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*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

September 14, 1992

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
Santa Fe, New Mexico 87501

HAND DELIVERED

Re: NMOCD Case 10555
Application of Meridian Oil, Inc.
for termination of gas prorationing
in the Justis (Glorieta) Gas Pool,
Lea County, New Mexico

RECEIVED

SFP 14 1992

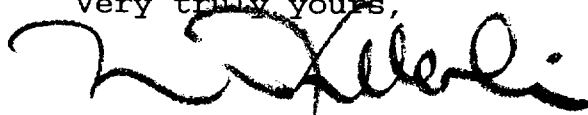
OIL CONSERVATION DIVISION

Dear Mr. LeMay:

On behalf of Meridian Oil, Inc., please find enclosed our First Amended Application which changes the the original application to request the establishment of minimum gas allowables for the Justis Gas Pool, rather than termination of prorationing.

We request that this case be re-advertised and continued to the October 15, 1992 Examiner's Docket. By sending a copy of the First Amended Application, certified mail, return receipt requested to all parties entitled to notice, we are informing them of their right to appear at the hearing, in support of or opposition to the application.

Very truly yours,



W. Thomas Kellahin

WTK/jcl/1trt914.330

cc: Meridian Oil Inc.

By Certified Mail Return Receipt

To parties listed on Exhibit B of application

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: 10555

APPLICATION OF MERIDIAN OIL INC.
TO ESTABLISH MINIMUM GAS ALLOWABLES
IN THE JUSTIS (GLORIETA) GAS POOL,
LEA COUNTY, NEW MEXICO.

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FIRST AMENDED APPLICATION OIL CONSERVATION DIVISION

COMES NOW MERIDIAN OIL INC, by and through its attorneys, Kellahin and Kellahin, and hereby amends its original application to terminate prorationing in the JUSTIS GAS POOL, Lea County, New Mexico and to substitute therefore a request to establish minimum natural gas allowables for the Justis Pool for a three year period of time equal to 600 MCF of gas per day for an acreage factor of 1.0 (non-standard proration unit) or 1,200 MCF of gas per day for an acreage factor of 2.0 (standard 320-acre gas proration unit), and in support thereof would show:

1. Applicant is an operator and working interest owner in the Justis Gas Pool, Lea County, New Mexico with approximately 50% of the 1991-1992 winter proration

period production (October, 1991 through March, 1992).

2. The Justis Gas Pool ("the Pool") was created by Division Order 850 issued January 1, 1950 with gas prorationing for this pool made effective January 1, 1954. See Orders R-375, R-375-A, R-586-A, R-586-C, R-586-C, R-586-E, R-586-F, R-967.

3. On October 3, 1957, the standard proration unit size was changed from 160 acres to 320 acres. See Order R-586-C.

4. The Pool, as of July 1, 1992, encompassed the following area:

Township 24 South, Range 37 East, NMPM

Section 26: SE/4
Section 35: E/2, E/2NW/4

Township 25 South, Range 37 East, NMPM

Section 1: SW/4
Section 2: E/2
Section 11: E/2
Section 12: W/2
Section 13: All
Section 14: E/2
Section 23: E/2
Section 24: All
Section 25: All
Section 26: NE/4
Section 36: N/2

5. The Pool is also subject to the provisions of Order R-8170, as amended, being the current General Rules and Regulations for the Prorated Gas Pools of New Mexico.

6. The Applicant has identified and located the current pool limits and all currently producing wells and spacing units on Exhibit A attached hereto.

7. Prorating was originally instituted because the total delivery capacity of the wells in the Pool exceeded the market demand for gas produced from the Pool. See Finding (5) Order R-586.

8. Currently and for the remaining life of the Pool, the total deliverability of the wells in the Pool is not expected to exceed market demand for gas produced from the Pool.

9. The production limitations imposed by the prorated allowables has discouraged and will continue to discourage further developmental drilling, attempted workovers of existing wells, or the installation of compression equipment.

