

# MERIDIAN OIL

CASE # 10555

NOVEMBER 5, 1992

LABORATORY EXAMINER CANTAMACH
OIL CONSERVATION DIVISION
EXHIBIT NO. <u>1</u>
CASE NO. _____

NOTIFICATIONS

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN\*

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

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

JASON KELLAHIN (RETIRED 1991)

September 23, 1992

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

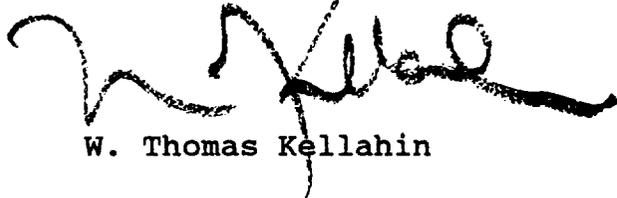
**VIA FACSIMILE**  
(505) 827-5741

RE: NMOCD Case No. 10555  
Application of Meridian Oil, Inc.  
for the establishment of minimum  
gas allowables for the Justis  
Gas Pool, Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Meridian Oil, Inc. we respectfully  
request that the above-referenced case be continued to  
the Hearing Examiner's docket now scheduled for  
November 5, 1992.

Very truly yours,



W. Thomas Kellahin

WTK/jcl  
xc: Tom Olle - Meridian Oil, Inc.

lrr923.014

RECEIVED  
SEP 25 1992  
RESERVOIR

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.

FIRST AMENDED APPLICATION

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. Prorationing 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.

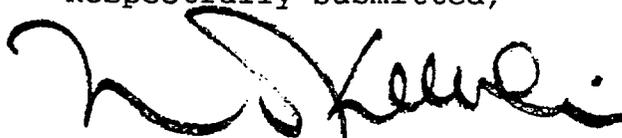
13. Applicant has previously contacted all of the operators in the Pool concerning this matter and as of the date of this Application is not aware of any opposition to this Application.

