

MERIDIAN OIL

CASE # 10721

APRIL 22, 1993

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:

CASE NO. 10721

APPLICATION OF MERIDIAN OIL INC.
FOR AN UNORTHODOX GAS WELL
LOCATION AND DOWNHOLE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO.
ROWLEY COM #500 WELL

CERTIFICATE OF MAILING

AND

COMPLIANCE WITH ORDER R-8054

W. THOMAS KELLAHIN, attorney in fact and authorized representative of Meridian Oil Inc., states that the notice provisions of Division Rule 1207 (Order R-8054) have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested parties entitled to receive notice, that on March 30, 1993, I caused to be mailed by certified mail return-receipt requested notice of this hearing and a copy of the application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for April 22, 1993, to the parties shown in the application as evidenced by the attached copies of return receipt cards, and that pursuant to Division Rule 1207, notice has been given at the correct addresses provided by such rule.

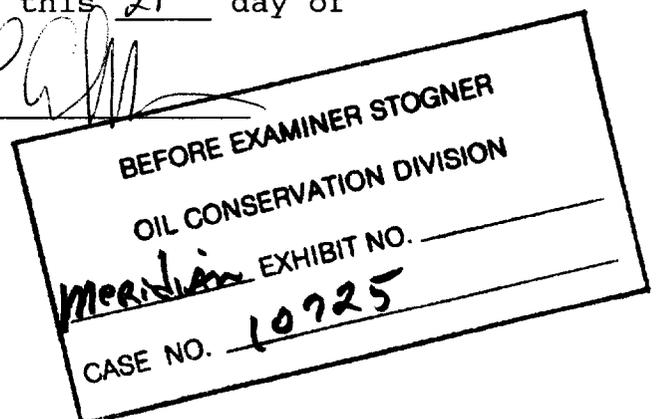

W. Thomas Kellahin

SUBSCRIBED AND SWORN to before me this 21ST day of
APRIL, 1993.


Notary Public

My Commission Expires:

10/7/95



Is your RETURN ADDRESS completed on the reverse side?

SENDER:

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- Complete items 3, and 4a & b.
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I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 Hondo Oil & Gas Company
 P.O. Box 2208
 Roswell, New Mexico
 88202-2208

4a. Article Number
 P 676 666 424

4b. Service Type
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery
 8/1 - 1-93

5. Signature (Addressee)
 Meridion Rowley Com #500

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)
 [Signature]

PS Form 3811, December 1991 U.S. GPO: 1992-323-402 **DOMESTIC RETURN RECEIPT**

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I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 ARCO Oil & Gas Company
 P.O. Box 1610
 Midland, Texas 79702-1610

4a. Article Number
 P 676 666 415

4b. Service Type
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery
 APR - 1 1993

5. Signature (Addressee)
 Meridion Rowley Com #500

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)
 [Signature]

PS Form 3811, December 1991 U.S. GPO: 1992-323-402 **DOMESTIC RETURN RECEIPT**

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I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 Jerry Hoover
 Conoco, Inc.
 10 Desta Drive, Suite 100W
 Midland, Texas 79705-4500

4a. Article Number
 P 676 666 409

4b. Service Type
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery
 4-1-93

5. Signature (Addressee)
 Meridion Rowley Com #500

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)
 Anita Gonzalez

PS Form 3811, December 1991 U.S. G.P.O.: 1992-307-530 **DOMESTIC RETURN RECEIPT**

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- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address

2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

BHP Petroleum
5847 San Felipe, Suite 3600
Houston, Texas 77057

4a. Article Number
P 676 666 407

4b. Service Type

Registered Insured

Certified COD

Express Mail Return Receipt for Merchandise

7. Date of Delivery
4-2-93

5. Signature (Addressee)
Meridian Parley Com #500

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)
[Signature]

PS Form 3811, December 1991 ☆ U.S.G.P.O.: 1992-307-530

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

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SENDER:

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- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address

2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Bonneville Fuels Corp
1600 Lincoln Street
Suite 1800
Denver, Colorado 80264

4a. Article Number
P 676 666 408

4b. Service Type

Registered Insured

Certified COD

Express Mail Return Receipt for Merchandise

7. Date of Delivery
APR 2

5. Signature (Addressee)
Meridian Parley Com #500

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)
Donna A. Sach

PS Form 3811, December 1991 ☆ U.S.G.P.O.: 1992-307-530

DOMESTIC RETURN RECEIPT

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- Complete items 3, and 4a & b.
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- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address

2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Amoco Production Company
P.O. Box 800
Denver, Colorado 80202

4a. Article Number
P 676 666 406

4b. Service Type

Registered Insured

Certified COD

Express Mail Return Receipt for Merchandise

7. Date of Delivery
[Signature]

5. Signature (Addressee)
Meridian Parley Com #500

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)
[Signature]

PS Form 3811, December 1991 ☆ U.S.G.P.O.: 1992-307-530

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?	SENDER: <ul style="list-style-type: none"> • Complete items 1 and/or 2 for additional services. • Complete items 3, and 4a & b. • Print your name and address on the reverse of this form so that we can return this card to you. • Attach this form to the front of the mailpiece, or on the back if space does not permit. • Write "Return Receipt Requested" on the mailpiece below the article number. • The Return Receipt will show to whom the article was delivered and the date delivered. 		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
	3. Article Addressed to: Devon Energy Corporation 1500 Mid American Tower 20 North Broadway Oklahoma City, OK 73102-8250		4a. Article Number P 355 568 583	
	5. Signature (Addressee) <i>Meidion Bowley Com #500</i>		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
	6. Signature (Agent) <i>Medina</i>		7. Date of Delivery 4/3/93	
8. Addressee's Address (Only if requested and fee is paid)		PS Form 3811, December 1991 *U.S. GPO: 1992-323-402 DOMESTIC RETURN RECEIPT		

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?	SENDER: <ul style="list-style-type: none"> • Complete items 1 and/or 2 for additional services. • Complete items 3, and 4a & b. • Print your name and address on the reverse of this form so that we can return this card to you. • Attach this form to the front of the mailpiece, or on the back if space does not permit. • Write "Return Receipt Requested" on the mailpiece below the article number. • The Return Receipt will show to whom the article was delivered and the date delivered. 		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
	3. Article Addressed to: Devon Energy Partners, A Limited Partnership P.O. Box 840563 Dallas, TX 75284-0563		4a. Article Number P 355 568 582	
	5. Signature (Addressee) <i>Meidion Bowley Com #500</i>		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
	6. Signature (Agent) KEITH WYATT		7. Date of Delivery APR 02 1993	
8. Addressee's Address (Only if requested and fee is paid)		PS Form 3811, December 1991 *U.S. GPO: 1992-323-402 DOMESTIC RETURN RECEIPT		

