

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

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Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265

August 10, 1988

Mr. William J. LeMay
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

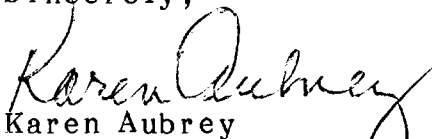
Re: Chico Canyon Federal #1 Well
Application of Meridian Oil Inc,
For Compulsory Pooling
Rio Arriba County, New Mexico

Case 9475

Dear Mr. LeMay:

As shown in Exhibit B hereto additional working interest owners in the Bear Canyon unit were notified of the above application, by certified mail on August 10, 1988.

Sincerely,


Karen Aubrey

xc: Parties listed in Exhibit B

EXHIBIT "B"

"Chico Canyon Federal #1 Well Application of
Meridian Oil, Inc., for Compulsory Pooling
Rio Arriba County, New Mexico"

Notice of the above application was given by certified mail
August 10, 1988 to the following working interest owners in
The Bear Canyon Unit:

Hixon Development Company
P. O. Box 2810
Farmington, New Mexico 87401

Dugan Production Company
P. O. Box 5820
Farmington, New Mexico 87401

Jerome P. McHugh
650 South Cherry
Suite 1225
Denver, Colorado 80222

Brad Cummings
Roberts & Murphy
P.O. Box 7125
Shreveport, La. 71107



Amoco Production Company

Denver Region
1670 Broadway
P.O. Box 800
Denver, Colorado 80201
303-830-4040

VIA EXPRESS MAIL

August 29, 1988

Mr. William J. LeMay
New Mexico Oil Conservation Division
PO Box 2088
Santa Fe, NM 87504-2088

J.M.S.

Meridian Applications for Compulsory Pooling
Cases No. 9475 and No. 9476
Sections 2 and 3, T26N, R2W
Rio Arriba County, New Mexico

Pursuant to telephone conversations on August 29, 1988 between Mr. Michael Cuba of Amoco Production Company and Mr. Van Goble of Meridian Oil Company, it is Amoco's understanding that the above captioned cases No. 9475 and No. 9476 will be continued from the August 31, 1988 docket for a period of 30 days in order for the two companies to come to resolution on the development of Sections 2 and 3, T26N-R2W. In the event these cases are not continued, Amoco Production Company requests to be made a party of record and reserves the right to protest, provide testimony and cross examine the applicant.

Sincerely,

J.W. Hawkins
J.W. Hawkins

JWH/ae

cc: Karen Aubrey
Kellahin, Kellahin and Aubrey
El Patio - 117 North Guadalupe
PO Box 2265
Santa Fe, NM 87504-2265

Steve Nance
Meridian Oil Company
8340 Meadow Road
Farmington, NM 87401

Kent Lund - Building

[Faint, illegible handwritten notes or stamps]



Amoco Production Company

Denver Region
1670 Broadway
P.O. Box 800
Denver, Colorado 80201
303-830-4040

VIA EXPRESS MAIL

September 26, 1988

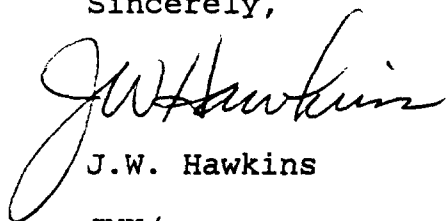
Mr. William J. LeMay
New Mexico Oil Conservation Division
PO Box 2088
Santa Fe, NM 87504-2088

Meridian Applications for Compulsory Pooling
Cases No. 9475 and No. 9476
Sections 2 and 3, T26N, R2W
Rio Arriba County, New Mexico

File: NWA-686-986.511

Pursuant to telephone conversations on September 26, 1988 between Mr. J.W. Hawkins of Amoco Production Company and Mr. Van Goble of Meridian Oil Company, ~~it is~~ Amoco's understanding that the above captioned cases No. 9475 and No. 9476 will be continued from the September 28, 1988 docket to October 26, 1988. In the event these cases are not continued, Amoco Production Company requests to be made a party of record and reserves the right to protest, provide testimony and cross examine the applicant.

Sincerely,



J.W. Hawkins

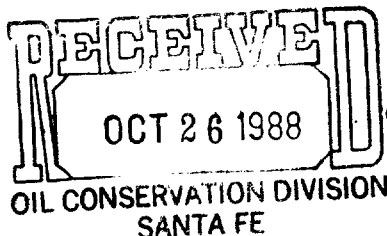
JWH/ae

cc: Karen Aubrey
Kellahin, Kellahin and Aubrey
El Patio - 117 North Guadalupe
PO Box 2265
Santa Fe, NM 87504-2265

Van Goble
Meridian Oil Company
8340 Meadow Road
Farmington, NM 87401

Kent Lund - Building

MERIDIAN OIL



October 25, 1988

Amoco Production Company
Attention: Mr. Michael Cuba
Post Office Box 800
Denver, Colorado 80201

Case 9475
M. S.

Re: Bear Canyon Unit #4
All Section 2, T-26-N, R-2-W
Simmons Federal Com Well #1
All Section 3, T-26-N, R-2-W
Rio Arriba County, New Mexico

Gentlemen:

Pursuant to your telephone conversation with Mr. Steve Nance, please be advised that Meridian Oil Inc. hereby elects to go non-consent as to its working interest in the drilling of the referenced wells. The non-consent provision as agreed to is for 100% of operating costs and 300% for drilling costs as found under the terms of the Bear Canyon Unit Agreement. This non-consent election is for the drilling of these two (2) wells only. Should infill wells or any other wells be proposed on the referenced acreage Meridian Oil shall have the right to elect as to whether it will join in the drilling of such wells. In addition, Meridian agrees to the combined overhead rates as found in the Bear Canyon Unit Agreement.

In that the Simmons Federal Com Well #1 is to be drilled on Meridian Oil's lease, Meridian hereby gives Amoco permission to stake and drill on our said lease.

In an effort to resolve the differences we have had concerning the drilling of these two (2) wells and in an effort to avoid the time and work involved in a Force Pooling hearing before the New Mexico Oil Conservation Division, Meridian has voluntarily elected to go non-consent. It is our understanding by our voluntarily electing to go non-consent that Amoco will drop the Force Pooling hearing scheduled for October 26, 1988.

Please advise if you will be sending us new Operating Agreements to sign for the referenced two (2) wells and Communitization Agreements.

Enclosed is Meridian Oil's Well Requirement Sheet for the two (2) wells.

If I can be of further assistance please advise.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Van L. Goebel".

Van L. Goebel
Senior Landman

VLG:gm

SRC 159153-00

cc: Mr. Steve Nance
Mr. Tom Kellahin

Mr. William J. Lemay, Director
New Mexico Oil Conservation Division

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

November 3, 1933

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Ms. KaranAAubrey
Kellahin, Kellahin & Aubrey
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 9475
ORDER NO. R-8778

Applicant:
Meridian Oil, Inc.

Dear Madam:

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 J. W. Hawkins