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

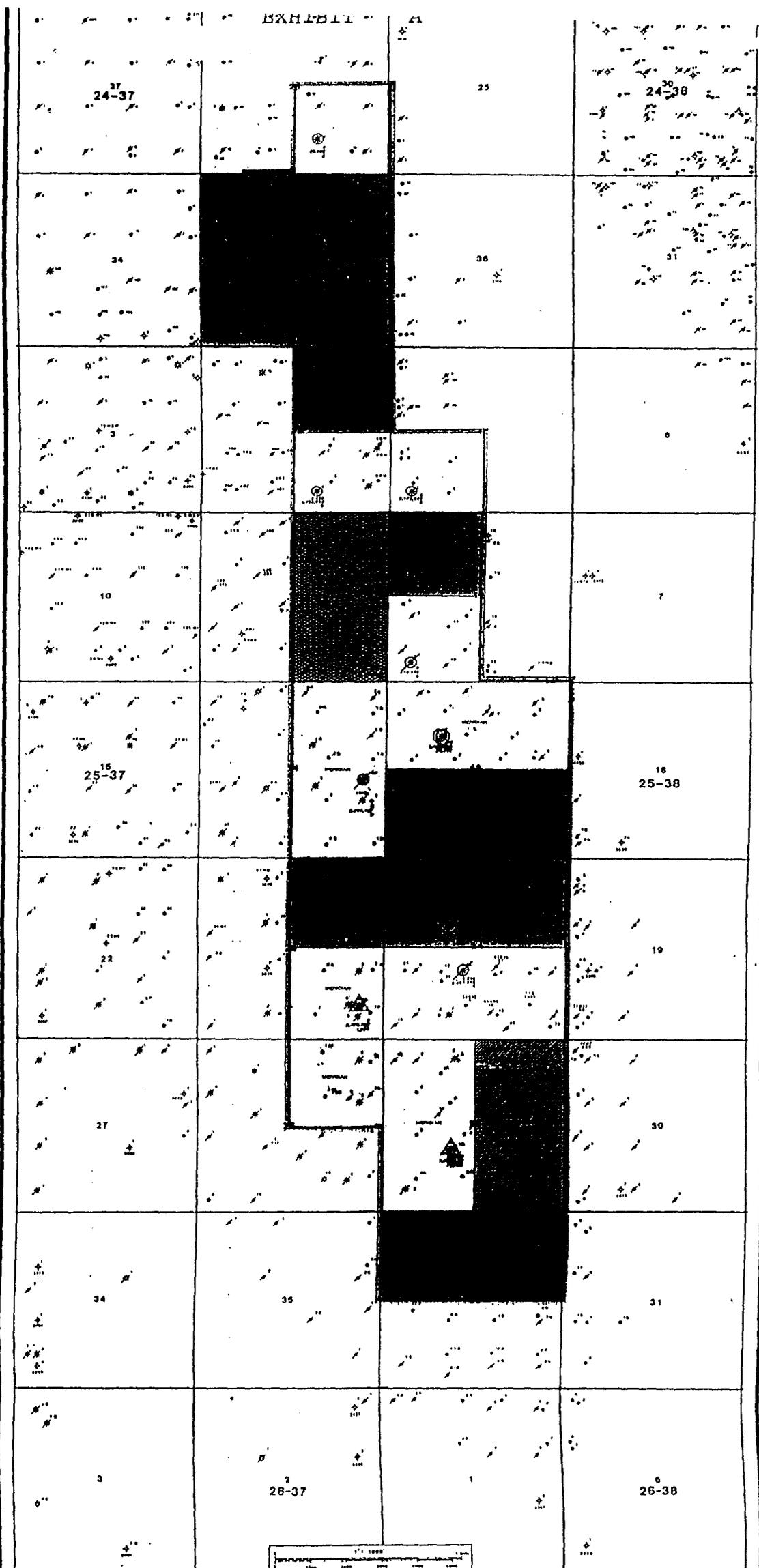
15. Pursuant to Division notice requirements, Applicant has sent a copy of this application, certified mail-return receipt to all operators of wells within the Pool and all operators of wells within one mile of the outer boundary of the Pool. The list of names and addresses of all those to whom notice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



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 1/1/51  
 100,840 BBLs OIL  
 47,735,898 MCF GAS  
 160,707 BBLs WTR

- AMERADA HESS CORP.
- ARCO
- EARL BURNS INC.
- CHEVRON
- LAWRENCE
- MERIDIAN OIL CO.
- TEXACO
- PLUGGED WELL
- MARGINAL WELL
- NON-MARGINAL WELL
- FIELD OUTLINE

**1 MERIDIAN OIL CO.**  
**JUSTIS FIELD**  
 LEA COUNTY, NEW MEXICO  
 GLORIETA PRODUCTION

OILS TO 1/1/51			
DATE	PROD.	STOCK	INVT.
12/31/50			
12/31/51			
12/31/52			
12/31/53			
12/31/54			
12/31/55			
12/31/56			
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12/31/58			
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12/31/95			
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12/31/97			
12/31/98			
12/31/99			
12/31/00			

**LITHOLOGY**  
 The lithology shown on this diagram is based on the correlation of the lithology of the Glorieta formation in Lea County, New Mexico, with the lithology of the Glorieta formation in other parts of the state. The lithology shown is based on the correlation of the lithology of the Glorieta formation in Lea County, New Mexico, with the lithology of the Glorieta formation in other parts of the state.

3IT "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

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

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W. THOMAS KELLAHIN\*

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

JASON KELLAHIN (RETIRED 1991)

September 14, 1992

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

HAND DELIVERED

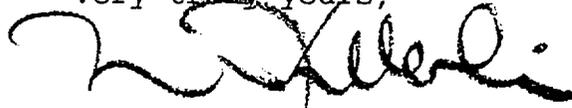
Re: NMOCD Case 10555  
Application of Meridian Oil, Inc.  
for termination of gas prorationing  
in the Justis (Glorieta) Gas Pool,  
Lea County, New Mexico

