MERIDIAN OIL

CERTIFIED - RETURN RECEIPT REQUESTED

Fina Oil and Chemical Company Attention: Mr. Robert E. Dempsey Post Office Box 2990 Midland, Texas 79702 FEB OIL CONSERVATION DIVISION DIVISION

Re: Burroughs Com A #100 E/2 Section 16, T-32-N, R-10-W San Juan County, New Mexico NMOCD Case No. 9544

Gentlemen:

Please reference our past correspondence on the captioned well. As you are aware Meridian Oil Inc. (Meridian) filed with the New Mexico Oil Conservation Division for compulsory pooling of the drilling unit for said well. After hearing the matter, the Oil Conservation Division has now issued Order No. R-8835, a copy of which is enclosed, pooling the acreage and interests necessary for drilling.

Meridian, pursuant to the terms of the enclosed order, is hereby notifying Fina of its right to participate in the well pursuant to this order. For your review, I am enclosing a copy of the itemized estimated well and facility costs, the Authority for Expenditure and the proposed Operating Agreement covering the well.

Meridian realizes that voluntary execution of a mutually acceptable Operating Agreement is the most desirable means of joinder. Given that, we will continue to be open to discussion towards that end. If such agreement is timely reached — within the thirty (30) day decision period imposed by the order — we will make application to either vacate the order or dismiss you from it.

If, however, you <u>elect to participate</u> in the well pursuant to the terms of the order you should do the following:

- 1. Evidence your election to participate by reviewing the estimated well costs and executing the enclosed Authority for Expenditure.
- 2. Prepay your 12.50% share of the \$515,486.00 total estimated completed well costs. The prepayment should be in the form of a cashiers check or certified bank check.

403,686

The executed Authority for Expenditure and the prepayment of well costs must be returned to Meridian at the letterhead address within thirty (30) days of your receipt of this letter.

If you do not voluntarily join the well within the thirty (30) day period or if we do not receive your joinder pursuant to the referenced order within the thirty (30) day period, it will be assumed that you have elected not to participate in the well. Meridian, under the terms of the order, has the right to drill the well and recover your pro-rata share of reasonable well costs from production. Meridian will also be allowed to recover an additional one-hundred-fifty-six percent (156%) of reasonable well costs as a charge for bearing the risk of drilling the well.

I look forward to hearing from you on this matter. If you have any questions or require further information, please advise.

Very truly yours,

Myrich

John Myrick Landman

JM:gm

File:

Document 233+

cc: Mr. Tom Kellahin (with AFE)

Mr. William LeMay, Director NMOCD (with AFE)

MERIDIAN OIL INC. FACILITIES WELL COST ESTIMATE

LEASE/WELL NAME: Burroughs Com A #100 Prepared By: WDW Date: 12-21-87
LEASE/WELL TYPE: Fruitland Coal Approved By: 26F Date: 1/8/88
AFE Type: Approved By: Date: 1/8/88

		Dating to	7 1
Acct.No.	AFE NOMENCLATURE	Estimate Cost	Estimate w/
			waterline
247	FACILITIES		
02	Contract Labor		
03	Transportation.9 hrs/26 hrs @ \$60/hr	540	540
10	Utilities, Fuel and Water		
12	Company Supervision and Overhead	800	2000
26	Separators.24"X10', 1000 psi, 2 phase, vertical	11,980	11,980
	MCFD & 500 BPD		11,700
27	Heater-Treater		
28	Iron Sponge		
29	Pumping UnitMoyno Unit	16,000	16,000
31	Pumping Unit MotorCE-96 Motor	<u>4,800</u>	4,800
32	Tanks.2-500 bbl heated @ \$5480, 50 bbl glass	12,860	<u> 12,860</u>
52	pit @ \$1900 installed	12,000	12,000
33	Metering Equipment .2" meter run, house, dry	12 000	12 000
33		_13,000	13,000
2.4	flow meter, fittings, & automation equip	2 000	2 000
34	Flow Lines.200'-1", 300'-2", 20 hrs location	<u>3,020</u>	3,020
25	labor @ \$116/hr		
35	Compressors - Company Owned		
36	Buildings		
38	Platforms - Offshore		
39	Miscellaneous: Piping, Valves, Fittings	<u>6,230</u>	6,230
	4-2" ball @ \$190, 2-2" chk @ \$360, 1", 2" misc		
	\$250, flow controller		
44	Engineering/Lab/Technical Contract Services	300	1,700
	PL insp @ \$35/hr		
47	Compressor Rental		
48	Equipment Rental		
49	Cathodic Protection.Utility hookup & grnd bed.	10,000	10,000
50	Right of Way.Survey @ \$.46/ft, Archy @ \$.29/ft	<u>3,136</u>	75,576
	fow @ \$1.21/ft		
51	Minor Pipelines.4" Sch-40 @ \$1.83, const	12,928	311,565
52	Artificial Lift Equipment		
53	Chemical Pumps		
54	Electrical Accessories		
55	Miscellaneous - Facility Expense.5% contingency	3,792	22,500
94	Dehydration Unit	12,928	12,928
	•		
	TOTAL FACILITIES	111,886	<u>503,971</u>

