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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)

August 25, 1992

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
State Land Office Building
Santa Fe, New Mexico 87501

Case 10558

HAND DELIVERED

RECEIVED

AUG 25 1992

OIL CONSERVATION DIVISION

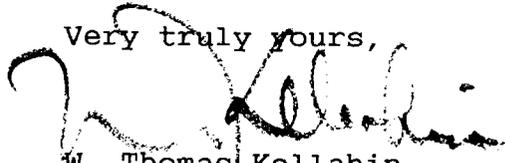
RE: Application of Meridian Oil Inc.
for Approval of an
Unorthodox Well Location,
San Juan County, New Mexico

Dear Mr. Lemay:

On behalf of Meridian Oil Inc., please find enclosed our application for a hearing for the EPNG D Com #301 Well. We request that this case be set for hearing on September 17, 1992 Examiner's Docket.

By copy of this letter, including the application, to all parties listed on Exhibit "B" to the application, we are notifying them by certified mail, return receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the application.

Very truly yours,



W. Thomas Kellahin

WTK/jcl

Enclosure

xc: with Enclosure

Alan Alexander - Farmington, NM

By Certified Mail - Return Receipt Requested

All parties listed on Exhibit B of the Application

appt825.330

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

RECEIVED

AUG 24 1992

IN THE MATTER OF THE APPLICATION
OF MERIDIAN OIL INC. FOR APPROVAL
OF AN UNORTHODOX GAS WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO

OIL CONSERVATION DIVISION

Case 10558

A P P L I C A T I O N

Comes now MERIDIAN OIL INC., by and through its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox well location in the Basin Fruitland Coal Gas Pool for its proposed EPNG D Com #301 Well to be drilled at an unorthodox well location 1175 feet FNL and 1115 feet FWL of Section 36, T30N, R8W, NMPM, San Juan County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the N/2 of Section 36, and in support states:

(1) Meridian Oil Inc. ("Meridian") is the proposed operator of the subject well and is a working interest owner in the N/2 of Section 36.

(2) On March 27, 1990, Meridian completed its EPNG D Com #300 Well at a standard location in the NE/4 of Section 36 and dedicated the N/2 of Section 36 to the well. See Exhibit A, attached.

(3) The EPNG D Com #300 Well was completed open hole with an initial gauge of 88 MCFPD and was then recompleted using a 4 1/2 inch liner, perforated and fractured with sand on May 17, 1990 resulting in an initial gauge of volume of gas too small to measure.

(4) While the entire N/2 of Section 36 is potentially productive, Meridian has been unsuccessful in its attempts to obtain a commercial well in a standard quarter section in this spacing unit.

(5) The S/2 of Section 36 is already dedicated to a Fruitland Coal Gas well located in the SW/4 of Section 36 and Meridian's only remaining alternative is to attempt to locate a well in the NW/4 of Section 36.

(6) Meridian seeks to drill its EPNG D Com #301 Well in the Basin Fruitland Coal Gas Pool at an unorthodox location in the NW/4 being 1175 feet FNL and 1115 feet FWL of Section 36 as a replacement well for the EPNG D Com #300 which will be plugged and abandoned after the replacement well is completed.

(7) The proposed location is unorthodox for the Basin-Fruitland Coal Gas Pool because it is located in the NW/4 of the section rather than the NE/2 or the SW/4 of the section and requires an exception to Rule 7 of the Basin Fruitland Coal Gas Pool Rules (Order R-8768).

(8) The proposed unorthodox location is necessary in order for the applicant to economically recover Basin-Fruitland Coal Gas Pool reserves that are present in the N/2 of Section 36 and to avoid having this acreage drained by offsetting Basin Fruitland Coal Gas wells.

(9) Meridian requests that this matter be docketed for hearing on the Division Examiner docket now scheduled for September 17, 1992.