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.  
FOR AMENDMENT OF DIVISION ORDER  
NO. R-8170, AS AMENDED, TO  
ESTABLISH A MINIMUM GAS ALLOWABLE  
IN THE JUSTIS (GLORIETA) GAS POOL,  
LEA COUNTY, NEW MEXICO

CERTIFICATE OF MAILING

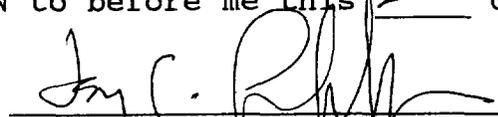
AND

COMPLIANCE WITH ORDER R-8054

W. THOMAS KELLAHIN, attorney in fact and authorized representative of MERIDIAN OIL INC., states that the notice provisions of Division Rule 1207 (Order R-8054) have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested parties entitled to receive notice, that on SEPTEMBER 14, 1992, I caused to be mailed by certified mail return-receipt requested notice of this hearing and a copy of the First Amended Application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for NOVEMBER 5, 1992, to the parties shown in the application as evidenced by the attached copies of return receipt cards, and that pursuant to Division Rule 1207, notice has been given at the correct addresses provided by such rule.

  
W. Thomas Kellahin

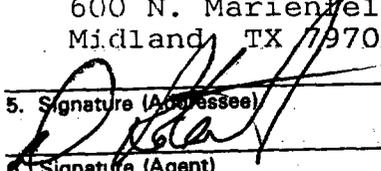
SUBSCRIBED AND SWORN to before me this <sup>2<sup>ND</sup></sup> day of  
NOVEMBER, 1992.

  
Notary Public

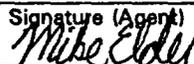
My Commission Expires:

10/7/95

JAY C LAUBSCHER

<b>SENDER:</b> <ul style="list-style-type: none"> <li>• Complete items 1 and/or 2 for additional services.</li> <li>• Complete items 3, and 4a &amp; b.</li> <li>• Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>• Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>• Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>• The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.</li> </ul>		I also wish to receive the following services (for an extra fee): <ol style="list-style-type: none"> <li><input type="checkbox"/> Addressee's Address</li> <li><input type="checkbox"/> Restricted Delivery</li> </ol> Consult postmaster for fee.	
3. Article Addressed to:  ARCO Oil & Gas Co. Production Operations 600 N. Marienfeld St. Midland, TX 79701		4a. Article Number P676 666 434	
		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
		7. Date of Delivery 9-16-92	
5. Signature (Addressee) 		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature (Agent)			

PS Form 3811, November 1990 \*U.S. GPO: 1991-287-066 **DOMESTIC RETURN RECEIPT**  
 WTK - 9/14/92 1ST Amend Justice Pro

<b>SENDER:</b> <ul style="list-style-type: none"> <li>• Complete items 1 and/or 2 for additional services.</li> <li>• Complete items 3, and 4a &amp; b.</li> <li>• Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>• Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>• Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>• The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.</li> </ul>		I also wish to receive the following services (for an extra fee): <ol style="list-style-type: none"> <li><input type="checkbox"/> Addressee's Address</li> <li><input type="checkbox"/> Restricted Delivery</li> </ol> Consult postmaster for fee.	
3. Article Addressed to:  Amerada Hess Corp. Production Operations P.O. Box 840 Seminole, TX 79360		4a. Article Number P.676 666 431	
		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
		7. Date of Delivery 9-16-92	
5. Signature (Addressee)		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature (Agent) 			

PS Form 3811, November 1990 \*U.S. GPO: 1991-287-066 **DOMESTIC RETURN RECEIPT**  
 WTK - Mend - 1ST Amend Justice

