

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. 9681
Order No. R-8943

APPLICATION OF MERIDIAN OIL, INC.
FOR A NON-STANDARD PRORATION UNIT
AND AN UNORTHODOX COAL GAS WELL
LOCATION, SAN JUAN COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 24, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of June, 1989, 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., seeks approval for a 282.50-acre non-standard gas proration unit for production in the Basin-Fruitland Coal Gas Pool comprising Lots 3, 10, and 11 and the NE/4 SW/4 of Section 30 and Lots 7 through 10 and Lots 15 through 18 of Section 31, all in Township 30 North, Range 8 West, NMPM, San Juan County, New Mexico, said unit to be dedicated to the applicant's Howell "M" Well No. 300 to be drilled at an unorthodox coal gas well location 1590 feet from the South line and 875 feet from the West line (Unit K) of said Section 31.

(3) The proposed non-standard gas proration unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey.

(4) The proposed unorthodox gas well location is necessitated by a combination of factors, these being the size and shape of the proposed proration unit as well as geologic considerations.

(5) The entire non-standard gas proration unit may reasonably be presumed productive of gas from the Basin-Fruitland Coal Gas Pool and the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(6) The proposed non-standard proration unit has previously been approved by Division Order No. R-120, dated January 8, 1952, for use in developing gas reserves in the Blanco-Mesaverde Gas Pool, and has proven to be effective in promoting orderly development in this area.

(7) No offset operator objected to the proposed unorthodox gas well location or non-standard gas proration unit.

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Basin-Fruitland Coal Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

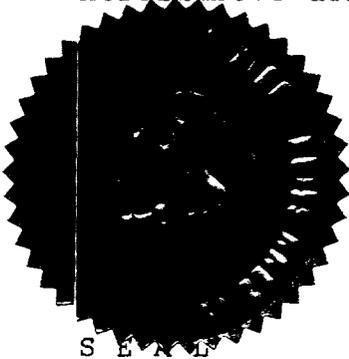
(1) A 282.50-acre non-standard gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool comprising Lots 3, 10, and 11 and the NE/4 SW/4 of Section 30 and Lots 7 through 10 and Lots 15 through 18 of Section 31, all in Township 30 North, Range 8 West, NMPM, San Juan County, New Mexico, is hereby established and dedicated to the Meridian Oil, Inc. Howell "M" Well No. 300 to be drilled at an

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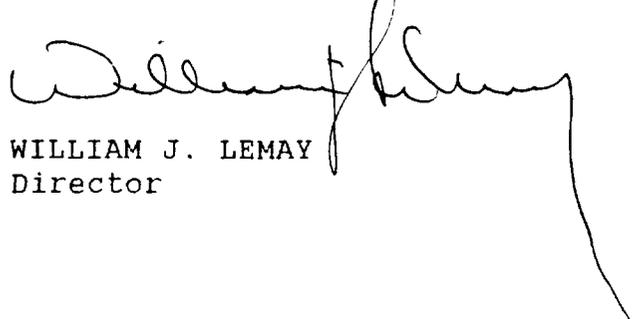
unorthodox coal gas well location 1590 feet from the South line and 875 feet from the West line (Unit K) of said Section 31.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "William J. Lemay". The signature is written in black ink and extends to the right of the typed name.

WILLIAM J. LEMAY
Director

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