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?	SENDER: <ul style="list-style-type: none"> • Complete items 1 and/or 2 for additional services. • Complete items 3, and 4a & b. • Print your name and address on the reverse of this form so that we can return this card to you. • Attach this form to the front of the mailpiece, or on the back if space does not permit. • Write "Return Receipt Requested" on the mailpiece below the article number. • The Return Receipt will show to whom the article was delivered and the date delivered. 		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
	3. Article Addressed to: El Paso Production Company P.O. Box 4289 Farmington, NM 87401		4a. Article Number P 355 568 580	
	5. Signature (Addressee) <i>Meidion Bowley Com #500</i>		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
	6. Signature (Agent) <i>John Harrelson</i>		7. Date of Delivery 3-31-93	
8. Addressee's Address (Only if requested and fee is paid)		PS Form 3811, December 1991 *U.S. GPO: 1992-323-402 DOMESTIC RETURN RECEIPT		

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SENDER:

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I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 S. Lawrence Farrington &
 John C. Vaughney CO-Execu.
 E.A. Faughey Estate
 1840 Capital Towers
 125 S. Congress Street
 Jackson, MS 39201-3382

4a. Article Number
 P 355 568 579

4b. Service Type
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery

4/3/93

Meridian Rowley Com #500

5. Signature (Addressee)

S. Paulson

6. Signature (Agent)

[Handwritten Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 *U.S. GPO: 1992-323-402

DOMESTIC RETURN RECEIPT

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I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 Lucille H. Piplin, Per Rep
 of the Estate of Pearl O.
 Pipkin
 P.O. Box 1174
 Roswell, New Mexico 88201

4a. Article Number
 P 355 568 578

4b. Service Type
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery

APR 1 1993

Meridian Rowley Com #500

5. Signature (Addressee)

Lucille H. Piplin

6. Signature (Agent)

[Handwritten Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 *U.S. GPO: 1992-323-402

DOMESTIC RETURN RECEIPT

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I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 Madeline Galt
 c/o Tom Galt
 352 Fifth Street
 Atlantic Beach, FL 32233

4a. Article Number
 P 355 568 577

4b. Service Type
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery

4-3-93

Meridian Rowley Com #500

5. Signature (Addressee)

Madeline Galt

6. Signature (Agent)

[Handwritten Signature]

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1991 *U.S. GPO: 1992-323-402

DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

EXHIBIT 1

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

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

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

JASON KELLAHIN (RETIRED 1991)

March 29, 1993

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

HAND DELIVERED

RE: Application of Meridian Oil, Inc.
for an Unorthodox Gas Well Location
and Downhole Commingling,
San Juan County, New Mexico
Rowley Com #500 Well



Dear Mr. LeMay:

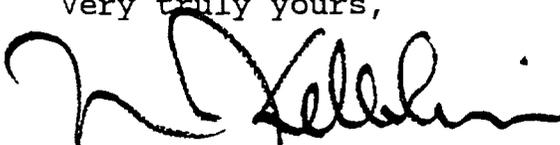
On behalf of Meridian Oil, Inc. please find enclosed our Application for an unorthodox gas well location and downhole commingling as referenced above, which we request be set for hearing on the next available Examiner's docket now scheduled for April 22, 1993.

By copy of this letter and application, sent certified mail-return receipt requested, we are notifying all interested parties offsetting the subject well and its proposed spacing and proration unit of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date. Also, all parties entitled to notice are hereby informed that pursuant to the Division Memorandum 2-90 all parties appearing in this case are requested to file a Pre-Hearing Statement with the Division no later than 4:00 p.m. on Friday, April 16, 1993.

Mr. William J. LeMay
March 29, 1993
Page 2

Also enclosed is our suggested advertisement for
this case.

Very truly yours,



W. Thomas Kellahin

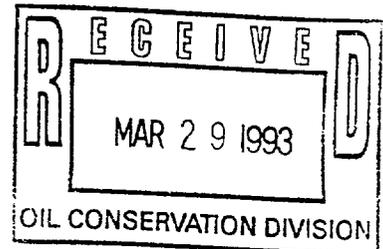
WTK/lam
Enclosures

cc: with Enclosures
Alan Alexander - Meridian Oil Inc.

By Certified Mail - Return Receipt
All Parties Listed on Exhibits B, C & D of
Application

lrr329.330

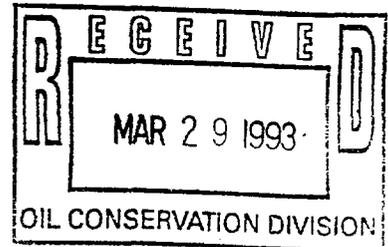
PROPOSED ADVERTISEMENT



Case _____: Application of Meridian Oil Inc. for an unorthodox gas well location and downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle Fulcher Kutz-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed Rowley Com #500 Well to be drilled at an unorthodox gas well location for the Fulcher Kutz-Pictured Cliffs Gas Pool 1850 feet FWL and 2335 feet FSL, (Unit K) Section 7, T27N, R10W, NMPM, San Juan County, New Mexico. Said well is to be dedicated a standard 332.92-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being W/2 of Section 7 and to a standard 166.61-acre gas spacing unit for the Fulcher Kutz-Pictured Cliffs Gas Pool being the SW/4 of Section 7. The well is located approximately 10 (miles) south (direction) from Bloomfield, New Mexico.

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.
FOR AN UNORTHODOX GAS WELL LOCATION
AND DOWNHOLE COMMINGLING
SAN JUAN COUNTY, NEW MEXICO.

CASE:

A P P L I C A T I O N

Comes now MERIDIAN OIL INC., ("Meridian") by and through its attorneys Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division for approval to downhole commingle Fulcher Kutz-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed Rowley Com #500 Well to be drilled at a standard gas well location for the Basin Fruitland Coal Gas Pool but an unorthodox gas well location for the Fulcher Kutz-Pictured Cliffs Gas Pool being 1850 feet FWL and 2335 feet FSL, (Unit K) Section 7, T27N, R10W, NMPM, San Juan County, New Mexico. The W/2 of Section 7 is to be dedicated to the subject well forming a standard 332.92-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool. The SW/4 of Section 7 is to be dedicated to the subject well forming a standard 166.61-acre gas spacing unit for the Fulcher-Pictured Cliffs Gas Pool.

In support of its application, Meridian states:

(1) Meridian is the operator for the proposed Rowley Com #500 Well to be drilled at a gas well location 1850 feet FWL and 2335 feet FSL (Unit K), Section 7, T27N, R10W, NMPM, San Juan County, New Mexico as shown on Exhibit "A" attached.

(2) Said location is a standard gas well location for the Basin Fruitland Coal Gas Pool but is an unorthodox gas well location for the Fulcher-Pictured Cliffs Gas Pool being only 305 feet rather than the required 790 feet from the north line of the 160 acre spacing unit.

(3) The Well is to be drilled so that production from the Basin-Fruitland Coal Gas Pool and the Fulcher Kutz-Pictured Cliffs Gas Pool can be downhole commingled in the wellbore.

(4) The W/2 of Section 7 is to be dedicated to any production from the Basin Fruitland Coal Gas Pool which is spaced on 320-acre gas spacing units.

