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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)

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

October 27, 1992

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

HAND DELIVERED

RE: Application of Meridian Oil Inc.
for Approval of an
Unorthodox Well Location,
San Juan County, New Mexico
Johnston Federal No. 280 Well

10604

RECEIVED

OCT 28 1992

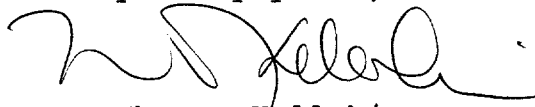
OIL CONSERVATION DIVISION

Dear Mr. LeMay:

On behalf of Meridian Oil Inc., please find enclosed our application for a hearing for the Johnston Federal No. 280 Well. We request that this case be set for hearing on November 19, 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

To all parties listed on Exhibit "B"
of the Application

app1023a.330

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

CASE NO. 10609

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

RECEIVED

OCT 27 1992

OIL CONSERVATION DIVISION

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 Johnston Federal No. 280 Well to be drilled at an unorthodox well location within the NW/4 of Section 33 and not closer than 790 feet to the outer boundary of the spacing unit in Section 33, Township 31 North, Range 9 West, NMPM, San Juan County, New Mexico and to be dedicated to a 315.76-acre spacing unit consisting of the W/2 of Section 33, 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 W/2 of Section 33.

(2) On December 27, 1990, Union Texas Petroleum, Inc. completed its Johnston Federal #28 Well at a

standard location in the SW/4 of Section 33 and dedicated the W/2 of Section 33 to the well. See Exhibit A, attached hereto.

(3) The Johnston Federal #28 Well was completed cased hole with an initial production rate of 35 MCFPD with compression.

(4) While the entire W/2 of Section 33 is potentially productive, Union Texas Petroleum, Inc. was unsuccessful in its attempts to obtain a commercial well in a standard quarter section in this spacing unit. In September, 1991, Meridian Oil Production Inc. purchased Union Texas Petroleum, Inc.'s ownership in this well.

(5) The E/2 of Section 33 is already dedicated to a Fruitland Coal Gas well located in the NE/4 of Section 33 and Meridian's only remaining alternative is to attempt to locate a well in the NW/4 of Section 33.

(6) Meridian seeks to drill its Johnston Federal #280 Well in the Basin Fruitland Coal Gas Pool at an unorthodox location in the NW/4 being no closer than 790 feet to the outer boundaries of the W/2 of Section 33 as a replacement well for the Johnston Federal #28 Well which will either be plugged and abandoned or used as a

pressure observation well 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/4 or the SW/4 of the section, thus requiring an exception to Rule 7 of the Basin Fruitland Case Gas Pool Rules (Order No. 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 W/2 of Section 33 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 November 19, 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 Exhibits B.

WHEREFORE, Meridian requests that this matter be set for hearing on November 19, 1992 before a duly appointed Examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,

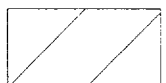
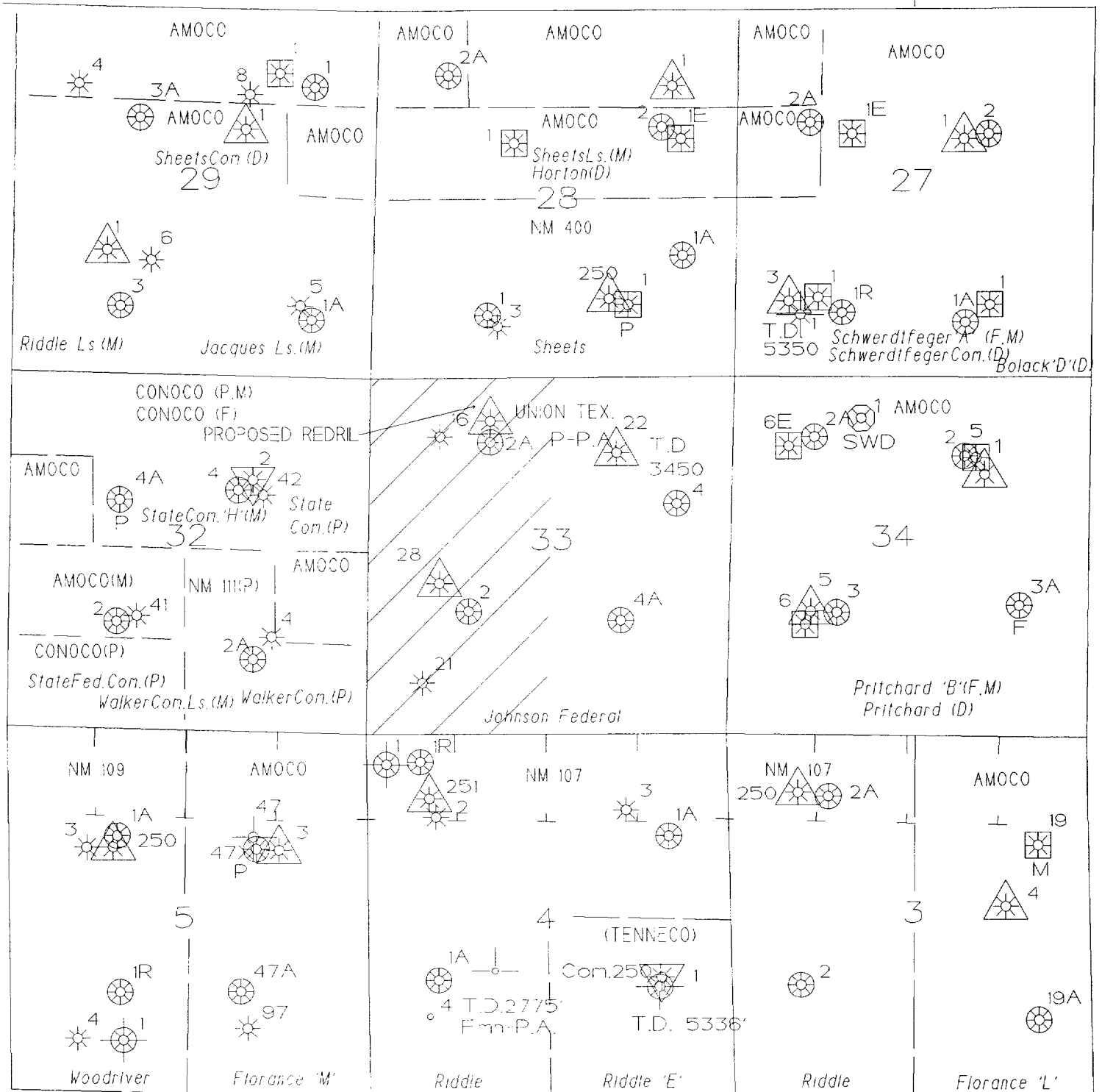
A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name.

