

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

7 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87501-2265

W. THOMAS KELLAHIN
KAREN AUBREY

JASON KELLAHIN
OF COUNSEL

TELEPHONE 505-833-1111
TELEFAX 505-833-1111

September 24, 1991

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Post Office Box 2088
Santa Fe, New Mexico 87504

HAND DELIVERED

Re: San Isidro Wash #1 well Application
of Meridian Oil Inc. for a High Angle/
Horizontal Directional Drilling Pilot
Project, Special Operating Rules,
Unorthodox Location, Non-Standard Spacing
Unit, Special Project Allowable, Increase
Gas-Oil Ratio, Rio Puerco- Mancos Oil Pool,
Sandoval County, New Mexico.

Dear Mr. LeMay:

On behalf of Meridian Oil Inc., please find enclosed our Application for a High Angle/Horizontal Directional Drilling Pilot Project, Special Operating Rules and other referenced matters for a well to be drilled in the Rio Puerco-Mancos Oil Pool which we request be set for hearing on the next available Examiner's docket now scheduled for October 17, 1991.

We suggest the following as a possible advertisement for this case:

Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules, therefor, a non-standard proration and spacing unit, unorthodox well location, special project allowable, increase in gas-oil ratio, Sandoval County New Mexico. Applicant, in the above styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Rio Puerco-Mancos Oil Pool as an exception to the Special Rules and Regulations of said pool by commencing its San Isidro Wash #1 well at a standard surface location tentatively selected in the NW/4NW/4 of Section 21, T20N, R3W, NMPM, to be drilled vertically to a

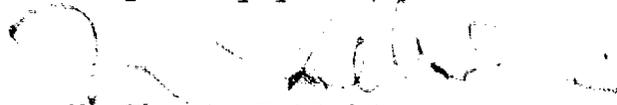
Mr. William J. LeMay
September 24, 1991
Page Two

depth of approximately 3,000 feet, then kicked-off in a southeasterly direction, with angle built up to approximately 80 degrees and then drilled horizontally for approximately 4,000 feet. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including a special project allowable of up to 640 BOPD with a GOR of 1,000 to 1, and an unorthodox well location exception. Applicant further seeks the flexibility to dedicate the N/2 of said Section 21 to the well as a standard 320 acre spacing unit or, in the alternative, the approval of all of section 21 as a 640-acre non-standard spacing unit. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 660 foot setback from the outer sides of the spacing unit.

By copy of this letter, with application enclosed, we are notifying all appropriate parties of their right to appear at the hearing either in support of or opposition to the application.

Any party desiring to appear and participate should file with the Division, copy to applicant's attorney, a pre-hearing statement as set forth by Division guidelines not later than 4 PM on Friday before the hearing.

Very truly yours,



W. Thomas Kellahin

WTK/jcl/appt924.330

Enclosure

cc: Mr. Alan Alexander
Meridian Oil Inc.
Post Office Box 4289
Farmington, New Mexico 87499-4289

cc: By certified mail return receipt requested
to all parties listed in Exhibits A & B

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505



BRUCE KING
GOVERNOR

ANITA HODGKINS
CABINET SECRETARY

MATTHEW SACA
DEPT. SECRETARY

April 20, 1992

KELLAHIN, KELLAHIN & AUBREY
Attorneys at Law
P. O. Drawer 2265
Santa Fe, New Mexico 87504

RE: CASE NO. 10399
ORDER NO. R-9665

Dear Sir:

Enclosed herewith are two copies of the each of the above-referenced Division order recently entered in the subject case.

Sincerely,

A handwritten signature in cursive script that reads "Florene".

Florene Davidson
OC Staff Specialist

FD/sl

cc: BLM - Farmington
OCD Aztec Office

VILLAGRA BUILDING - 408 Galisteo
Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830
Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

2040 South Pacheco
Office of the Secretary
827-5850
Administrative Services
827-5925
Energy Conservation & Management
827-5920
Mining and Minerals

LAND OFFICE BUILDING - 310 Old Santa Fe Trail
Office of the Secretary
827-5850
Administrative Services
827-5925

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

ELIOTIC BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN
KAREN AUBREY

JASON KELLAHIN
OF COUNSEL

November 5, 1991

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Room 206
Santa Fe, New Mexico 87501

VIA FACSIMILE
(505) 827-5741

RE: Application of Meridian Oil Inc.
NM OCD Case No. 10399

Dear Mr. LeMay:

On behalf of the applicant, Meridian Oil, Inc. in the referenced case now docketed for hearing on November 7, 1991, we respectfully request that the case be continued to the hearings scheduled for December 5, 1991.

