

RECEIVED

OCT 26 1992

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

OIL CONSERVATION DIV.

TELEPHONE (505) 982-2285
TELEFAX (505) 982-2047

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)

October 23, 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. 270 Well

10606

Dear Mr. LeMay:

On behalf of Meridian Oil Inc., please find enclosed our application for a hearing for the Johnston Federal 270 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

appt1023.330

RECEIVED

OCT 26 1992

OIL CONSERVATION DIV.
SANTA FE

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

CASE NO. 10606

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

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. 270 Well to be drilled at an unorthodox well location 790 feet FNL and 790 feet FWL of Section 12, Township 30 North, Range 8 West, NMPM, San Juan County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the W/2 of Section 12, 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 12.

(2) On December 20, 1990, Union Texas Petroleum, Inc. ("Union Texas") completed its Johnston Federal #27 Well at a standard location in the SW/4 of Section 12 and

dedicated the W/2 of Section 12 to the well. See Exhibit A, attached hereto.

(3) In September, 1991, Meridian Oil Production Inc. purchased Union Texas Petroleum, Inc.'s ownership in this well. At the present time, the Johnston Federal #270 Well is capable of producing only 30 MCFPD and is shut-in.

(4) While the entire W/2 of Section 12 is potentially productive, Union Texas was unsuccessful in its attempts to obtain a commercial well in a standard quarter section in this spacing unit.

(5) The E/2 of Section 12 is already dedicated to a Fruitland Coal Gas well located in the NE/4 of Section 12 and Meridian's only remaining alternative is to attempt to locate a well in the NW/4 of Section 12.

(6) Meridian seeks to drill its Johnston Federal #270 Well in the Basin Fruitland Coal Gas Pool at an unorthodox location 790 feet FNL and 790 feet FWL of Section 12 as a replacement well for the Johnston Federal #27 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 12 and to avoid having this acreage drained by offsetting Basin Fruitland Coal Gas wells.

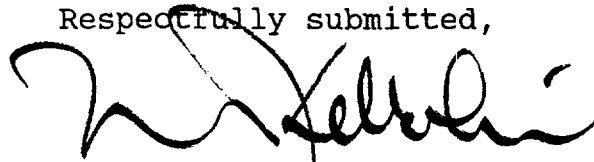
(9) Meridian requests that this matter be docketed for hearing on the Division Examiner docket now scheduled for November 19, 1992.

(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 a horizontal line.

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

SECTION 12-30N-9W

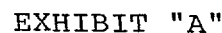


EXHIBIT "A"

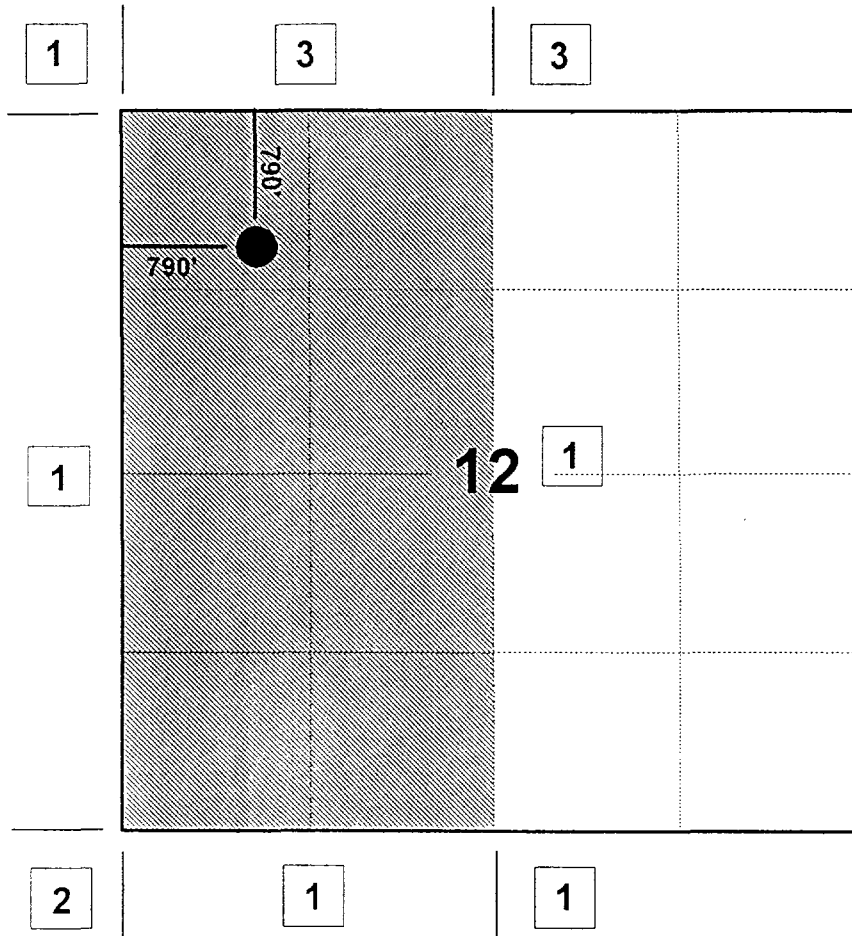
MERIDIAN OIL INC

OFFSET OPERATOR \ OWNER PLAT

JOHNSTON FEDERAL #270

Unorthodox Well Location

Township 30 North, Range 09 West



1) Meridian Oil Inc

2) Albert M. Senter, Jr

PO Box 335, Albuquerque, NM 87114

Amoco Production Company

PO Box 800, Denver, CO 80201

3) Amoco Production Company