

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

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OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF MERIDIAN OIL, INC. FOR A
COMPULSORY POOLING ORDER
SAN JUAN COUNTY, NEW MEXICO

CASE: 9535

A P P L I C A T I O N

COMES NOW, MERIDIAN OIL, INC., by and through its attorneys, Campbell & Black, P.A., and in accordance with Section 70-2-17(c) NMSA (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interest in the Basin Fruitland Coal Gas Pool underlying the W/2 of Section 18 and SW/4 Section 7, T30N, R8W, San Juan County, New Mexico. The above described unit is to be dedicated to its Howell C Com #301 Well to be drilled to a depth of approximately 3130 feet at standard well location in said Section 18, and in support thereof would show:

1. Applicant is a working interest owner in the W/2 of Section 18, T30N R8W.
2. Applicant desires to drill a well at a standard location in the SE/NW of the Section 18.

3. Applicant, has sought a voluntary agreement with all those parties shown on Exhibit "A" for the formation of appropriate spacing and proration unit as shown on Exhibit B for the drilling of the subject well but has been unable to obtain a voluntary agreement.

4. Pursuant to the Division notice requirements, applicant has notified all those parties shown on Exhibit "A" of this application for compulsory pooling and the applicant's request for a hearing before the Division to be set on November 22, 1988.

5. In order to obtain its just and equitable share of the potential production underlying the above tract, applicant needs an order pooling the mineral interests involved in order to protect applicant's correlative rights and prevent waste.

WHEREFORE, applicant prays that this application be set for hearing 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 herein. Applicant further prays that it be named operator of the well, and that the order make provisions for applicant to recover out of production its costs of drilling, completing and equipping the subject well, costs of operation, including costs of supervision, and a risk factor in the amount of 200% for the drilling and completing of the well, for such other and further relief as may be proper.

Respectfully submitted,

By W. F. Carr

William F. Carr
Campbell & Black
P.O. Box 2208
Santa Fe, New Mexico 87504

(505) 988-4421

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EXHIBIT "A"

Attached to and made a part of that certain Operating Agreement dated April 1, 1988, between MERIDIAN OIL INC., as Operator, and Non-Operators.

I. LANDS SUBJECT TO OPERATING AGREEMENT:

Township 30 North, Range 8 West

Section 7: Lots 3, 4, E/2 SW/4 (SW/4)

Section 18: Lots 1, 2, 3, 4, E/2 W/2 (W/2)