Very truly yours,



W. Thomas Kellahin

WTK/jcl

cc: Alan Alexander - Meridian Oil

ltrt1105.330

ILLEGIBLE

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2268

SANTA FE, NEW MEXICO 87504-2268

W. THOMAS KELLAHIN
KAREN AUBREY

TELEPHONE (808) 982-4285
TELEFAX (808) 982-2047

JASON KELLAHIN
OF COUNSEL

FAX COVER SHEET

DATE: December 2, 1991

NUMBER OF PAGES: 2
(including cover)

TIME: 10:45

TO: William LeMay

FROM: W. Thomas Kellahin

OF: Oil Conservation Division

OF: Kellahin, Kellahin, & Aubrey

FAX # 827-5741

FAX # 982-2047

RE: Meridian NMOCD Case #10399

Special Instructions:

Confidential

Urgent

Please reply

FYI

cc: Alan Alexander

MESSAGE:

ILLEGIBLE

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW
EL PATIO BUILDING
117 NORTH GUADALUPE
POST OFFICE BOX 2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN
KAREN AUBREY

SANTA FE, NEW MEXICO 87504-2265

JASON KELLAHIN
OF COUNSEL

FAX COVER SHEET

November 5, 1991

NUMBER OF PAGES: 2
(including cover)

Mr. William J. LeMay

FROM: W. Thomas Kellahin

Oil Conservation Division

OF: Kellahin, Kellahin & Aubrey

FAX # 827-5741

FAX # 505/982-2047

RE: Application of Meridian

SPECIAL INSTRUCTIONS:

Oil, NM OCD Case No. 10399

Confidential

Urgent

Please Reply

FYI

MESSAGE:

A letter dated today regarding the continuance of the
above case follows. A hard copy will follow by mail.

ILLEGIBLE

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN
KAREN AUBREY

JASON KELLAHIN
OF COUNSEL

OIL CONSERVATION DIVISION
RECEIVED

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

NOV 6 PM 8 43

November 5, 1991

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Room 206
Santa Fe, New Mexico 87501

VIA FACSIMILE
(505) 827-5741

RE: Application of Meridian Oil Inc.
NM OCD Case No. 10399

Dear Mr. LeMay:

On behalf of the applicant, Meridian Oil, Inc. in the referenced case now docketed for hearing on November 7, 1991, we respectfully request that the case be continued to the hearings scheduled for December 5, 1991.

Very truly yours,



W. Thomas Kellahin

WTK/jcl

cc: Alan Alexander - Meridian Oil

1trt1105.330

MS

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*
KAREN AUBREY*

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

JASON KELLAHIN (RETIRED 1991)

FAX COVER SHEET

DATE: April 15, 1992

NUMBER OF PAGES: 2

TIME: _____

TO: Michael Stogner

FROM: W. Thomas Kellahin

OF: Oil Conservation
Division

OF: Kellahin, Kellahin & Aubrey

FAX # 827-5741

FAX # 505/982-2047

RE: NMOCD Case No. 10399

SPECIAL INSTRUCTIONS:

Meridian San Isidro

Confidential

Urgent

Please Reply

FYI

MESSAGE:

ms.

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW
EL PATIO BUILDING

117 NORTH GUADALUPE
POST OFFICE BOX 2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*
KAREN AUBREY*

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

SANTA FE, NEW MEXICO 87504-2265

JASON KELLAHIN (RETIRED 1991)

April 15, 1992

R-9665

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
310 Oil Santa Fe Trail
Santa Fe, New Mexico 87501

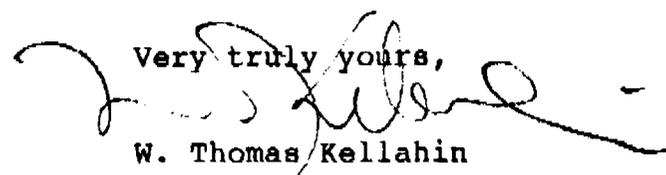
VIA FACSIMILE
(505) 827-5741

Re: NMOCD Case 10399:
Application of Meridian Oil, Inc.
for a High Angle/Horizontal
Directional Drilling Pilot
Project and other relief for
the San Isidro Wash #1 well
Section 21, T20N, R3W NMPM
Sandoval County, N.M.

Dear Mr. Stogner:

On behalf of the applicant in the referenced case,
please dismiss this request now set for hearing on the
Examiner's docket scheduled for April 16, 1992.

