

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

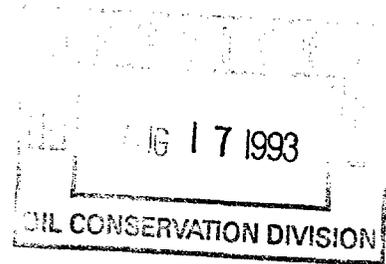
TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

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

JASON KELLAHIN (RETIRED 1991)

August 17, 1993



Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
P. O. Box 2088
Santa Fe, New Mexico 87501

HAND DELIVERED

Re: Application of Meridian Oil, Inc.
for Compulsory Pooling
Eddy County, New Mexico
Loco Hills "35" Federal #1 Well

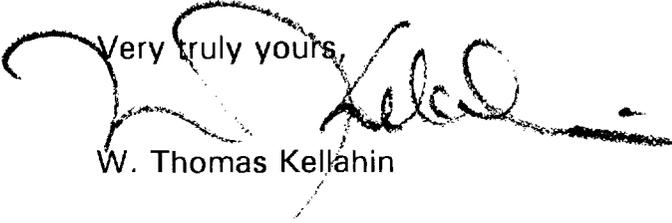
Case 10817

Dear Mr. LeMay:

On behalf of Meridian Oil, Inc., please find enclosed our application for compulsory pooling which we request be set for hearing on the next available Examiner's docket now scheduled for September 9, 1993.

By copy of this letter, including the application, to all affected parties, 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

Enclosure

cc: Mr. Kevin Midkiff
Meridian Oil, Inc.
Midland



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

IN THE MATTER OF THE APPLICATION
OF MERIDIAN OIL, INC. FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO.

CASE NO. 10817

APPLICATION

Comes now MERIDIAN OIL, INC., by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation including underlying the S/2 of Section 35, T17S, R30E, NMPM, Eddy County, New Mexico, forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Cedar Lake-Morrow Gas Pool. Said unit is to be dedicated to Meridian Oil, Inc.'s Loco Hills "35" Federal #1 Well to be drilled and completed at a standard location within the Unit J (NW/4SE/4) of said Section 35. Applicant further proposes that it be designated the operator.

In support Meridian Oil, Inc. states:

1. Applicant, Meridian Oil, Inc., has been designated by El Paso Production Company as operator for its record title interest in the oil and gas minerals underlying the S/2 of Section 35, T17S, R30E, NMPM, Eddy County, New Mexico.

2. Applicant proposes that a well be drilled and located at a standard well location in Unit J (NW/4SE/4 of Section 35 to a depth sufficient to test the Cedar Lake-Morrow Gas Pool.

3. The working interest ownership in the oil & gas minerals underlying the S/2 of Section 35 is believed by the applicant to be as set forth on Exhibit A, attached.

4. Meridian Oil Inc. has proposed the subject well to Enron Oil & Gas Company but, as of the date of this application, Meridian Oil Inc., Inc. has not be able to obtain a voluntary agreement. In addition, Meridian Oil Inc. has proposed or attempted to propose the subject well to all other interest owners with the right to drill this spacing unit.

5. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Meridian Oil Inc. needs an order of the Division pooling the mineral interests involved in order to protect correlative rights and prevent waste.

6. Pursuant to the Division's notice requirements, Meridian Oil, Inc. has attempted to notify the parties identified on Exhibit A of this application for compulsory pooling and the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for September 9, 1993.

WHEREFORE, Meridian Oil, Inc., as applicant, requests that this application be set for hearing on September 9, 1993 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in this spacing unit for the drilling of the subject well upon terms and conditions which included that:

- (1) Meridian Oil Inc. be named operator;
- (2) The order make provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty to be determined by the Division;
- (4) The adoption of COPAS accounting procedures to apply to this well and its spacing unit;
- (5) The adoption of appropriate provisions set forth in the A.A.P.L. Form 610 Joint Operating Agreement-1982; and
- (6) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:



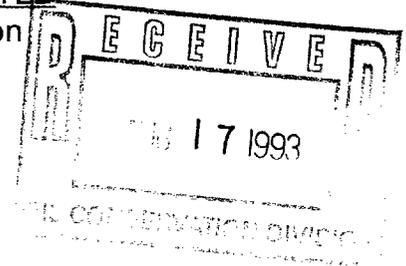
W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285

EXHIBIT A TO APPLICATION

Meridian Oil Inc. as operator for El Paso Production Company	23.375%
Enron Oil & Gas Company Box 2267 Midland,m Texas 79702 Attn: Patrick Tower	37.5%
Camterra Resources, Inc. 5 Post Oak Park Suite 1500 Houston, Texas 77027	37.5%
LeRoy Brigham and Doris Ann, Trustees 9197 Patrick Avenue Arleta, CA 91331	.375%
Anne Mitchell Keeman P. O. Box 64035 Lubbock, Texas 79464	.125%

BY CERTIFIED MAIL-RETURN RECEIPT REQUESTED

All parties listed in Paragraph 2 of the Application



Proposed advertisement for NMOCD docket

Case 10817: **Application of Meridian Oil Inc. for compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation including underlying the S/2 of Section 35, T17S, R30E, NMPM, Eddy County, New Mexico, forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Cedar Lake-Morrow Gas Pool. Said unit is to be dedicated to its Loco Hills "35" Federal #1 Well to be drilled and completed at a standard location within the Unit J (NW/4SE/4) of said Section 35. Also to be consider will be the costs of drilling and completing said well and the allocation of the costs thereof as well as the actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 3 miles southeast from Loco Hills, New Mexico.**