(5) The SW/4 of Section 7 is to be dedicated to any production from the Fulcher Kutz-Pictured Cliffs Gas Pool which is spaced on 160-acre gas spacing units.

(6) The ownership is different between these two spacing units.

(7) In accordance with Division Rule 303-C-1.(b), the Applicant states and will demonstrate at hearing:

1. That drilling the Rowley Com #500 Well initially for downhole commingling in the wellbore is necessary because it is not otherwise economic to attempt to drill and complete a separate well for Pictured Cliffs gas production nor is it economic to attempt to dually complete those formations in the proposed well.

2. That there will be no crossflow between the two zones commingled.

3. That while the ownership is each of the two spacing units is not common between the two pools, no impairment of correlative rights will occur.

4. It is expected that the bottom hole pressure of the lower pressure zone is not less than 50 percent of the bottom hole pressure of the higher pressure zone adjusted to a common datum.

5. That the value of the commingled production will not be less than the sum of the values of the individual production.

(8) The Pictured Cliffs formations in this area of the basin should be marginally productive and cannot be economically produced unless it is done so by downhole commingling that production with the Basin Fruitland Coal Gas Pool production..

(9) Meridian has selected to drill the proposed well in the SW/4 instead of the NW/4 of Section 7 because that location appears to have a greater opportunity for a successful Fruitland formation well.

(10) In addition, the SW/4 of Section 7 is a standard location for a Fruitland Coal Gas Well while the NW/4 is an unorthodox location.

(11) Due to the nature of the Basin-Fruitland Coal Gas production, straight allocation of gas volumes from both zones is not appropriate. Meridian therefore seeks the adoption of a monthly allocation formula to be presented at the time of the hearing.

(12) The ownership between the Basin Fruitland Coal Gas Pool spacing unit and the Fulcher Kutz-Pictured Cliffs Gas Pool spacing unit is not identical and accordingly, applicant seeks the approval of the Division after notice and hearing.

(13) Applicant requests that this matter be docketed for hearing on the Division's Examiner docket now scheduled for April 22, 1993.

(14) Copy of this application has been sent to all offsetting operators and to the owners of interests in the affected production within the two spacing units as set forth on Exhibits B, C and D.

Application of Meridian Oil, Inc.
Page 4

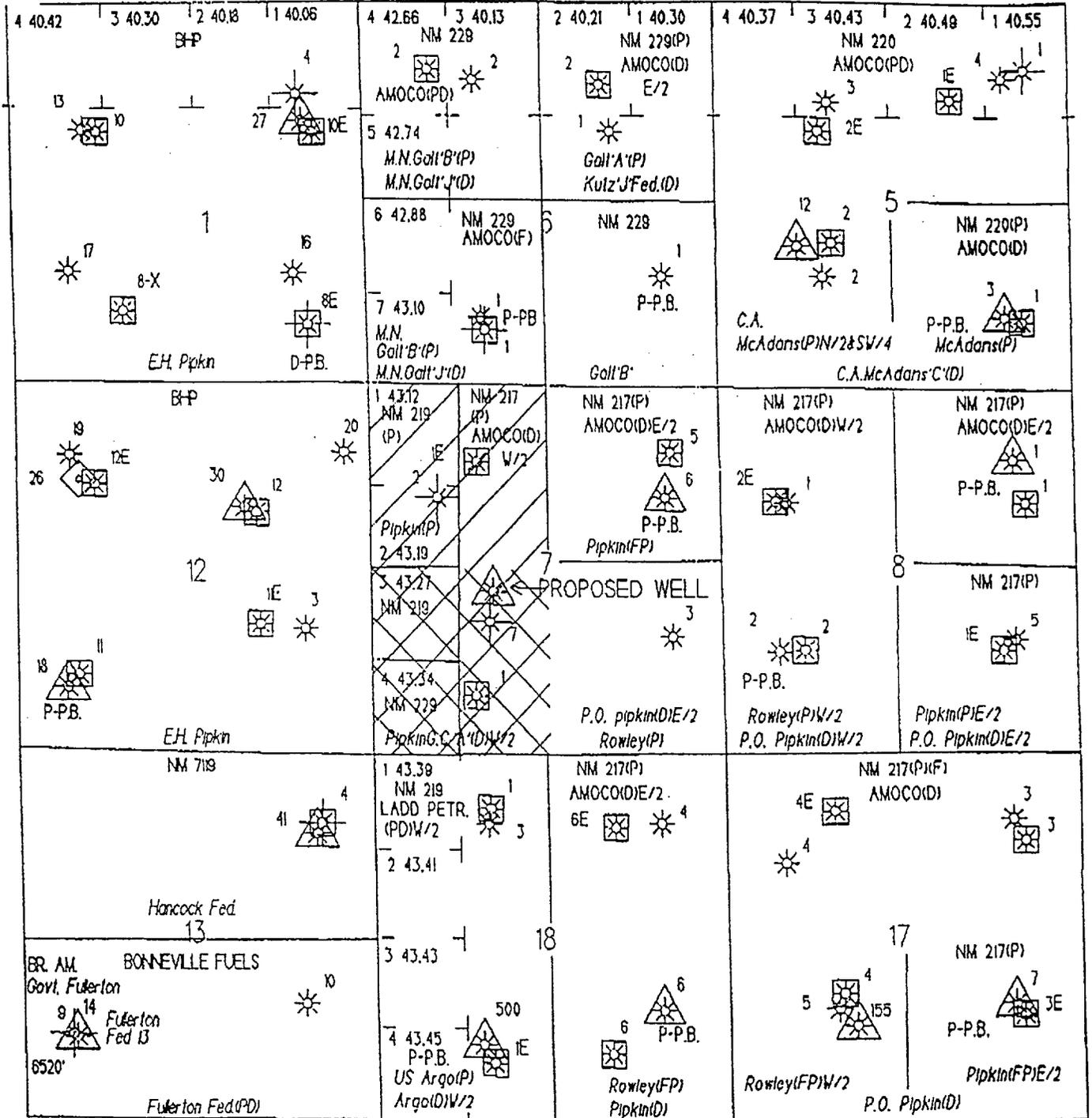
WHEREFORE Applicant requests that this matter be set for hearing on April 22, 1993 before a duly appointed Examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted

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

W. Thomas Kellahin
KELLAHIN and KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285
Attorneys for Applicant

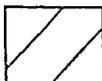
MERIDIAN OIL INC. ROWLEY # 500 WELL 1850'FWL, 2335'FSL SECTION 7-27N-10W



 PICTURED CLIFFS WELL

 FRUITLAND COAL WELL

 DAKOTA WELL



SPACING UNIT (FRUITLAND COAL)



SPACING UNIT (PICTURED CLIFFS)