Very truly yours,



W. Thomas Kellahin

cc: Alan Alexander (Meridian-Farmington)

OIL CONSERVATION DIVISION
RECEIVED
DEC 9 1991

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW
EL PATIO BUILDING
117 NORTH GUADALUPE
POST OFFICE BOX 2265

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN
KAREN AUBREY

JASON KELLAHIN
OF COUNSEL

SANTA FE, NEW MEXICO 87504-2265

December 2, 1991

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Room 206
Santa Fe, New Mexico 87501

VIA FACSIMILE
(505) 827-5741

RE: Application of Meridian Oil Inc.
NM OCD Case No. 10399

Dear Mr. LeMay:

On behalf of the applicant, Meridian Oil, Inc. in the referenced case now docketed for hearing on December 5, 1991, we respectfully request that the case be continued to the hearings scheduled for January 9, 1992.

Very truly yours,



W. Thomas Kellahin

WTK/jcl
cc: Alan Alexander - Meridian Oil

ltrt1105.330

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W THOMAS KELLAHIN
KAREN AUBREY

JASON KELLAHIN
OF COUNSEL

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

October 11, 1991

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Room 206
Santa Fe, New Mexico 87501

HAND DELIVERED
RECEIVED

OCT 11 1991

OIL CONSERVATION DIVISION

RE: Application of Meridian Oil Inc.
NM OCD Case No. 10399

Dear Mr. LeMay:

On behalf of the applicant, Meridian Oil, Inc. in the referenced case now docketed for hearing on October 17, 1991, we respectfully request that the case be continued to the hearings scheduled for November 7, 1991.

Very truly yours,



W. Thomas Kellahin

WTK/jcl

cc: Alan Alexander - Meridian Oil
All Parties on Notice List on Application
(Exhibits A & B)

1trt1011.330

(EAST SKAGGS-ABO POOL - Cont'd.)

(6) That the discovery well for said pool, the Conoco Inc. Southeast Monument Unit Well No. 71, located 660 feet from the South line and 1830 feet from the East line of said Section 18, is entitled to and should receive a bonus discovery allowable in the amount of 35,145 barrels of oil, based upon the top perforations in said well at 7083 feet, to be assigned over a two-year period.

(7) That the reservoir characteristics of the subject pool justify the establishment of a gas-oil limitation of 6000 cubic feet of gas per barrel of liquid hydrocarbons.

(8) That in order to afford to the owners in the proposed East Skaggs-Abo Pool the opportunity to produce their just and equitable share of the oil and gas in the subject pool and for this purpose to use their just and equitable share of the reservoir energy, a limiting gas-oil ratio of 6000 cubic feet of gas per barrel of liquid hydrocarbons should be established for the subject pool.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Abo production, is hereby created and designated the East Skaggs-Abo Pool, with vertical limits comprising the Abo formation and horizontal limits comprising the following described area:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 18: SE/4 and E/2 SW/4
Section 19: N/2 NE/4 and NE/4 NW/4

(2) That the discovery well for said pool, the Conoco Inc. Southeast Monument Unit Well No. 71, located 660 feet from the South line and 1830 feet from the East line of Section 18, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, is hereby assigned an oil discovery allowable in the amount of 35,415 barrels of oil, to be produced in addition to said well's regularly assigned allowable, at a rate of 49 barrels of oil per day during the next two years.

(3) That special rules and regulations for the East Skaggs-Abo Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
EAST SKAGGS-ABO POOL

RULE 1. That the limiting gas-oil ratio for said East Skaggs-Abo Pool shall be 6000 cubic feet of gas for each barrel of oil produced.

(4) That 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.

RIO PUERCO-MANCOS POOL
Sandoval County, New Mexico

Order No. R-7471, Creating and Adopting Temporary Operating Rules for the Rio Puerco-Mancos Pool, Sandoval County, New Mexico, April 1, 1984, as Amended by Order No. R-7471-A, May 22, 1985, and Corrected by Order No. R-7471-A-1, May 31, 1985.

Order No. R-7471-B, June 2, 1986, continues in full force and effect the temporary rules adopted in Order No. R-7471, as amended.

Application of Samuel Gary Oil Producers, Inc. for New Pool Creation and Special Pool Rules, Sandoval County, New Mexico.

CASE NO. 8030
Order No. R-7471

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came for hearing at 9:00 a.m. on February 2, 1984, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 7th day of March, 1984, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Samuel Gary Oil Producers, Inc., seeks an order creating a new oil pool for the Mancos formation with special pool rules including a provision for 320-acre spacing, Sandoval County, New Mexico.