10. Establishment of a minimum allowable equal to 600 MCF of gas per day for an acreage factor of 1.0 (non-standard 160-acre gas proration unit) or 1,200 MCF of gas

per day for an acreage factor of 2.0 (standard 320-acre gas proration unit) for the Pool will not impair correlative rights.

11. Since the institution of prorationing in the Pool, there have been substantial changes in Pool production, development, gas purchasing and marketing practices, and other factors affecting the oil and gas industry which indicates that the production limitations imposed by the gas proration system have discouraged and will continue to discourage further developmental drilling and attempted workover of existing wells.

12. Applicant proposes that this minimum allowable for the Pool be effective November 1, 1992 for a period of three years, at which time the applicant and/or operators in the pool should be prepared to appear and present evidence and testimony relevant to the continuation of a minimum gas allowable for the pool.

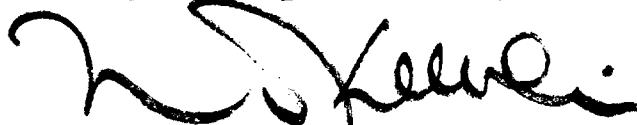
13. Applicant has previously contacted all of the operators in the Pool concerning this matter and as of the date of this Application is not aware of any opposition to this Application.

14. Applicant requests that this matter be set for hearing on the Examiner's Docket now scheduled for October 15, 1992.

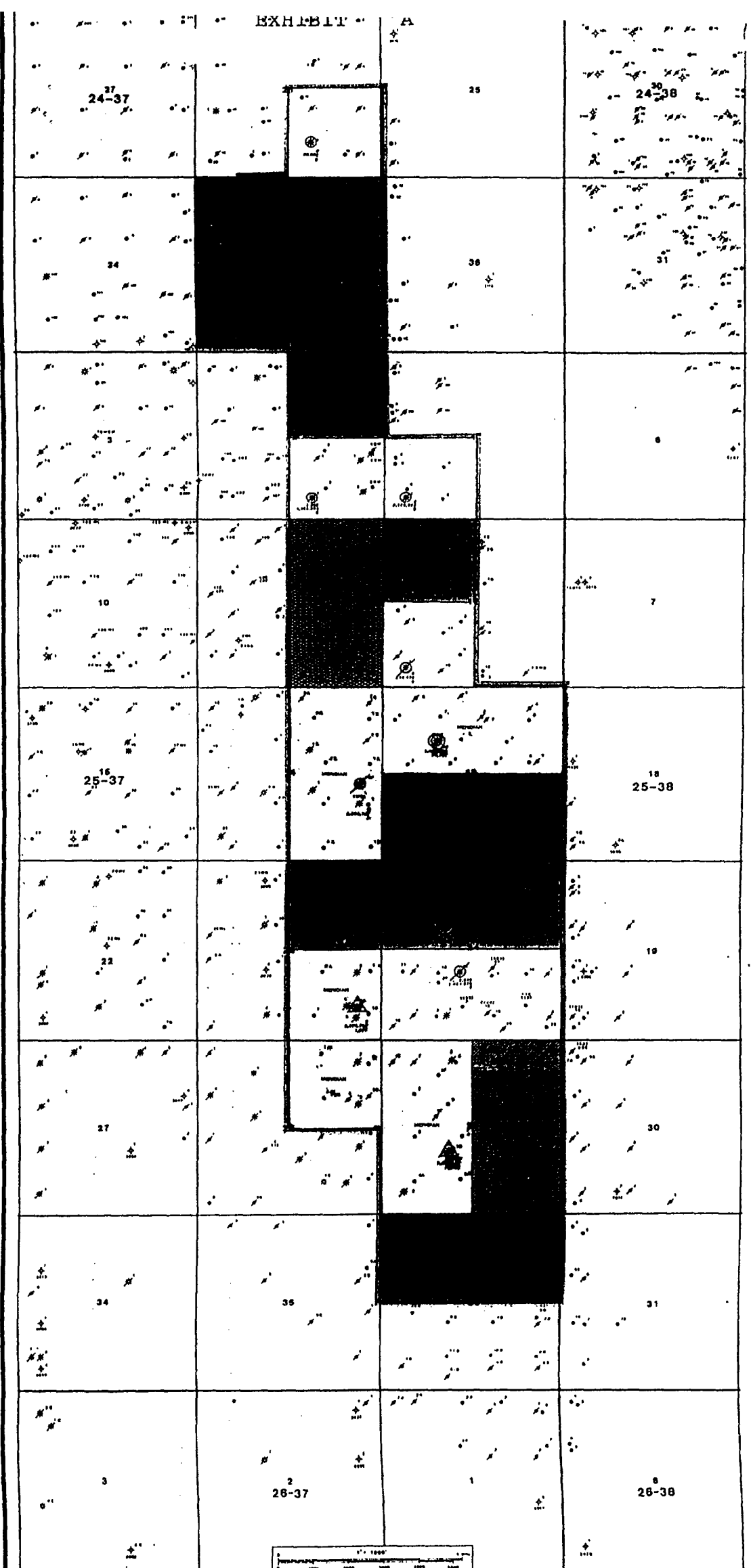
15. Pursuant to Division notice requirements, Applicant has sent a copy of this application, certified mail-return receipt to all operators of wells within the Pool and all operators of wells within one mile of the outer boundary of the Pool. The list of names and addresses of all those to whom notice has been sent are set forth on Exhibit B attached hereto.