<b>SENDER:</b> <ul style="list-style-type: none"> <li>• Complete items 1 and/or 2 for additional services.</li> <li>• Complete items 3, and 4a &amp; b.</li> <li>• Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>• Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>• Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>• The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.</li> </ul>		I also wish to receive the following services (for an extra fee): <ol style="list-style-type: none"> <li><input type="checkbox"/> Addressee's Address</li> <li><input type="checkbox"/> Restricted Delivery</li> </ol> Consult postmaster for fee.							
3. Article Addressed to:  Earl R. Bruno P.O. Box 5456 Midland, TX 79702		4a. Article Number P 676 666 436							
		4b. Service Type <table border="0"> <tr> <td><input type="checkbox"/> Registered</td> <td><input type="checkbox"/> Insured</td> </tr> <tr> <td><input checked="" type="checkbox"/> Certified</td> <td><input type="checkbox"/> COD</td> </tr> <tr> <td><input type="checkbox"/> Express Mail</td> <td><input type="checkbox"/> Return Receipt for Merchandise</td> </tr> </table>		<input type="checkbox"/> Registered	<input type="checkbox"/> Insured	<input checked="" type="checkbox"/> Certified	<input type="checkbox"/> COD	<input type="checkbox"/> Express Mail	<input type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Registered	<input type="checkbox"/> Insured								
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<input type="checkbox"/> Express Mail	<input type="checkbox"/> Return Receipt for Merchandise								
		7. Date of Delivery 9-17-92							
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6. Signature (Agent) <i>[Signature]</i>									

PS Form 3811, November 1990 \*U.S. GPO: 1991-287-066 **DOMESTIC RETURN RECEIPT**  
 WTK - Merid - 1st Amend Interio Pro.

<b>SENDER:</b> <ul style="list-style-type: none"> <li>• Complete items 1 and/or 2 for additional services.</li> <li>• Complete items 3, and 4a &amp; b.</li> <li>• Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>• Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>• Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>• The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.</li> </ul>		I also wish to receive the following services (for an extra fee): <ol style="list-style-type: none"> <li><input type="checkbox"/> Addressee's Address</li> <li><input type="checkbox"/> Restricted Delivery</li> </ol> Consult postmaster for fee.							
3. Article Addressed to:  Lanexco, Inc. Production Operations 310 W. Wall St. Midland, TX 79701		4a. Article Number P 676 666 437							
		4b. Service Type <table border="0"> <tr> <td><input type="checkbox"/> Registered</td> <td><input type="checkbox"/> Insured</td> </tr> <tr> <td><input checked="" type="checkbox"/> Certified</td> <td><input type="checkbox"/> COD</td> </tr> <tr> <td><input type="checkbox"/> Express Mail</td> <td><input type="checkbox"/> Return Receipt for Merchandise</td> </tr> </table>		<input type="checkbox"/> Registered	<input type="checkbox"/> Insured	<input checked="" type="checkbox"/> Certified	<input type="checkbox"/> COD	<input type="checkbox"/> Express Mail	<input type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Registered	<input type="checkbox"/> Insured								
<input checked="" type="checkbox"/> Certified	<input type="checkbox"/> COD								
<input type="checkbox"/> Express Mail	<input type="checkbox"/> Return Receipt for Merchandise								
		7. Date of Delivery 9-16							
5. Signature (Addressee)		8. Addressee's Address (Only if requested and fee is paid)							
6. Signature (Agent) <i>[Signature]</i>									

PS Form 3811, November 1990 \*U.S. GPO: 1991-287-066 **DOMESTIC RETURN RECEIPT**  
 WTK - Jubilee Gas Pros. 1st Amend Merid

<b>SENDER:</b> <ul style="list-style-type: none"> <li>• Complete items 1 and/or 2 for additional services.</li> <li>• Complete items 3, and 4a &amp; b.</li> <li>• Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>• Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>• Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>• The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.</li> </ul>		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to:  Texaco, Inc. Production Operations P.O. Box 3109 Midland, TX 79702-3109		4a. Article Number P676 666 433	
		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
		7. Date of Delivery OCT 12 1992	
5. Signature (Addressee)		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature (Agent) <i>John Pearson</i>			
PS Form 3811, November 1990 *U.S. GPO: 1991-287-066 <b>DOMESTIC RETURN RECEIPT</b> WTK - Merid - Intro 1ST Amend			