(3) That in companion Case No. 8063, Champlin Petroleum Company seeks an order creating a new oil pool from the Mancos formation, with special pool rules including a provision for 160-acre spacing, Sandoval County, New Mexico.

(4) That Cases 8030 and 8063 were consolidated for the purpose of obtaining testimony.

(5) That the Mancos formation in the area is a fractured reservoir with low porosity and a matrix permeability that should be conducive for wide spacing.

(6) That the oil in the Mancos formation in this area is an under-saturated crude with a solution gas-oil ratio of 340 cubic feet per barrel.

(RIO PUERCO-MANCOS POOL - Cont'd.)

(7) That the reservoir drive mechanism appears to be solution gas drive.

(8) That to ensure maximum efficiency of the solution gas, the limiting gas-oil ratio should be 500 cubic feet per barrel.

(9) That the currently available information indicates that one well in this area should be capable of effectively and efficiently draining 320 acres.

(10) That in order to prevent the economic loss caused by the drilling of unnecessary wells, and to otherwise prevent waste and protect correlative rights, the Rio Puerco-Mancos Oil Pool should be created with temporary Special Rules providing for 320-acre spacing.

(11) That the vertical limits of the Rio Puerco-Mancos Oil Pool should be the Niobrara member of the Mancos shale with horizontal limits as follows:

TOWNSHIP 20 NORTH, RANGE 2 WEST, NMPM
Sections 6 and 7: All
Section 18: All

TOWNSHIP 20 NORTH, RANGE 3 WEST, NMPM
Sections 1 through 4: All
Sections 9 through 16: All

(12) That the said Temporary Special Rules and Regulations should be established for a two-year period in order to allow the operators in the Rio Puerco-Mancos Oil Pool to gather reservoir information to establish whether the temporary rules should be made permanent.

IT IS THEREFORE ORDERED:

(1) (As Amended by Order No. R-7471-A, May 22, 1985) That a new pool in Sandoval County, New Mexico, classified as an oil pool for Mancos production is hereby created and designated as the Rio Puerco-Mancos Oil Pool, with the vertical limits comprising the Niobrara member of the Mancos shale and with horizontal limits as follows:

TOWNSHIP 20 NORTH, RANGE 2 WEST, NMPM
Secs. 3 through 10: All
Secs. 15 through 18: All

TOWNSHIP 20 NORTH, RANGE 3 WEST, NMPM
Secs. 1 through 4: All
Secs. 9 through 16: All
Secs. 21 through 28: All

TOWNSHIP 21 NORTH, RANGE 2 WEST, NMPM
Secs. 19 through 22: All
Secs. 27 through 34: All

TOWNSHIP 21 NORTH, RANGE 3 WEST, NMPM
Secs. 25 and 26: All
Secs. 35 and 36: All

(2) That temporary Special Rules and Regulations for the Rio Puerco-Mancos Oil Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
RIO PUERCO-MANCOS OIL POOL

RULE 1. Each well completed or recompleted in the Rio Puerco-Mancos Oil Pool or in a correlative interval within one mile of its boundary, shall be spaced, drilled, operated and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. No more than one well shall be completed or recompleted on a standard unit containing 320 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental section.

RULE 3. (As Amended by Order No. R-7471-A, May 22, 1985, as Corrected by Order No. R-7471-A-1, May 31, 1985.) Each well shall be located no nearer than 660 feet to the outer boundary of the spacing or proration unit, nor nearer than 330 feet to a governmental quarter-quarter section line, nor nearer than 1800 feet to any other well completed or drilling within the pool.

RULE 4. The limiting gas-oil ratio shall be 500 cubic feet per barrel of oil.

RULE 5. A standard proration unit (316 through 324 acres) shall be subject to a 320-acre depth bracket allowable of 320 barrels per day. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 320 acres.

IT IS FURTHER ORDERED:

(1) That the Special Rules and Regulations for the Rio Puerco-Mancos Oil Pool shall become effective April 1, 1984.

(2) That any well presently producing from the Rio Puerco-Mancos Oil Pool which does not have a standard 320-acre proration unit, an approved non-standard proration unit, or which does not have a pending application for a standard or non-standard proration unit by April 1, 1984, shall be shut-in until a standard or non-standard unit is assigned the well.

(3) That this case shall be reopened at an examiner hearing in April, 1986, at which time the operators in the subject pool should be prepared to appear and show cause why the Rio Puerco-Mancos Oil Pool should not be developed on 40-acre spacing units.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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