II. RESTRICTIONS, IF ANY, AS TO DEPTHS OR FORMATIONS:

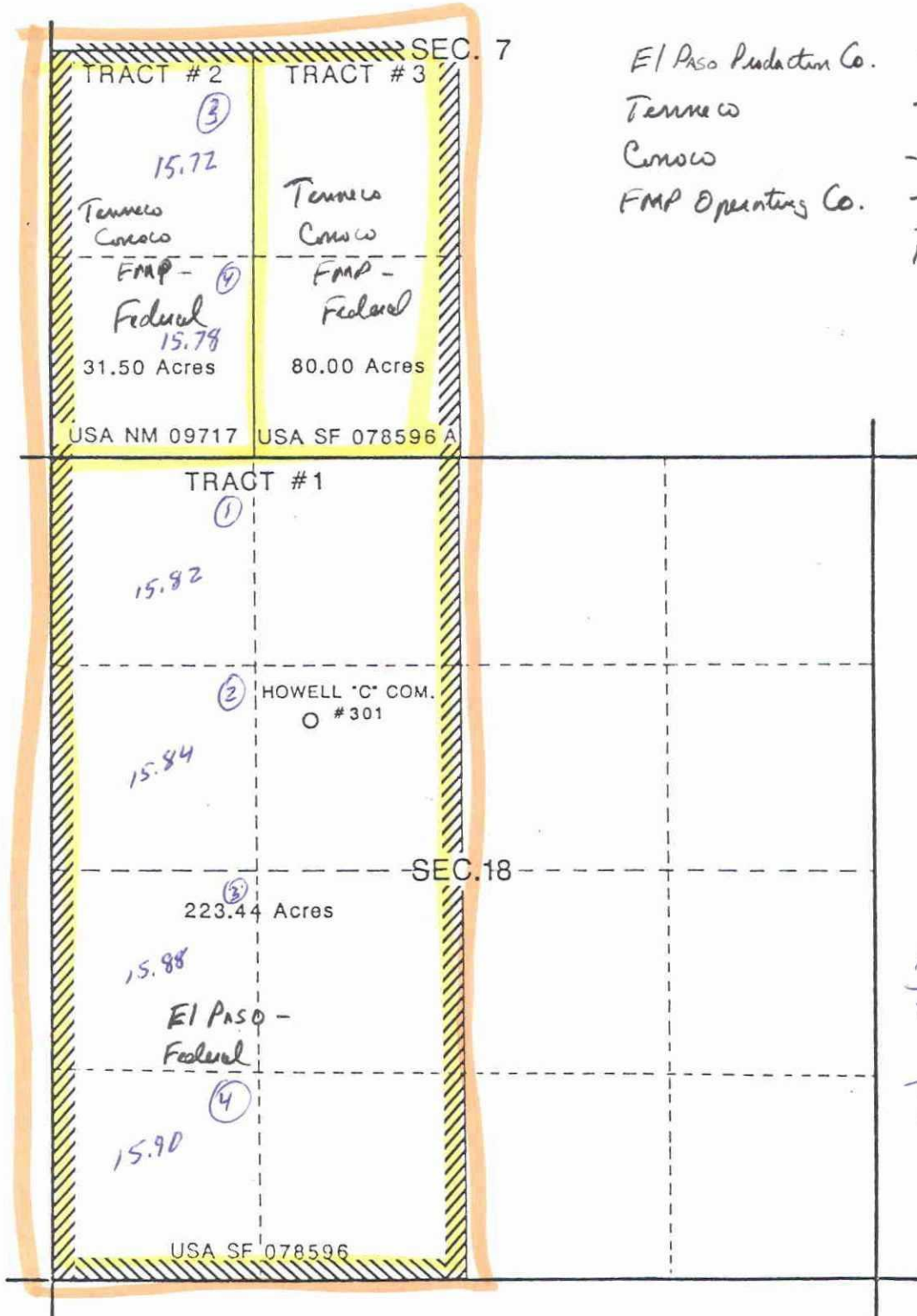
This agreement shall cover only the Fruitland formation.

III. ADDRESSES AND PERCENTAGES OR FRACTIONAL INTERESTS OF PARTIES TO THIS AGREEMENT:

Meridian Oil Inc. c/o Land Department Meridian Oil Production Inc. P.O. Box 4289 Farmington, New Mexico 87499-4289	Operator
El Paso Production Company c/o Land Department Meridian Oil Production Inc. P.O. Box 4289 Farmington, New Mexico 87499-4289	66.710456%
Tenneco Oil Company c/o Mr. Carley Watkins Post Office Box 3249 Englewood, Colorado 80155	16.644772%
Conoco, Inc. Attention: Mr. Kevin Pewitt Post Office Box 460 Hobbs, New Mexico 88240	14.480952%
FMP Operating Company Attention: Land Department Post Office Box 60004 New Orleans, Louisiana 70160	2.163820%

EXHIBIT "B"

Plat of Communitized Area covering Lots 3,4,E/2 SW/4(SW/4)
Section 7 and Lots 1,2,3,4,E/2W/2(W/2) Section 18, T 30 N, R 8 W, N.M.P.M.
San Juan County, New Mexico



El Paso Production Co. - 66,710,456 ?
Tenneco - 16,644,772 ?
Conoco - 14,480,952 ?
FMP Operating Co. - 2,163,800 ?
100,000,000 ?

15.72
15.78
31.50
80.00
111.50

15.82
15.84
31.66
15.88
47.54
15.90
63.44
100.00
163.44
223.44
386.88
334.94