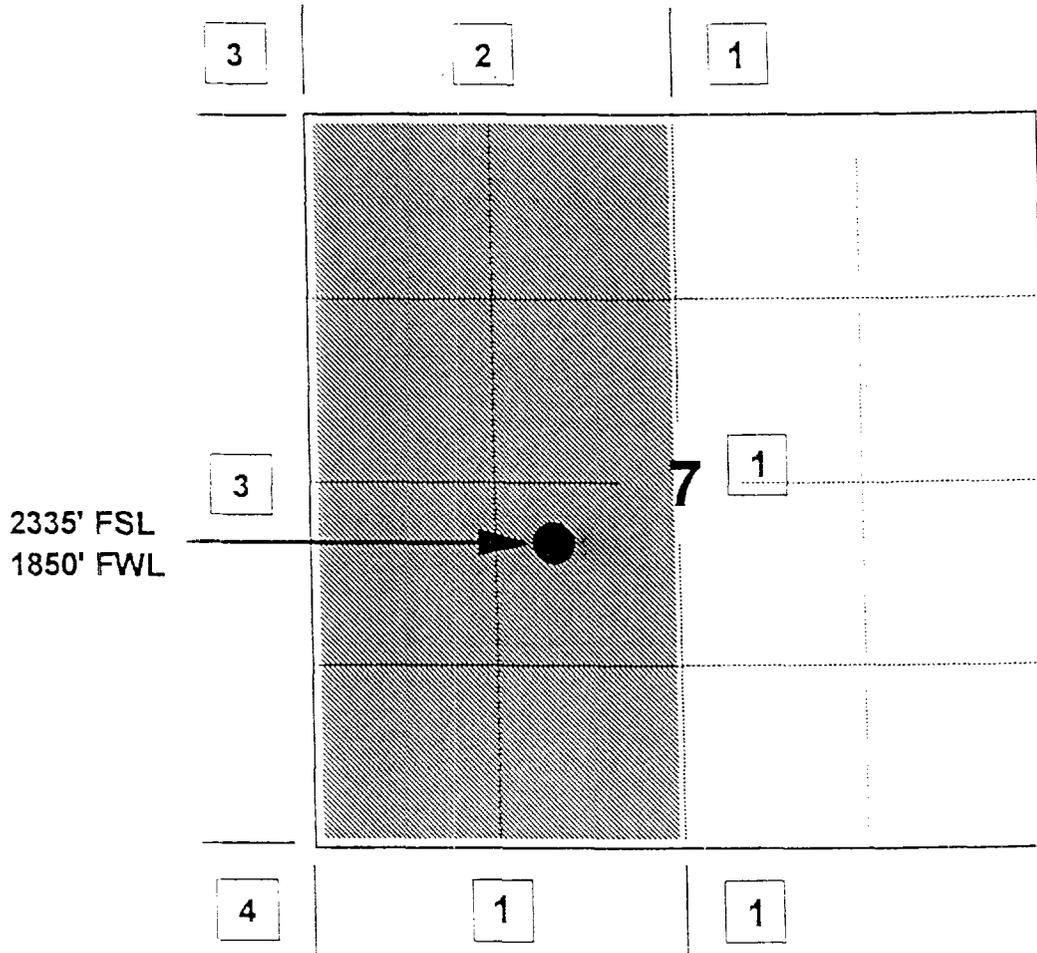
MERIDIAN OIL INC

OFFSET OPERATOR \ OWNER PLAT

ROWLEY #500

Fruitland Coal \ Pictured Cliffs Formations Commingle

Township 27 North, Range 10 West



1) Meridian Oil Inc

2) Amoco Production Company

PO Box 800, Denver, CO 80202

3) BHP Petroleum

5847 San Felipe, Suite 3600, Houston, TX 77057

4) Bonneville Fuels Corp.

1600 Lincoln St., Suite 1800, Denver, CO 80264

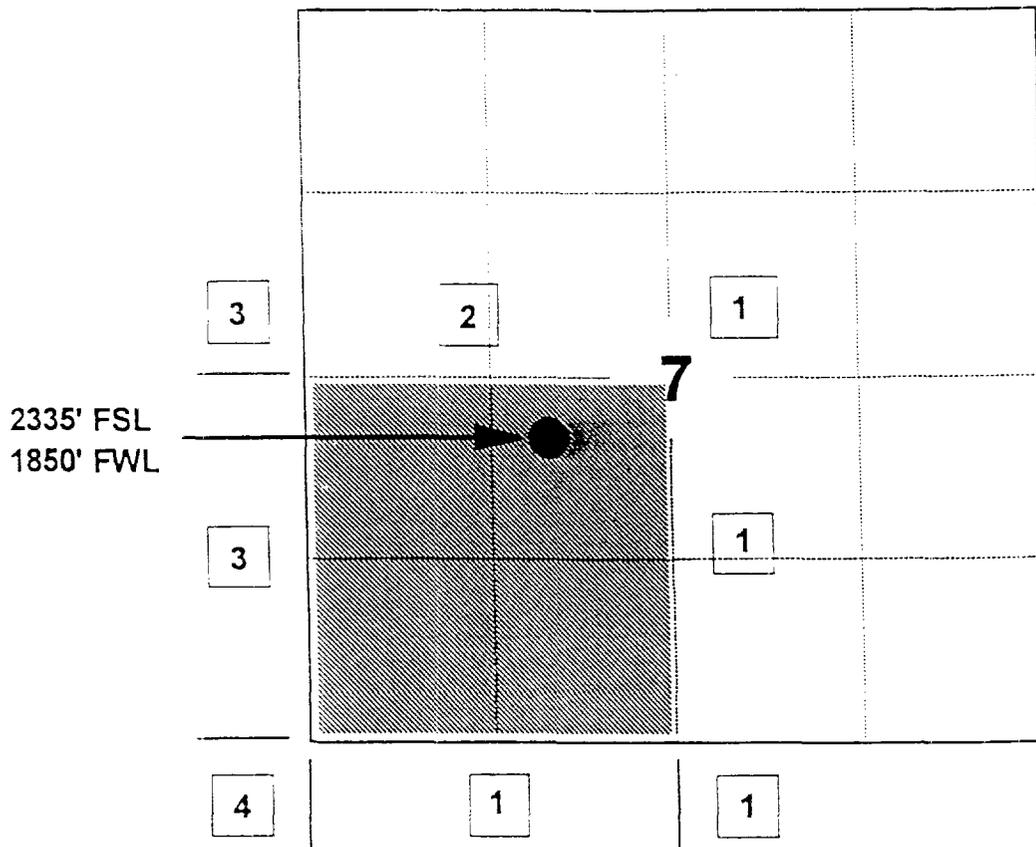
MERIDIAN OIL INC

OFFSET OPERATOR \ OWNER PLAT

ROWLEY #500

Fruitland Coal \ Pictured Cliffs Formations Commingle

Township 27 North, Range 10 West



1) Meridian Oil Inc

2) Amoco Production Company

PO Box 800, Denver, CO 80202

Ccnoco, Inc

10 Desta Dr., Suite 100W, Midland, TX 79705-4500

ARCO Oil & Gas Company

PO Box 1610, Midland, TX 79702-1610

Hondo Oil & Gas Company

PO Box 2208, Roswell, NM 88202-2208

3) BHP Petroleum

5847 San Felipe, Suite 3600, Houston, TX 77057

4) Bonneville Fuels Corp.

