No. 2
Unit K Sec. 7-30N-4W
Meridian Oil Inc.
Application for Downhole Commingling
and Non-Standard Proration Units,
Rio Arriba County, New Mexico*

Dear Mr. Catanach:

On behalf of Meridian Inc., I presented the referenced case to you at the hearing held on June 15, 1995. This case involves the Carson Well No. 2 which is currently completed in the Dakota formation. Meridian desires to abandon the Dakota in this well and to recomplete it as a downhole commingled Gallup (Niobrara) and Mesaverde well. The ownership is common. While the downhole commingling portion of this case could have been processed administratively, Meridian also desires non-standard proration unit approval for the Gallup (109.20 acres) and for the Mesaverde (218.30) acres, both are which are too small for administrative NSP approval.

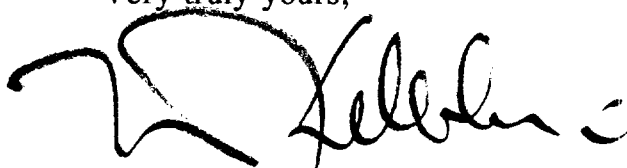
Mr. David R. Catanach
July 11, 1995
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The case was left open so that I could supplement the record with the following additional items which are now enclosed:

- (1) Cost/Reserve analysis with supporting data to demonstrate that DHC is only economic means to produce the Gallup (marginal zone); Exhibit 8
- (2) Corrected allocation formula showing the Gallup (Niobrara) and Mesaverde; Exhibit 9
- (3) Certificate of Mailing of Notification. Exhibit 10

This information should now complete the record in this case and it should be ready for your decision. Please call me if you find I have overlooked anything.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a large, stylized initial 'W' and a long, sweeping horizontal stroke extending to the right.

W. Thomas Kellahin

cc: Meridian Oil Inc.
Attn: Alan Alexander