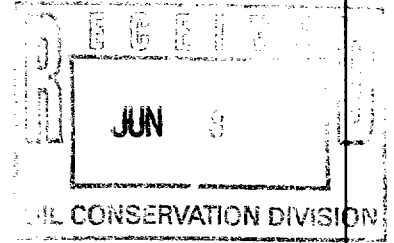


STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION



IN THE MATTER OF THE HEARING )  
CALLED BY THE OIL CONSERVATION )  
DIVISION FOR THE PURPOSE OF )  
CONSIDERING: )  
APPLICATION OF MERIDIAN OIL, INC. )  
\_\_\_\_\_ )

CASE NO. 11,302

**ORIGINAL**

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

June 15th, 1995

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Division on Thursday, June 15th, 1995, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, before Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

\* \* \*

STEVEN T. BRENNER, CCR  
(505) 989-9317

## I N D E X

June 15th, 1995  
Examiner Hearing  
CASE NO. 11,302

PAGE

REPORTER'S CERTIFICATE

8

\* \* \*

## E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	6	6
Exhibit 2	6	6
Exhibit 3	6	6
Exhibit 4	6	6
Exhibit 5	6	6
Exhibit 6	6	6
Exhibit 7	6	6

\* \* \*

## A P P E A R A N C E S

## FOR THE DIVISION:

RAND L. CARROLL  
Attorney at Law  
Legal Counsel to the Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

## FOR THE APPLICANT:

KELLAHIN & KELLAHIN  
117 N. Guadalupe  
P.O. Box 2265  
Santa Fe, New Mexico 87504-2265  
By: W. THOMAS KELLAHIN

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2   8:21 a.m.:

3           EXAMINER CATANACH: Call Case 11,302.

4           MR. CARROLL: Application of Meridian Oil, Inc.,  
5   for downhole commingling, unorthodox gas well locations and  
6   two nonstandard gas proration units, Rio Arriba County, New  
7   Mexico.

8           EXAMINER CATANACH: Are there appearances in this  
9   case?

10          MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of  
11   the Santa Fe law firm of Kellahin and Kellahin, appearing  
12   on behalf of the Applicant.

13          EXAMINER CATANACH: Are there any additional  
14   appearances?

15          There being none, Mr. Kellahin?

16          MR. KELLAHIN: Mr. Examiner, we're before you  
17   today to seek approval to take an existing well, which is a  
18   single completion in the Basin Dakota -- It's the Carson  
19   Well Number 2. The Applicant desires to recomplete that  
20   well so that they have the opportunity to test and produce  
21   the Blanco Mesaverde Pool.

22          The ownership is common between the two pools and  
23   the spacing units involved. Their evidence indicates that  
24   the Gallup formation is -- I said "Mesaverde", didn't I? I  
25   said the well is completed as a Dakota well, and they want

1 to recomplete and add the Gallup formation to the well.

2 The ownership is common. The case is before you  
3 today because the nonstandard proration unit sizes are  
4 beyond the limits of approval for an administrative  
5 application, if I recall correctly.

6 The Applicant has submitted to you the various  
7 ownership plats and configurations of ownership, the sample  
8 log and the geologic and information with regards to the  
9 geology, plus an allocation formula which is consistent  
10 with that approved by the Division on prior occasions.

11 You'll note in the back of the booklet where they  
12 talk about the allocation formula, the engineer has  
13 designated the Gallup as Niobrara. Our convention in this  
14 area would be to characterize the Niobrara as of the Gallup  
15 Pool.

16 I notice in looking at this, this morning, the  
17 engineer failed to give me a summary on the production of  
18 the existing well, and with your permission I'd like to  
19 supplement that information after the hearing.

20 In addition, the certificate of mailing which I  
21 have today appears to me to be incomplete, and with your  
22 permission, I'd like to submit it after the hearing so that  
23 I have a chance to double-check the notification and make  
24 sure all the parties were properly notified.

25 This is one of the many cases that we have been

1 processing in this fashion, whereby the Applicant submits  
2 this on the hearing docket, but in the absence of objection  
3 the Division is taking the exhibits without the  
4 presentation of a witness, in order to process the request  
5 of the Applicant.

6 With your permission, Mr. Examiner, we would move  
7 the introduction of Applicant's Exhibits 1 through 7.

8 EXAMINER CATANACH: Exhibits 1 through 7 will be  
9 admitted as evidence.

10 Mr. Kellahin, are we clear to the pools that are  
11 being commingled in this well? Is it the Gallup and the  
12 Mesaverde?

13 MR. KELLAHIN: That's my understanding, Mr.  
14 Examiner. I will double-check, but I believe the spacing  
15 unit plats that are filed with the Division office are  
16 contained behind the Application. And if you'll look at  
17 the Application, you can turn to what is attached as  
18 Exhibit B. It shows you the Gallup spacing unit in the  
19 southwest quarter of 7.

20 And then if you turn to the next attachment --  
21 it's Exhibit C -- it shows the west-half equivalent of  
22 Section 7 as the spacing unit for the Mesaverde.

23 I'll reconfirm with Meridian to make sure we have  
24 the right formations.

25 EXAMINER CATANACH: Mr. Kellahin, one more thing

1 on the last page, on the allocation formula. Midway down  
2 the page you've got a DMV that stands for Pictured Cliffs  
3 monthly decline rates, so this is getting a little  
4 confusing.

5 MR. KELLAHIN: Well, and I'll admit I am too, so  
6 we'll if we can leave the record open on this, I'll  
7 reconfirm the proper nomenclature here. There appears to  
8 be an error on this display as to what pool they have  
9 denominated.

10 EXAMINER CATANACH: Okay, I'll just leave the  
11 record open until such time as you submit the corrected  
12 data or additional data as necessary.

13 MR. KELLAHIN: All right, sir. Thank you.

14 EXAMINER CATANACH: Okay, thank you.

15 (Thereupon, these proceedings were concluded at  
16 8:28 a.m.)

17 \* \* \*

18  
19  
20  
21 I do hereby certify that the foregoing is  
22 a complete record of the proceedings in  
23 the Examiner hearing of Case No. 11362,  
24 heard by me on June 15 1995.  
25 David K. Catanch, Examiner  
Oil Conservation Division

## CERTIFICATE OF REPORTER

STATE OF NEW MEXICO    )  
                                   )   ss.  
 COUNTY OF SANTA FE    )

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL June 15th, 1995.



STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 14, 1998