1600 Lincoln St., Suite 1800, Denver, CO 80264

ROWLEY #500

Working Interest Owners:

Devon Energy Corporation
1500 Mid American Tower
20 North Broadway
Oklahoma City, OK 73102-8250

Devon Energy Partners a Limited Partnership
P.O. Box 840563
Dallas, TX 75284-0563

Amoco Production Company
P.O. Box 800
Denver, CO 80201

Conoco Inc.
Attn: Steve Klein
10 Desta Drive West
Midland, TX 79705

El Paso Production Company
P.O. Box 4289
Farmington, NM 87401

S. Lawrence Farrington &
John C. Vaughey CO-Execu.
E. A. Vaughey Estate
1840 Capital Towers
125 S. Congress St.
Jackson, MS 39201-3382

ORRI Owners:

Lucille H. Piplin, Personal Rep
of the Estate of Pearl O. Pipkin
P.O. Box 1174
Roswell, NM 88201

Madeline Galt
c/o Tom Galt
352 Fifth Street
Altantic Beach, FL 32233

Royalty Owner:

U.S.A.

EXHIBIT 2

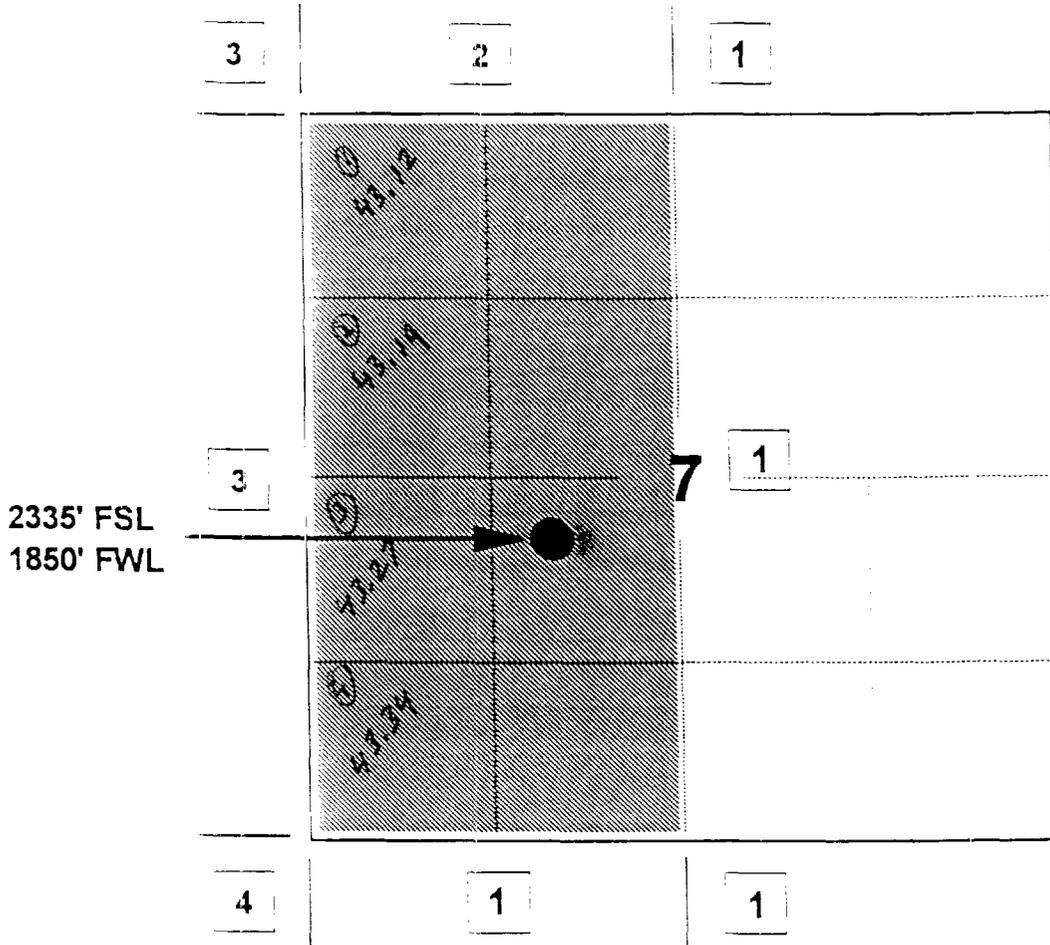
MERIDIAN OIL INC

OFFSET OPERATOR \ OWNER PLAT

ROWLEY #500

Fruitland Coal \ Pictured Cliffs Formations Commingle

Township 27 North, Range 10 West



1) Meridian Oil Inc

2) Amoco Production Company

PO Box 800, Denver, CO 80202

3) BHP Petroleum

5847 San Felipe, Suite 3600, Houston, TX 77057

4) Bonneville Fuels Corp.

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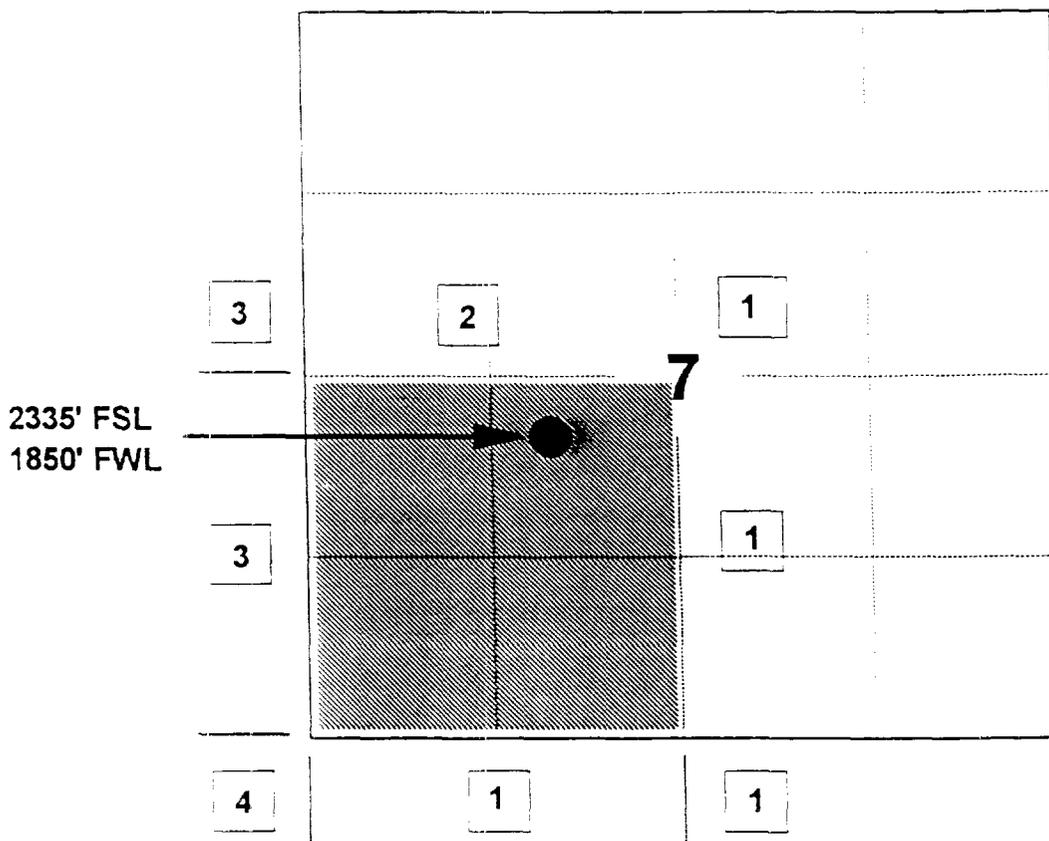
MERIDIAN OIL INC