rieklijiam ull ind.

MERIDIAN OIL INC. DRILLING WELL COST ESTIMATE				
i Teage/weit mai	ME: Burroughs Com A #100 PREPARED BY: J. D.	Falconi DATE.	1/12/88	
	San Juan, New Mexico APPROVED BY: PDV3	DATE		
		Development	• • • • • • • • • • • • • • • • • • • •	
ACCT	AFE NOMENCLATURE	DRYHOLE COST	SUSPENDED COST	
248	INTANGIBLE DRILLING COSTS	(DAYS:)	(DAYS: <u>20</u>)	
02	Environmental studies		1,000	
03	Construction (location, roads, etc)		27,000	
04	Surface restoration		2,000	
05	Move in, move out			
06	Contractor Fees-Footage (<u>10.00</u> \$/FT)		33,500	
07	Contractor Fees-Daywork (<u>3800</u> \$/Day)		49,400	
09	Drilling fluids			
10	Gas and air drilling		78,400	
11	Drilling fluid handling equipment			
12	Specialty fluids and chemicals			
14	Salt/brine water			
16	Water		3,000	
17	Bits, reamers and stabilizers		1,500	
18	Primary cement, services and accessories.		10,000	
19	Squeeze cement, services and accessories.			
20	Mud logging/paleo		2,000	
21	Wireline logging			
22	Coring and analysis			
23	Fuel		4,000	
24	BOP's and wellhead rentals - surface		6,000	
25	Drill/work string rentals - subsurface		2,000	
26	Fishing tool rentals			
27	Tank Rentals		<u>1,200</u>	
28	Other rentals		5 <u>0,300</u>	
29	Transportation		8,400	
33	Tubular inspection			
34	Cased hole logs			
35	Perforating		10,000	
36	Production Testing			
37	Swabbing and Coiled Tubing	<u> </u>		
	Stimulation			
38	Acidizing			
39	Fracturing			
40	Casing crews and laydown			
43	Consultants		5,500	
44	Engineering/Lab/Technical Contract Serv			
45	Roustabout and contract labor		3,000	
46	Miscellaneous		3,000	
48	Communications Systems		500	
72	Company supervision and overhead		8,000	
	Contingency (5_%)		15,500	
	TOTAL INTANGIBLE COST		325,200	
	TANGID DOILLING COCTO			
0.0	TANGIBLE DRILLING COSTS			
80	Casing		45 200	
	210 ' 9 5/8" 32.30# H-40 \$ 15.97/ft		45,300	
	3350 ' 7 " 20.0 # K-55 \$ 11.24/ft			
0.1	250 ' 5 1/2" 23.0 # P-110 \$ 16.99/ft			
81	Tubing and Production Tiebacks		15 (00	
	3550 ' 2 7/8" 6.5 # J-55 \$ 4.40/ft		15,600	
82	Downhole equipment-packers/bridge plugs		4,000	
84	Downhole equipment accessories		1,000	
86	Wellhead equipment		12,500	
	TOTAL TANGIBLE COST		78,400	
	TOTAL DRILLING COST ESTIMATE		403,600	

MERIDIAN OIL INC.