<b>SENDER:</b> <ul style="list-style-type: none"> <li>• Complete items 1 and/or 2 for additional services.</li> <li>• Complete items 3, and 4a &amp; b.</li> <li>• Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>• Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>• Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>• The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.</li> </ul>		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to:  Sid Richardson Carbon & Gas Company First City Bank Twr 201 Main Street Fort Worth, TX 76102		4a. Article Number P676 666 432	
		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
		7. Date of Delivery SEP 10 1992	
5. Signature (Addressee)		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature (Agent) <i>Charles H. Hart</i>			
PS Form 3811, November 1990 *U.S. GPO: 1991-287-066 <b>DOMESTIC RETURN RECEIPT</b> WTK - Merid - 1ST Amend Intro			

<b>SENDER:</b> <ul style="list-style-type: none"> <li>• Complete items 1 and/or 2 for additional services.</li> <li>• Complete items 3, and 4a &amp; b.</li> <li>• Print your name and address on the reverse of this form so that we can return this card to you.</li> <li>• Attach this form to the front of the mailpiece, or on the back if space does not permit.</li> <li>• Write "Return Receipt Requested" on the mailpiece below the article number.</li> <li>• The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.</li> </ul>		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to:  D.T. Berlin North District Mgr Chevron USA Inc. P.O. Box 1150 Midland, TX 79702		4a. Article Number P676 666 435	
		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
		7. Date of Delivery SEP 16 1992	
5. Signature (Addressee)		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature (Agent) <i>D.T. Berlin</i>			
PS Form 3811, November 1990 *U.S. GPO: 1991-287-066 <b>DOMESTIC RETURN RECEIPT</b>			

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 10526  
Order No. R-9734

GAS ALLOWABLES FOR THE PRORATED GAS  
POOLS IN NEW MEXICO FOR OCTOBER, 1992  
THROUGH MARCH, 1993.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on August 27, 1992, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 1st day of October, 1992, the Commission, a quorum being present and having considered the testimony, the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) This hearing was called for the purpose of accepting nominations and other evidence and information to assist in determining October, 1992, through March, 1993 gas allowables for the prorated gas pools in New Mexico. Thirteen of the prorated gas pools are in Lea, Eddy and Chaves Counties in Southeast New Mexico, and the other four prorated gas pools are in San Juan, Rio Arriba and Sandoval Counties in Northwest New Mexico.

(3) Amendments to the Gas Proration Rules approved by Commission Order No. R-8170-H in December, 1990 provide for allowables to be established for 6-month allocation periods beginning in April and October of each year. The October, 1992 through March, 1993 allocation period will be the fourth under the amended rules.

(4) Average monthly allowables for October 92 - March 1993 for each pool should be based on monthly average individual pool sales for October 91 - March 92, with administrative adjustments where appropriate.

(5) Oil Conservation Division (OCD) personnel prepared Market Demand and Allowable Determination Schedules for the prorated gas pools in New Mexico. These schedules contained production information from the period October 1991 - March 1992, without adjustments. Producers, purchasers and transporters of gas were asked to review these preliminary allowables and to participate in the August 27, 1992 hearing by providing information which would assist in arriving at the final allowable assignments.

(6) The Director of the Office of Interstates Natural Gas Markets submitted a graph showing New Mexico's natural gas production for the years 1989, 1990, 1991 and 1992 through June. Production has been increasing each of these years but 1992 has shown an exceptionally large increase in production and is not reflecting the normal seasonal trend established in prior years.

(7) Meridian Oil Inc. presented exhibits and testimony showing an increase in market demand and production for the Basin-Dakota, Blanco Mesaverde and the South Blanco Pictured Cliffs pools. The following information was presented:

- (a) Production for the April through July period for 1992 compared to the same period for 1991 was up 41% for Basin-Dakota, up 17% for Blanco-Mesaverde and up 39% for South Blanco Pictured Cliffs.
- (b) Reasons for the increased production are: 1) increased pipeline capacity out of the San Juan Basin resulting in lower line pressures, and; 2) increases and firming of natural gas prices.