OFFSET OPERATOR \ OWNER PLAT

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Fruitland Coal \ Pictured Cliffs Formations Commingle

Township 27 North, Range 10 West



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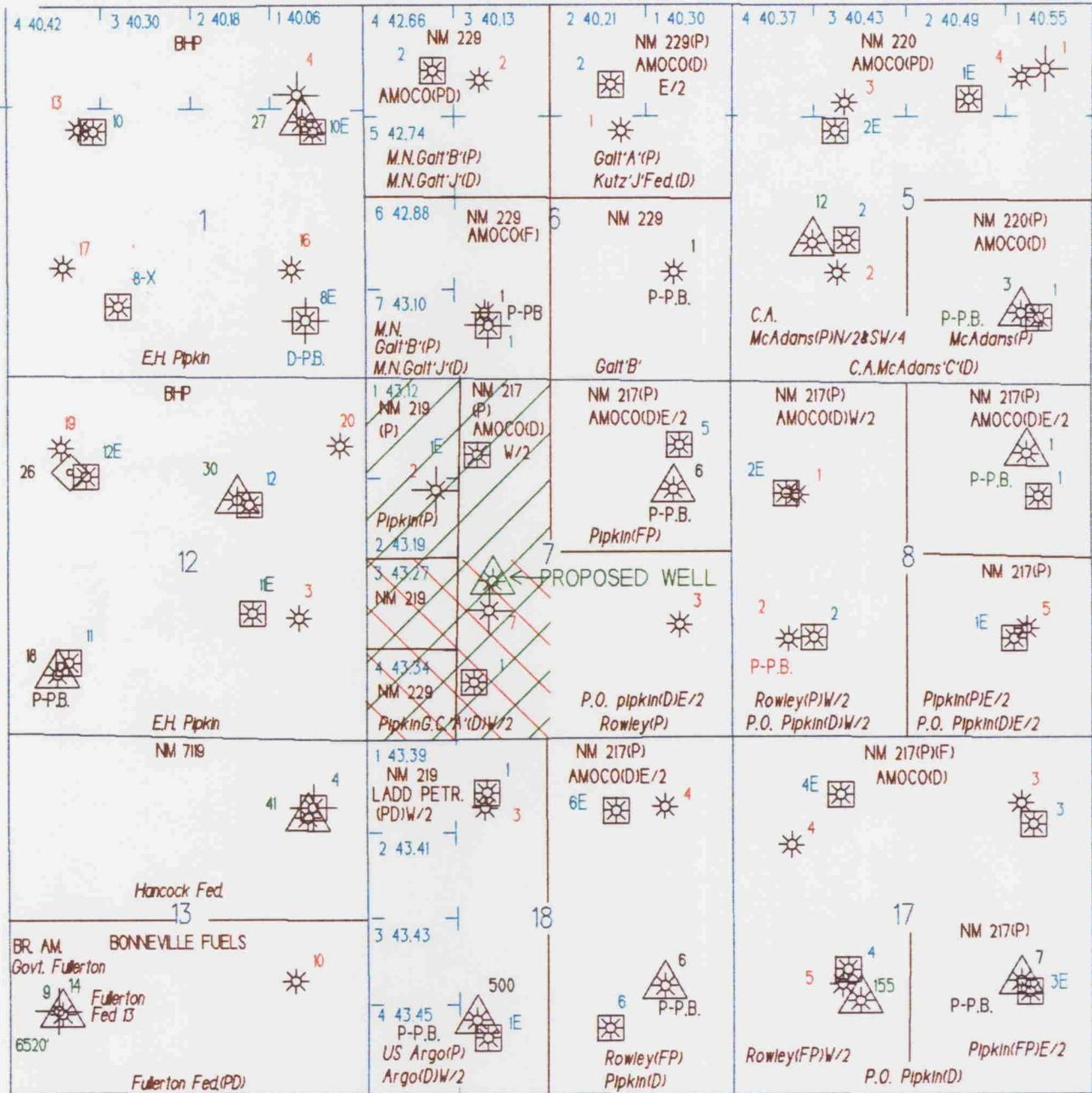
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c/o Tom Galt
352 Fifth Street
Altantic Beach, FL 32233

Royalty Owner:

U.S.A.

EXHIBIT 3

MERIDIAN OIL INC. ROWLEY COM # 500 WELL 1850'FWL, 2335'FSL SECTION 7-27N-10W



-  PICTURED CLIFFS WELL
-  FRUITLAND COAL WELL
-  DAKOTA WELL

-  SPACING UNIT (FRUITLAND COAL)
-  SPACING UNIT (PICTURED CLIFFS)

EXHIBIT 4

EXHIBIT 5

ROWLEY COM #500

MONTHLY GAS PRODUCTION ALLOCATION FORMULA

GENERAL EQUATION

$$Q = Q_{ftc} + Q_{pc}$$

WHERE: Q_t = TOTAL MONTHLY PRODUCTION (MCF/MONTH)
 Q_{ftc} = FRUITLAND COAL (FTC) MONTHLY PRODUCTION
 Q_{pc} = PICTURED CLIFFS (PC) MONTHLY PRODUCTION (MCF/MONTH)

REARRANGING THE EQUATION TO SOLVE FOR Q_{ftc} :

$$Q_{ftc} = Q_t - Q_{pc}$$

ANY PRODUCTION RATE OVER WHAT IS CALCULATED FOR THE PICTURED CLIFFS (PC) USING THE APPLIED FORMULA IS FRUITLAND COAL (FTC) PRODUCTION.

PICTURED CLIFFS (PC) FORMATION PRODUCTION FORMULA IS:

$$Q_{pc} = Q_{pci} * e^{-\{D_{pc}\}(t)}$$

WHERE: Q_{pci} = INITIAL PC MONTHLY FLOW RATE (CALCULATED FROM FLOW TEST)
 D_{pc} = PICTURED CLIFFS MONTHLY DECLINE RATE DETERMINED FROM:

MATERIAL BALANCE (FIELD ANALOGY):
VOLUMETRIC RESERVES (LOG ANALYSIS)
 $G f(P^*) = 0.84 \text{ MMCF/PSI} \times P^* \times R_f$

P^* = INITIAL RESERVOIR PRESSURE (7 DAY SIBHP)
 R_f = RECOVERY (FIELD ANALOGY): = 0.85

THUS: $Q_{ftc} = Q_t - Q_{pci} * e^{-\{D_{pc}\}(T)}$

WHERE: (t) IS IN MONTHS

REFERENCE: Thompson, R. S., and Wright, J. D., "Oil Property Evaluation", pages 5-2, 5-3.