Farmington Region
Post Office Box 4289
Farmington, New Mexico 87499
(505) 326-9700

AUTHORITY FOR EXPENDITURE

AFE No. •				Date: 2	_10 00
AFE No.: Lease/Well Name:Burroughs Com A #100 Field/Prospect:Cedar Hill Fruitland Coal Ext.			Date: 2-10-88		
Location: SW/4, NE/					
AFE Type: 01 Devel		-		-	
Operator <u>Meridiar</u>	-				
Objective Formation					Feet) 3550
Project Description				-	
production facil					
		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			
Est. Start Date:	2nd	Ort. 1988		Prepared By:	D. Boone
Est. Completion Da			<u> </u>	-	
_					
	(GROSS WELL	COST DATA		
	Dril	ling	Workover,	Construction	
	Dry Hole	<u>Suspended</u>	<u>Completion</u>	or Facility	Total
		20		2	22
This AFE: Prior AFE'S:		403,600		111,886	515,486
Total Costs:	\$	\$ 403,600	<u>\$</u>	\$ 111,886	\$ 515,486
	<u>J</u>	OINT INTER	ST OWNERS		
Company	Wor	king Intere		let \$ Expenditu e \$ Cor	ires mpleted_\$
<u>company</u>		10100110			пріссец ф
OTHE		12.500009			64,436
MERIDIAN OIL I AFE TOT		87.500009 100.000009			451,050 515,486
MID TOT				<u> </u>	313/100
Recommended Fauly	l Luibacher	IERIDIAN OII	APPROVAL (00000	O or
Recommended Farmery		Date: 416/00	Approved:	lonald R. Kad	Date: <u>~-/6-88</u> -
Recommended:	.101.	m/1.100	Title: Kee	gional Opera	tiens Manag
Recommended:	ed liber	Date: <u>41481</u>	Approved:	/	Date:
			Title:		
		PARTNER A	PPROVAL		
Company Name:					
Authorized By:				Da	te:
Title:					

STATE OF NEW MEXICO



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

March 21, 1989

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87504 (505) 827-5800

Mr. Thomas Kellahin Kellahin, Kellahin & Aubrey Attorneys at Law Post Office Box 2265 Santa Fe, New Mexico 87504-2265

Re: Case No. 9543

Order No. R-8834

Case No. 9544 Order No. R-8835

Dear Mr. Kellahin:

Based upon your letter of March 16, 1989, and in accordance with the provisions of the above-captioned Division orders, Meridian Oil Inc. is hereby granted an extension of time in which to begin the well on the units pooled by said orders until 90 days after the entry of a Commission De Novo order in the subject two cases. This extension of time is contingent upon the original compulsory pooling orders being upheld by the Commission.

Sincerely,

WILLIAM J. LEMAY

Director

WJL/fd

cc: Cases 9543 and 9544

Frank Chavez

HINKLE. COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

JOHN C. CHAMBERS THOMAS D. HAINES, JR.* FRANKLIN H. MCCALLUM GREGORY J. NIBERT* 2800 CLAYDESTA NATIONAL BANK BUILDING POST OFFICE BOX 3580 DAVID T, MARKETTE MARK C. DOW*
FRED W SCHWENDIMANN
DAVID HORAN*
JAMES M. HUDSON*
MACDONNELL GORDON*
REBECCA NICHOLS JOHNSON*

MIDLAND, TEXAS 79702 (915) 683-4691

March 29, 1989

700 UNITED BANK PLAZA POST OFFICE BOX IO ROSWELL, NEW MEXICO 88202 (505) 622-6510

1700 TEXAS AMERICAN BANK BUILDING POST OFFICE BOX 9238 AMARILLO, TEXAS 79105 (806) 372-5569

> AMUSTROM BIS POST OFFICE BOX 2068 SANTA FE. NEW MEXICO 87504 (505) 982-4554

500 MARQUETTE N.W., SUITE 740 ALBUQUERQUE, NEW MEXICO 87102-2121 (505) 768-1500

4 Kar.

ELLEN S. CASEY'
MARGARET C. LUDEWIG*
SUSAN L. NIESER
MARTIN MEYERS*
GREGORY S. WHEELER*
ANDREW J. CLOUTIER
IWANA RADEMAEKERS
S. BARRY PAISNER* JEFFREY D. HEWETT
JAMES BRUCE*
JERRY F. SHACKELFORD
JEFFREY W. HELLBERG
ALBERT L. PITTS*
THOMAS M. HNASKO*

PAUL R. NEWTON*
WILLIAM P. JOHNSON
KAREN M. RICHARDSON
ELLEN S. CASEY*

STEPHEN L ELLIOTT CLARENCE E. HINKLE (1901-1985) W. E. BONDURANT, JR. (1913-1973) ROY C. SNODGRASS, JR. (1914-1987)