W. Thomas Kellahin
Kellahin and Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87504-2265
(505) 982-4285
Attorneys for Applicant

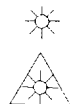
EXHIBIT "A"

JOHNSTON FEDERAL # 280

NE/4NW/4 SECTION 33-31N-9W



FRUITLAND COAL
SPACING UNIT



PICTURED CLIFFS WELL



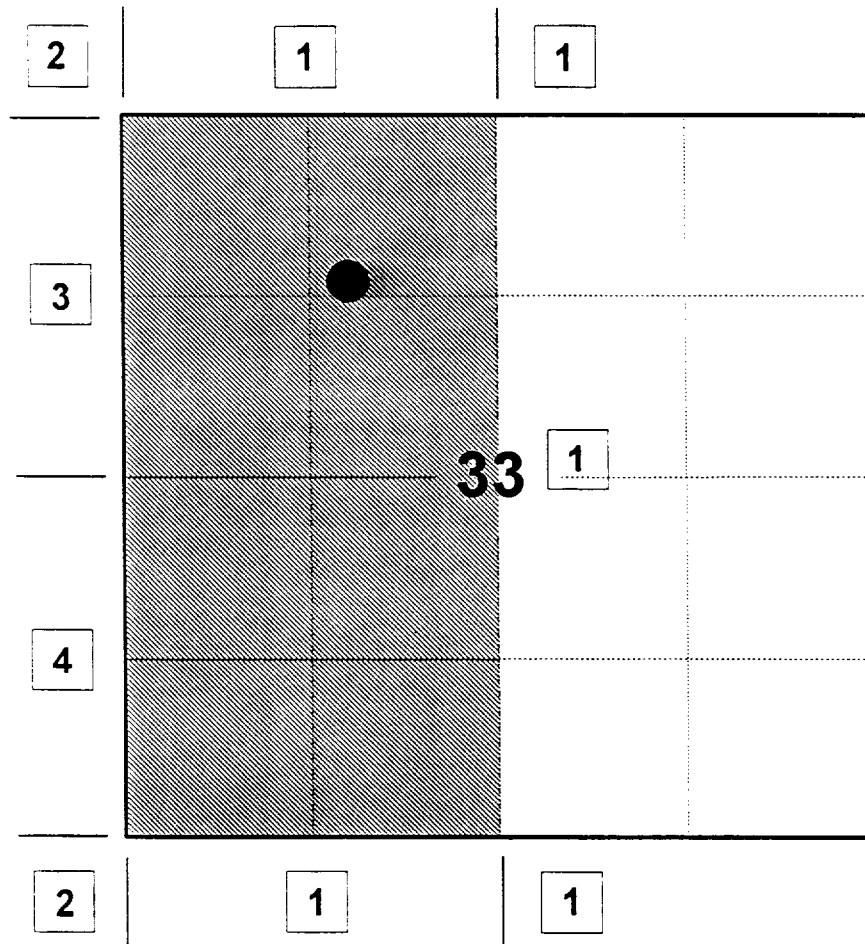
FRUITLAND COAL WELL



MESAVERDE WELL



DAKOTA WELL

MERIDIAN OIL INC**OFFSET OPERATOR \ OWNER PLAT****JOHNSTON FEDERAL #280****Unorthodox Well Location****Township 31 North, Range 09 West**

1) Meridian Oil Inc

2) Amoco Production Company PO Box 800, Denver, CO 80201

3) Conoco, Inc. PO Box 951062, Dallas, TX 75395-1062

4) Koch Exploration Company PO Box 2256, Wichita, Kansas 67201-2256

Meridian Oil Inc

Conoco, Inc.

Amoco Production Company