ROWLEY COM #500

DETERMINATION OF Q_{pci} : (INITIAL PICTURED CLIFFS MONTHLY PRODUCTION)

$$\underline{Q_{pci} = Q_{t(1)} * Q_{pc(p)} \ / \ \{Q_{pc(p)} + Q_{ftc(p)}\}}$$

WHERE:

$Q_{t(1)}$ = FIRST MONTH TOTAL PRODUCTION (MCF)

$Q_{pc(p)}$ = FINAL PICTURED CLIFFS FLOW TEST (MCFPD)

$Q_{ftc(p)}$ = FINAL FRUITLAND COAL FLOW TEST (MCFPD)

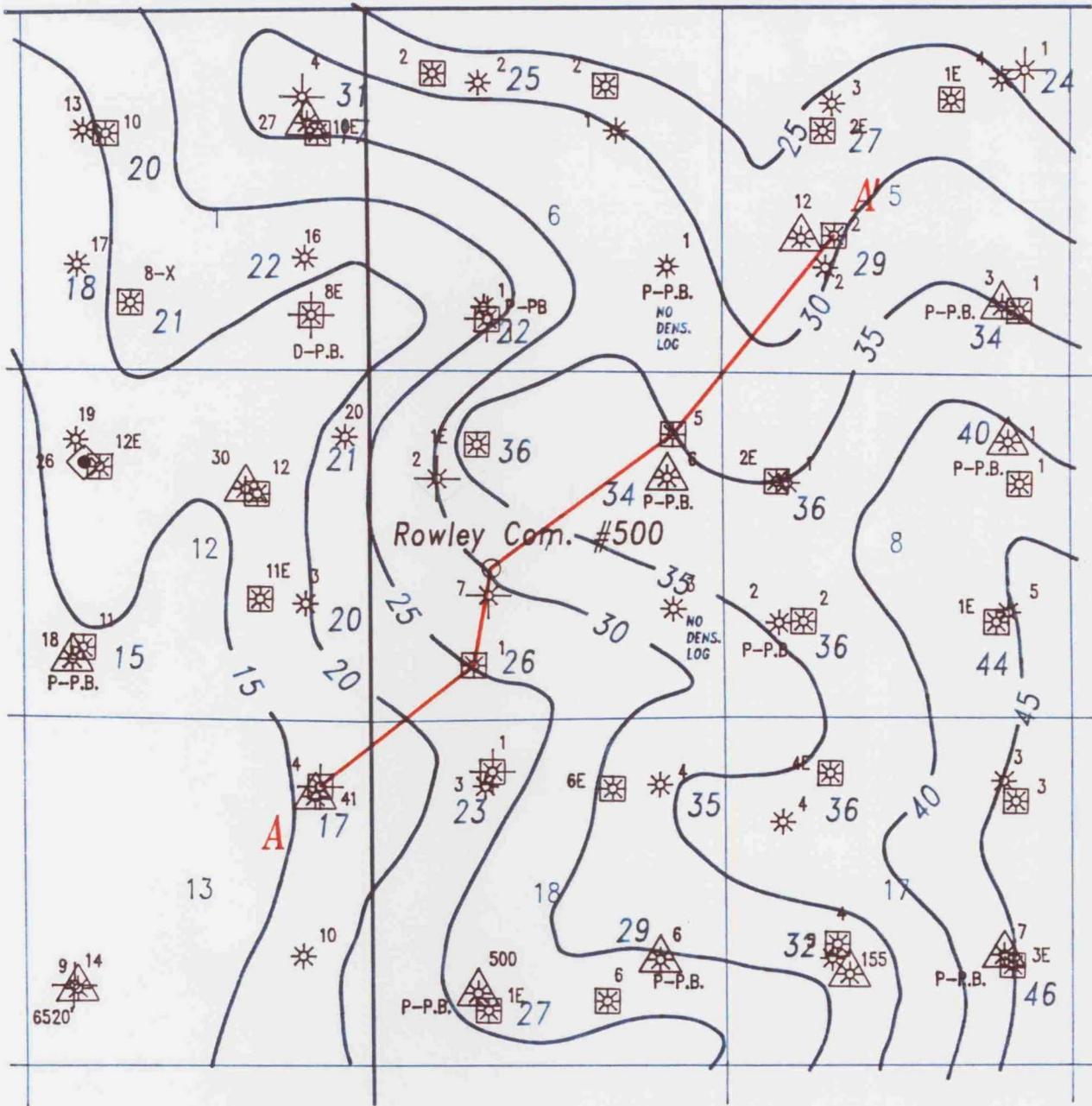


EXHIBIT 6



R11W

R10W



T
27
N

Net Pay = $R_t > \text{Shale Baseline} \ \& \ Sp > (-10) \text{ mv Deflection}$
 Scale 2" = 1 mile
 NL no log