*NOT LICENSED IN TEXAS

LEWIS C. COX*
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY JR.*
STUART D. SHANOR*
C. D. MARTIN
OWEN M. LOPEZ*
DOUGLAS L. LUNSFORD*
JOHN J. KELLY*
T. CALDER EZZELL, JR.*
WILLIAM B. BURFORD
RICHARD E. OLSON*
RICHARD R. WILFONG

RICHARD R. WILFONG STEVEN D. ARNOLD

JAMES J. WECHSLER* NANCY S. CUSACK*

JEFFREY L. FORNACIARI* JEFFREY D. HEWETT

Mr. William J. LeMay, Director Oil Conservation Division Post Office Box 2088 Santa Fe, New Mexico 87504-2088

Attention: Mike Stogner

Case No. 9543 and Case No. Re:

;]}

This will confirm my telephone conversation with Mike Stogner today in connection with the above referenced cases. These cases are set on the April 17, 1989 docket for a full Commission de novo hearing on application of Fina Oil & Chemical Company.

Meridian and Fina representatives continue to try to work out details of a resolution to their differences on these cases. Yesterday, Meridian requested Fina to permit continuance of these cases from the April docket to the May Commission docket. concurs with Meridian and the requested continuance. Accordingly, it is my understanding that these cases will be continued to the docket for the full Commission hearing scheduled for May.

If anything further is needed to effect this continuance to the May docket, please let me know. Also, when you know what date in May the hearing will be scheduled, please advise.

Dear Mr. LeMay:

Page - 2 -

Thank you.

Very truly yours,

HINKLE, COX, EATON, COFFIELD & HENSLEY

Conrad E. Coffield

CEC:cl

copies: Mr. Robert E. Dempsey

Fina Oil & Chemical Company

Post Office Box 2990 Midland, Texas 79702

Mr. W. Tom Kellahin, Esq. Kellahin, Kellahin and Aubrey El Patio - 117 North Guadalupe Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Meridian Oil, Inc. Attn: Robert J. Hopkins Post Office Box 4289 Farmington, New Mexico 87499-4289

Mr. Jim Bruce Hinkle, Cox, Eaton, Coffield & Hensley 500 Marquette N.W., Suite 740 Albuquerque, New Mexico 87102-2121

o* 5

KELLAHIN, KELLAHIN and AUBREY Attorneys at Law

W. Thomas Kellahin Karen Aubrey

Jason Kellahin Of Counsel El Patio - 117 North Guadalupe Post Office Box 2265

Santa Fé, New Mexico 87504-2265

March 30, 1989

Telephone 982-4285 Area Code 505

 $M_{i,j}$

Mr. William J. LeMay Oil Conservation Division Post Office Box 2088 Santa Fe, New Mexico 87501

Re: Application of Meridian Oil, Inc. for Compulsory Pooling:

NMOCD Case No. 9543 - Order R-8834 DeNovo Application of Fina EPNG Com C Well No. 100

NMOCD Case No. 9544 - Order R-8835 DeNovo Application of Fina Burroughs Com A Well No. 100

Dear Mr. LeMay:

I wish to confirm on behalf of Meridian Oil Company, we concur in Mr. Conrad Coffield's request on behalf of Fina Oil and Chemical Company to continue the two referenced DeNovo hearings now scheduled for the April 17, 1989 Commission hearing.

I understood that both Meridian and Fina are attempting to reach a voluntary resolution of this dispute. Accordingly, rather than continue to specifically set this case for hearing and then have it continued, we respectfully request that the case be indefinitely continued until such time as either party asks for a specific docket setting for this matter.

tery cruey yours,

V. Thomas Kellahin

WTK/rs

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

LEWIS C. COX*
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.*
STUART D. SHANDR'
C. D. MARTIN JR.*
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JAMES M. HUDSON* JOHN J. KELLY* T. CALDER EZZELL, JR.* JOHN J. RELL. JR. WILLIAM B. BURFORD RICHARD E. OLSON RICHARD R. WILFONG STEVEN D. ARNOLD JAMES J. WECHSER' NANCY S. CUSACK' JEFFREY L. FORNACIAR' JEFFREY D. HEWETT JAMES BRUCE' JERRY F. SHACKELFORD JEFFREY W. HELLBERG ALBERT L. PITIS' THOMAS M. HNASKO' JOHN C. CHAMBER'S THOMAS D. HAINES, JR. FRANKLIN H. MCCALLUM