(8) Meridian requested the following adjustments for pools in Northwest New Mexico:

- (a) Basin Dakota-2,000,000 Mcf/mo.
- (b) Blanco Mesaverde-3,000,000 Mcf/mo.
- (c) South Blanco Pictured Cliffs-150,000 Mcf/mo.

(9) Amoco presented testimony that the increased pipeline capacity out of the San Juan Basin had resulted in production increases and that the increases would continue through the proration period October 1992 to March 1993.

(10) Amoco requested the following adjustments for pools in Northwest New Mexico:

- (a) Basin-Dakota-2,000,000 Mcf/mo.
- (b) Blanco-Mesaverde-3,000,000 Mcf/mo.
- (c) South-Blanco Pictured Cliffs-150,000 Mcf/mo.
- (d) Tapacito-Pictured Cliffs-100,000 Mcf/mo.

(11) Phillips Petroleum presented exhibits and testimony in support of higher allowables for the Basin-Dakota Pool showing that:

- (a) Volumes produced during the October 1991 through March 1992 period were low because of low natural gas prices and transportation constraints, and;
- (b) Higher gas prices and increased pipeline capacity will result in increased production during the October 1992 through March 1993 period.

(12) Phillips requested an adjustment of 1,805,273 Mcf/mo. for the Basin-Dakota pool.

(13) Allowables for the four prorated pools in the San Juan Basin should be increased above the production levels of October '91 through March '92. Increased pipeline capacity and higher natural gas prices will result in an increase in market demand for New Mexico produced gas and the ability of San Juan Basin producers to satisfy that demand.

(14) Meridian Oil Inc. presented testimony and exhibits requesting an increased allowable for the Justis-Glorieta Pool because:

- (a) There is a market for increased production from this field.
- (b) Additional gas will be recovered from the pool if allowables are increased sufficiently to economically justify infill drilling and other workovers.
- (c) The gas gathering system can handle additional volumes of gas without having adverse affects on any other wells within the pool.

(d) All of the operators of wells in this pool were notified of Meridian's position and no one expressed any opposition.

(15) Allowables for the Justis-Glorieta Pool are too low and should be increased.

(16) Marathon Oil Company requested an F1 factor of 42,000 for the Blinebry Pool.

(17) The Blinebry Pool F1 factor for the Oct. '91 through April '92 allocation period was 38,125 for a pool allowable of 566,989 Mcf/mo. Average pool sales for the same period was only 454,535 Mcf/mo. indicating that the pool allowable was not produced. Additional allowable in excess of an F1 factor of 38,125 is not justified at this time.

(18) Chevron supported the Oil Conservation Division's preliminary F1 factor of 173,328 for the Indian-Basin Upper Penn Pool. Their justification was as follows:

(a) This F1 factor is high enough to allow for workovers and other investments in the pool.

(b) High capacity wells, if allowed to produce at too high a rate, could drain more than their fair share of gas from the pool.

(c) MW Petroleum had addressed a letter to the Commission in favor of the 173,328 F1 factor. MW Petroleum operates four wells and has an interest in fourteen other wells in the pool.

(19) Marathon Oil Company requested an F1 factor of 197,600 for the Indian-Basin Upper Penn. Their request was based on the following:

(a) An F1 factor of 197,600 would allow Marathon to benefit from successful workover operations on its wells performed during the past two years and additional work it plans for the upcoming year.

(b) The higher F1 factor will allow Marathon to produce their wells at capacity and not be overproduced.

(c) Marathon has a market for all the gas they can produce.

(20) Oryx requested an F1 factor of 197,600 for the Indian-Basin Upper Penn Pool. They supported this request with the following information:

- (a) Oryx has conducted a successful workover program on four of its wells. The requested increase in allowable is reasonable because operators have enhanced their wells' performance through capital expenditures and the requested allowable increase would justify additional workover expenditures in the future.
- (b) Oryx's wells could produce 851,200 Mcf/mo. for the Oct. '92 - March '93 allocation period.
- (c) Oryx has the market for the additional gas production.