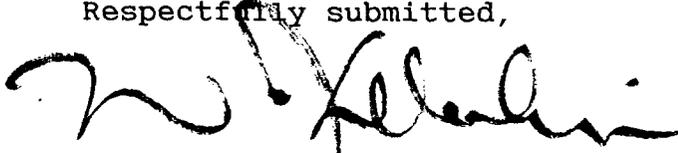
(10) A copy of this application has been sent to all offsetting operators and interested parties who might be affected by this application as identified and set forth on Exhibit B.

WHEREFORE, Meridian requests that this matter be set for hearing on September 17, 1992 before a duly appointed Examiner of the Oil Conservation Division and that after

Application of Meridian Oil, Inc.
Page 4

notice and hearing as required by law, the Division enter
its order granting this application.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

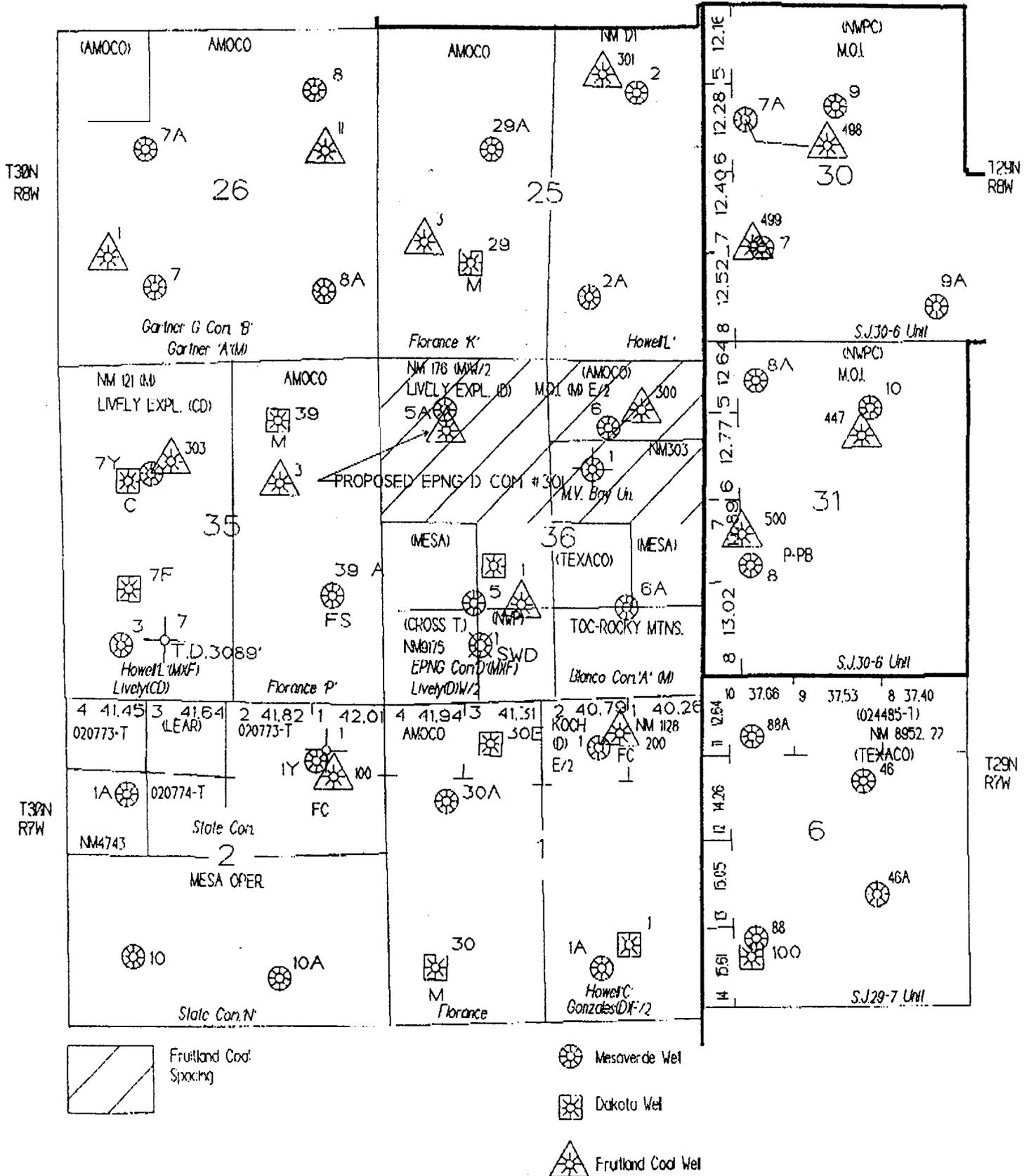
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Attorneys for Applicant