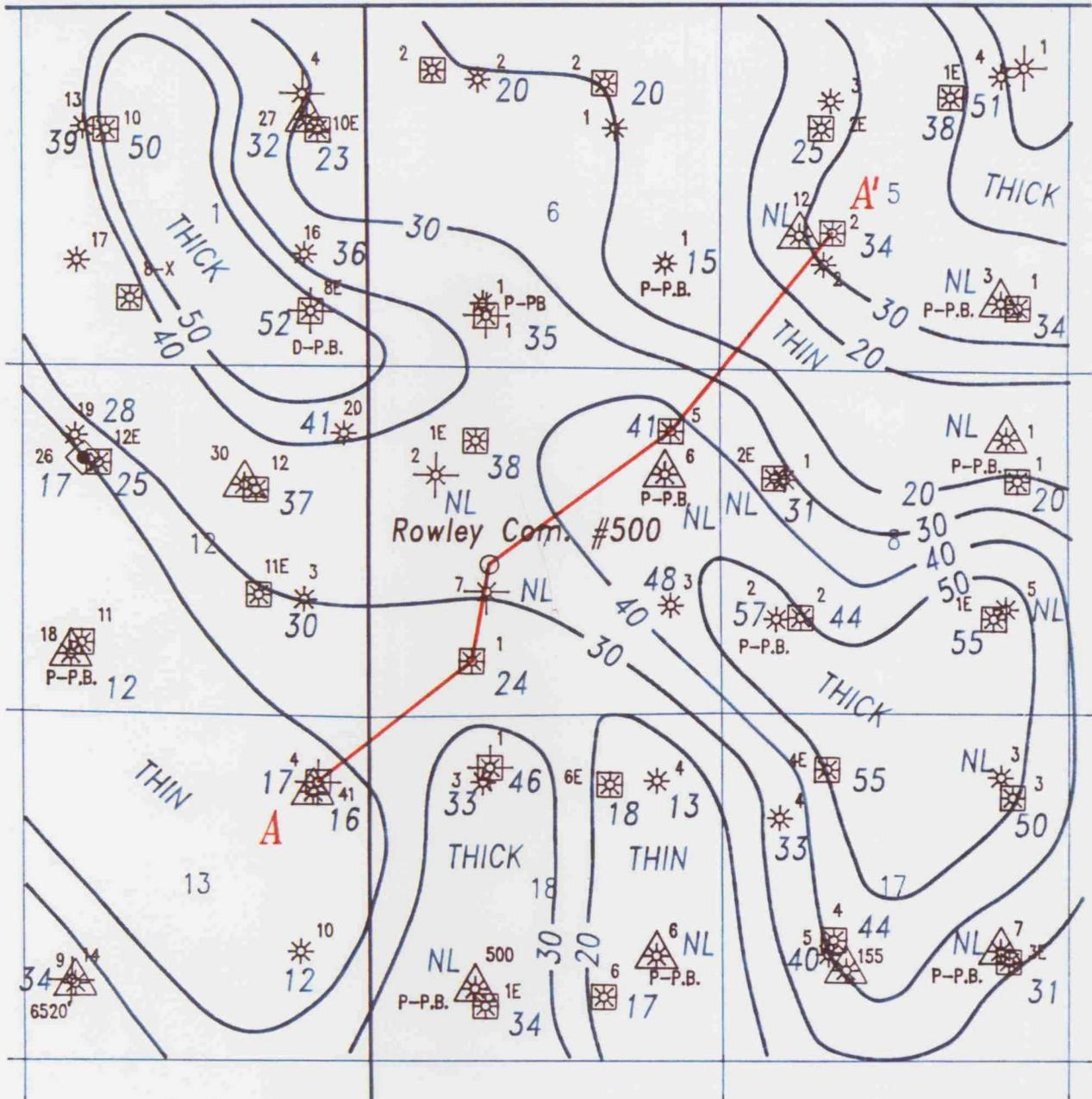
Fruitland Coal Net Pay Isopach

C.I. = 5 FT.
San Juan Co., N.M.

- ▲ FRUITLAND
- * PICTURED CLIFFS
- MESAVERDE
- DAKOTA

R11W

R10W



T
27
N

Net Pay = $R_t > \text{Shale Baseline} \ \& \ Sp > (-10) \text{ mv Deflection}$

Scale 2" = 1 mile

NL no log

- ▲ FRUITLAND
- * PICTURED CLIFFS
- MESAVERDE
- DAKOTA

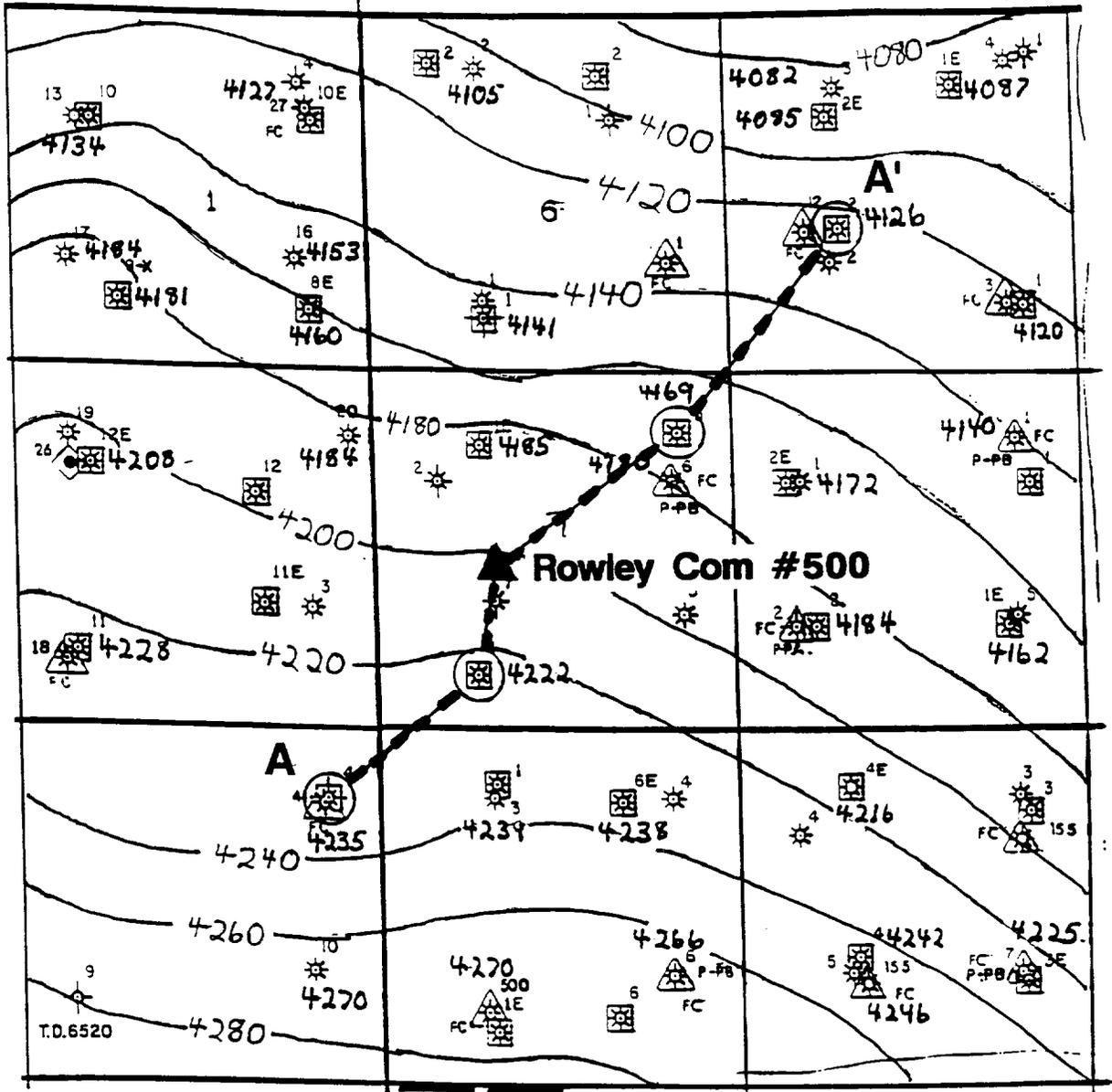
Pictured Cliffs Net Pay Isopach

C.I. = 10 FT.
San Juan Co., N.M.

EXHIBIT 7

R 11 W

R 10 W



T
27
N

MERIDIAN

GEOSCIENTIST	Structure Base Fruitland Coal	
DRAFTER/GEOTECH		
DATE	San Juan County, New Mexico	
OFFICE LOC.	C.I.: 20 ft. 2 in. : 1 mi.	
REVISED DATE	SCALE	C. I.
MAP NUMBER		

EXHIBIT 8

Type Log for Rowley Com. #500

Pipkin Gas Com. A #1

sesw 7-27n-10w