WHEREFORE, Applicant requests that this application be set for hearing before the Division and after said hearing, the Division enter its order establishing a minimum allowable for the subject Pool, and for such other and further relief as may be proper based upon this application.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. Thomas Kellahin
Kellahin and Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285
Attorneys for Applicant



GLORIETA TOTAL PRODUCTION TO 1/1/81 100,848 BBLs OIL 87,728,498 MCF GAS 180,707 BBLs WTR		AMERADA HESS CORP. ARCO EARL BRUNG INC. CHEVRON LAMARCO		MERIDIAN OIL INC. TEXACO PLOUGHED WELL MARGINAL WELL NON-MARGINAL WELL FIELD OUTLINE	
LITIGATION The Glorieta member is a dolomite, crystalline to tuffaceous, moderately to highly, to low, commonly fractured, very porous. The Glorieta member is composed of thin to 1/2" thick of the Glorieta formation of Permian age.		JUSTIS FIELD LEA COUNTY, NEW MEXICO GLORIETA PRODUCTION		1 MERIDIAN OIL & GAS DATE 1/1/81 PREPARED BY 1/1/81 CHECKED BY 1/1/81 APPROVED BY 1/1/81 DRAWN BY 1/1/81 DL-4156	

EXHIBIT "A"

EXHIBIT "B"

**APPLICATION OF MERIDIAN OIL INC. TO ESTABLISH
MINIMUM GAS ALLOWABLES IN THE JUSTIS GAS POOL**

Amerada Hess Corporation
Production Operations Department
P.O. Box 840
Seminole, TX 79360

Earl R. Bruno
P.O. Box 5456
Midland, TX 79702

ARCO Oil & Gas Corporation
Production Operations Department
600 N. Marienfeld Street
Midland, TX 79701

Lanexco Inc.
Production Operations Department
310 W. Wall Street
Midland, TX 79701

Texaco, Inc.
Production Operation Department
P.O. Box 3109
Midland, TX 79702-3109

Chevron U.S.A. Incorporated
Mr. D.T. Berlin
North District Manager
P.O. Box 1150
Midland, TX 79702

Sid Richardson Carbon & Gasoline Co.
First City Bank Tower
201 Main Street
Fort Worth, Texas 76102