



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

October 22, 1990

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SANTA FE, NEW MEXICO 87504  
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Mr. Thomas Kellahin  
Kellahin, Kellahin & Aubrey  
Attorneys at Law  
Post Office Box 2265  
Santa Fe, New Mexico

Re: CASE NO. 10040  
ORDER NO. R-9323

Applicant:

Meridian Oil, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced  
Division order recently entered in the subject case.

Sincerely,

*Florene Davidson*

FLORENE DAVIDSON  
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x  
Artesia OCD x  
Aztec OCD x

Other Paul Cooter

**KELLAHIN, KELLAHIN AND AUBREY**

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CANDACE HAMANN CALLAHAN

JASON KELLAHIN  
OF COUNSEL

September 20, 1990

Mr. Michael E. Stogner  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87501

RECEIVED  
SEP 20 1990  
OIL CONSERVATION DIVISION

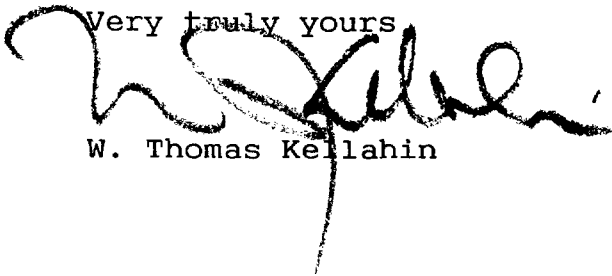
Re: Application of Meridian Oil Inc.  
for approval of an Unorthodox  
Coal Gas Well Location, Rio  
Arriba County, New Mexico  
NMOCD Case No. 10040  
Rosa Unit Well No. 201

Dear Mr. Stogner:

At the conclusion of the hearing of the referenced case held on September 5, 1990, you requested that I prepare a draft order for entry in this case.

On behalf of Meridian Oil Inc. please find enclosed that proposed order.

Very truly yours

  
W. Thomas Kellahin

WTK/tic  
Enclosure

cc: Alan Alexander  
Meridian Oil Inc.  
Post Office Box 4289  
Farmington, New Mexico 87499

Paul A. Cooter, Esq.  
Rodey, Dickason, Sloan, Akin & Robb, P.A.  
Post Office Box 1357  
Santa Fe, New Mexico 87504

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. 10040  
ORDER NO. R-\_\_\_\_\_

APPLICATION OF MERIDIAN OIL, INC. FOR  
FOR AN UNORTHODOX COAL GAS WELL  
LOCATION, RIO ARriba COUNTY, NEW MEXICO

MERIDIAN OIL, INC.'S  
PROPOSED ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on  
September 5, 1990 before Examiner Michael E. Stogner.

NOW, on this \_\_\_\_ of September, 1990, the Division  
Director, having considered the testimony, the record and  
the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS THAT:

(1) Due public notice having been given as required by  
law, the Division has jurisdiction of this cause and the  
subject matter thereof.

(2) The Applicant, Meridian Oil, Inc., as sub-operator of the Rosa Unit, seeks approval of its Rosa Unit Well No. 201 drilled at an unorthodox coal gas well location 1640 feet FNL and 420 feet FEL of Section 22, T31N, R6W, Basin Fruitland Coal Gas Pool with the E/2 of said Section 22 being dedicated to the well. Applicant further seeks to correct all previous well records which had the subject well at a standard coal gas well location 1230 feet FNL and 1330 feet FEL of said Section 22 based upon an original survey made for Northwest Pipeline Corporation.

(3) In 1988, Northwest Pipeline Corporation as operator of the Rosa Unit proposed the drilling of the Rosa Unit No. 201 well, a Fruitland Coal Gas well in the E/2 of Section 22, T31N, R6W, N.M.P.M., Rio Arriba County, New Mexico at a standard location within the NE/4 of said Section 22.

(4) Northwest Pipeline Corporation contracted with a registered professional land surveyor to stake a temporary location for the subject well.

(5) An on-site inspection of the temporary location was held by a Northwest Pipeline representative with the appropriate BLM and Bureau of Reclamation officials for a final determination of the well site.

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(6) During the on-site inspection referred to in Paragraph (5) the Bureau of Reclamation approved the location.

(7) This location was then surveyed and staked at an actual location 1640 feet FNL and 420 feet FEL of said Section 22, but as a result of a surveying error was erroneously reported on the Division Form C-102 dated October 31, 1988 for the subject well as being 1230 feet FNL and 1330 feet FEL of said Section 22.

(8) Thereafter, Northwest Pipeline Corporation entered into a Farmout Agreement and designated Meridian Oil, Inc. as the sub-operator for the Fruitland Coal Gas development in the Rosa Unit.

(9) Meridian inadvertently drilled the Rosa Unit No. 201 well at the unorthodox location in reliance upon the erroneous Division Form C-102 dated October 31, 1988 and BLM Form 3160-3 dated December 19, 1988.

(10) After completion of the Rosa Unit No. 201 well and during the course of surveying in the pipeline to take production from the subject well it was determined by another surveyor contracted by Meridian Oil, Inc. that (a) the Rosa Unit No. 201 well in fact had been drilled at an unorthodox well location and (b) the Division Form C-102 dated October 31, 1988 and filed by Northwest Pipeline Corporation showed an incorrect location for the well.

(11) While the Rosa Unit No. 201 well is at an unorthodox well location, it encroaches only towards other acreage unitized with the Rosa Unit and therefore does not adversely affect correlative rights.

(12) No interested party has appeared to object to the approval of the unorthodox gas well location.

(13) The use of the surface where the well is actually located was approved by the BLM and the Bureau of Reclamation prior to the well being drilled.

(14) Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the gas from the subject pool, will prevent the economic loss caused by the drilling of a replacement well at a standard location, avoid the augmentation of risk

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arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Meridian Oil, Inc. for an unorthodox coal gas well location in the Basin Fruitland Coal Gas Pool for its Rosa Unit No. 201 well drilled at an unorthodox location 1640 feet FNL and 420 feet FEL of Section 22, T31N, R6W, Rio Arriba County, New Mexico is hereby approved.

(2) That all previous well records which had the subject well at an erroneous location 1230 feet FNL and 1330 feet FEL of said Section 22 shall be corrected to reflect the actual location set forth in Declaratory paragraph (1) above.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year  
hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY  
Director

SEAL