appt825.330

EPNG D COM #301

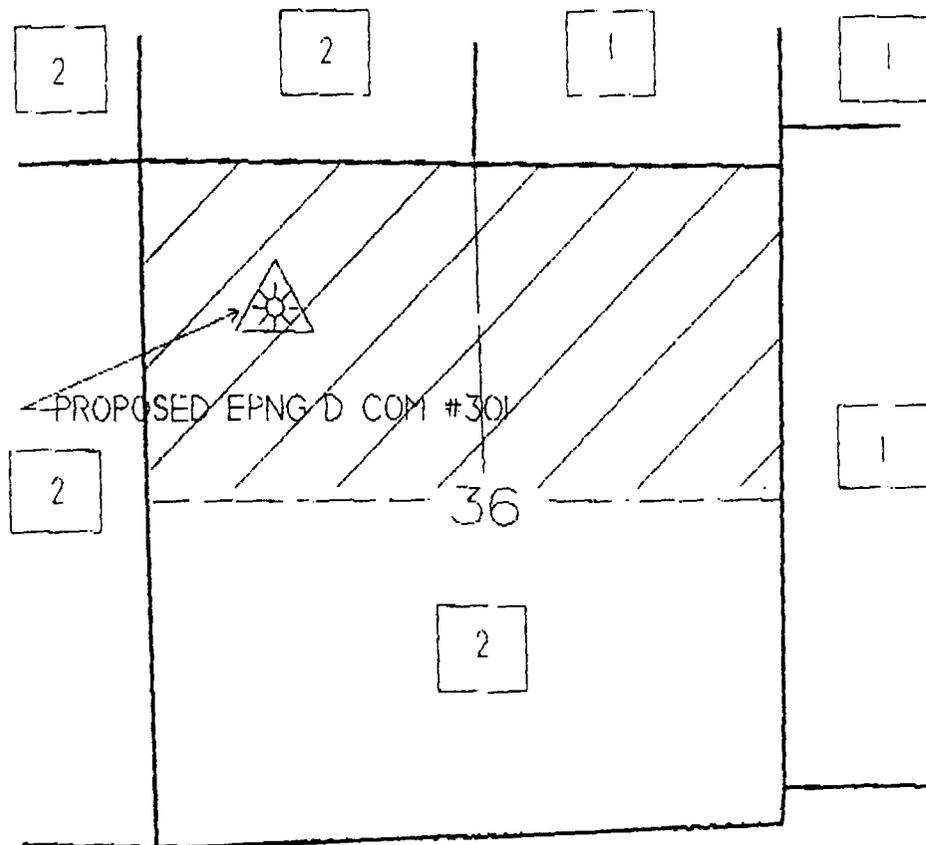
Township 30 North, Range 8 West

1175'fnl, 1115'fwl Section 36



MERIDIAN OIL INC.
OFFSET OPERATOR PLAT

EPNG D COM #301
Township 30 North, Range 8 West
1175'fml, 1115'fwl Section 36
Fruitland Coal Formation



1

MERIDIAN OIL INC.

2

AMOCO PRODUCTION CO.-- P.O. BOX 800.DENVER CO.80202