______a

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W. CRAIG BARLOW

JAMES A. GILLESPIE*
KAREN L. COLLIER*
GARY W. LARSON*
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JERRY D. WORSHAM, II *

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August 15, 1989

700 UNITED BANK PLAZA POST OFFICE BOX IO ROSWELL, NEW MEXICO 88202 (505) 622-6510 FAX (505) 623-9332

1700 TEXAS AMERICAN BANK BUILDING POST OFFICE BOX 9238 AMARILLO, TEXAS 79105 (806) 372-5569 FAX (806) 372-9761

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500 MARQUETTE N.W., SUITE 740 ALBUQUERQUE, NEW MEXICO 87102-2121 (505) 768-1500 FAX (505) 768-1529

JOE W. WOOD

CLARENCE E. HINKLE (1901-1985) W. E. BONDURANT, JR. (1913-1973) ROY C. SNODGRASS, JR. (1914-1987)

*NOT LICENSED IN TEXAS

BECEIVED

AUG 2 1 1989

OIL CONSERVATION DIV. AM. SANTA FE

Mr. William J. LeMay, Director Oil Conservation Division Post Office Box 2088 Santa Fe, New Mexico 87504-2088

Attention: Mike Stogner

Re: NMOCD Case No. 9543 - Order R-8834

DeNovo Application of Fina EPNG Com C Well No. 100

The second second of the second secon NMOCD Case No. 9544 - Order R-8835

DeNovo Application of Fina Burroughs Com A. Well No. 100

Dear Mr. LeMay:

Your files on the above referenced cases will reflect that either late in March or early in April this year, these two cases were placed in an "indefinetly continued" status pending negotiation between the parties involved for a mutually satisfactory resolution to their differences.

Fina Oil & Chemical Company has today advised me that Fina is now satisfied with an agreement which Fina has reached with Meridian Oil Company. Accordingly, the de novo application to the Commission on each of these cased may be dismissed. Please institute whatever Commission action is in order so that Fina's application in both of these cases may be shown of record as dismissed.

Please advise is anything further is needed to effect the dismissal of Fina's applications de novo.

Page - 2 -

Thank you.

Very truly yours,

HINKLE, COX, EATON, COFFIELD & HENSLEY

Conrad E. Coffield

CEC:cl

copies: Mr. Robert E. Dempsey

Fina Oil & Chemical Company

Post Office Box 2990 Midland, Texas 79702

W. Tom Kellahin, Esq.

Kellahin, Kellahin and Aubrey
El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Mr. Jim Bruce

Hinkle, Cox, Eaton, Coffield & Hensley

500 Marquette N.W., Suite 740

Albuquerque, New Mexico 87102-2121

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

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

OIL CONSCREATION DIVISION

CASE NO. 9544

WITHDRAWAL OF COUNSEL

COMES NOW CAMPBELL & BLACK, P.A., and hereby withdraws as counsel for Meridian Oil Inc., in the above-referenced case.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

11. 3 11. aul (7)

WILLIAM F. CARR
Post Office Box 2208

Santa Fe, New Mexico 87504 Telephone: (505) 988-4421

ATTORNEYS FOR

MERIDIAN OIL INC.

cc: W. Thomas Kellahin, Esq.

Tom Owen, Esq. Meridian Oil Inc.

STATE OF NEW MEXICO



ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

October 20, 1989

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

				1903, 027-3000
Mr. Conrad E. Coffield				
Hinkle, Cox, Eaton,	Re:	CASE NO	9544 (De	Novo)
Coffield & Hensley		ORDER NO	R=8835-A	
Attorneys at Law				
Post Office Box 3580		Applicant:		
Midland, Texas 79702			(Fina Oil &	Chemical
		Meridian (Dil, Inc.)	Company
Dear Sir:				
Enclosed herewith are two	copie	s of the abo	ve-reference	d
Commission order recently	enter	ed in the su	bject case.	
			_	
Sincerely,				
· · · · · · · · · · · · · · · · · · ·				
Florene Davidsos	a)		7	
The war recovered	$\overline{}$			
FLORENE DAVIDSON				
OC Staff Specialist				
-				
Copy of order also sent to	:			
Hobbs OCD x				
Artesia OCD x				
Aztec OCD x				
Other Thomas Kellahin				