(21) The Indian Basin-Upper Penn Pool was given an F1 factor of 184,875 for the Oct. '91 - March '92 allocation period and the pool was underproduced at the end of this period. Additional allowable would allow the higher capacity wells to drain more gas from marginal proration units, thus violating the correlative rights of marginal gas interest owners. The F1 factor for this field should remain at the recommended level of 178,372.

**IT IS THEREFORE ORDERED THAT:**

(1) Exhibit "A" attached to and incorporated herein is hereby adopted for the purpose of making allowable assignments for the prorated gas pools in Southeast New Mexico for the months Oct. '92 - March '93.

(2) Exhibit "B", attached to and incorporated herein is hereby adopted for the purpose of making allowable assignments for the prorated gas pools in Northwest New Mexico for the months Oct. '92 - March '93.

(3) The Oil Conservation Division is hereby directed to prepare proration schedules for the Oct. '92 - March '93 allocation period in accordance with this order and other Division Rules, Regulations and Orders. Copies of this order shall be included in each proration schedule.

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

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

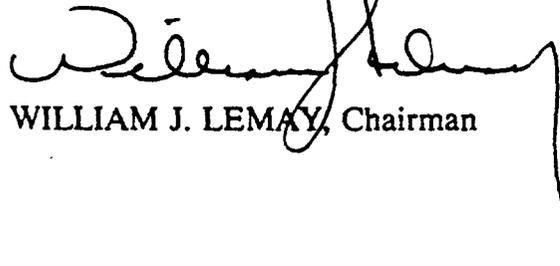
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



GARY CARLSON, Member



WILLIAM W. WEISS, Member



WILLIAM J. LEMAY, Chairman

S E A L

dr/

ENSP216T--ENSP216-01

EXHIBIT "A" COMMISSION ORDER NO. R--9734  
 MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE  
 PRORATED GAS POOLS - SOUTH EAST NEW MEXICO  
 FOR OCT92 THRU MAR93

	ATOKA PENN	BLINEBRY	BUFFALO VALLEY PENN	CARLSBAD HORROM	CATCLAN DRAM HORROM	EUPHONT INDIAN BASIN HORROM SO	INDIAN BASIN UPPER PENN	JALMAT	JUSTIS GL	TUBB	
( 1 ) AVERAGE MONTHLY POOL SALES OCT92-MAR92 ALL VOLUME ARE IN MCF.	100,603	456,535	276,371	230,677	355,760	2,596,563	81,249	3,027,791	1,143,500	55,754	252,532
( 2 ) TOTAL NOMINATIONS AVG MONTH VOL.		36,681							61,000		
( 3 ) ADJUSTMENTS.											
( 4 ) MONTHLY POOL ALLOWABLE OCT92-MAR93 (LINE 1 + LINE 3.)	100,603	491,216	276,371	230,677	355,760	2,596,563	81,249	3,027,791	1,143,500	136,754	252,532
( 5 ) MONTHLY MARGINAL POOL ALLOWABLE OCT91-MAR92	81,189	233,872	276,371	196,007	230,505	2,225,600	81,249	2,048,526	1,062,804	27,523	186,565
( 6 ) MONTHLY NON-MARGINAL POOL ALLOWABLES OCT92-MAR93 LINE 4 - LINE 5	19,414	257,344		34,670	125,255	370,963		979,265	80,704	109,231	67,967
( 7 ) NUMBER OF NON-MARGINAL ACREAGE FACTORS	1.00	6.75		1.00	1.00	15.00		5.49	3.25	6.00	7.00
( 8 ) MONTHLY ACREAGE ALLOCATE FACTOR OCT92-MAR93 (LN 6 / LN 7)	19,414	30,125	*30,000	34,670	125,255	24,730	*36,000	178,372	24,856	18,205	9,710

F1 FACTORS FOR OTHER POOLS  
 BURTON FLAT STRAIN F1 = 10,000  
 MONUMENT MCKEE ELLEN F1 = 25,000

\*AS OF 3-31-92, THESE POOLS DO NOT HAVE ANY WELLS IN A NON-MARGINAL STATUS. THESE F1 FACTORS ARE ASSIGNED TO MONITOR THE WELLS IN THE POOLS.

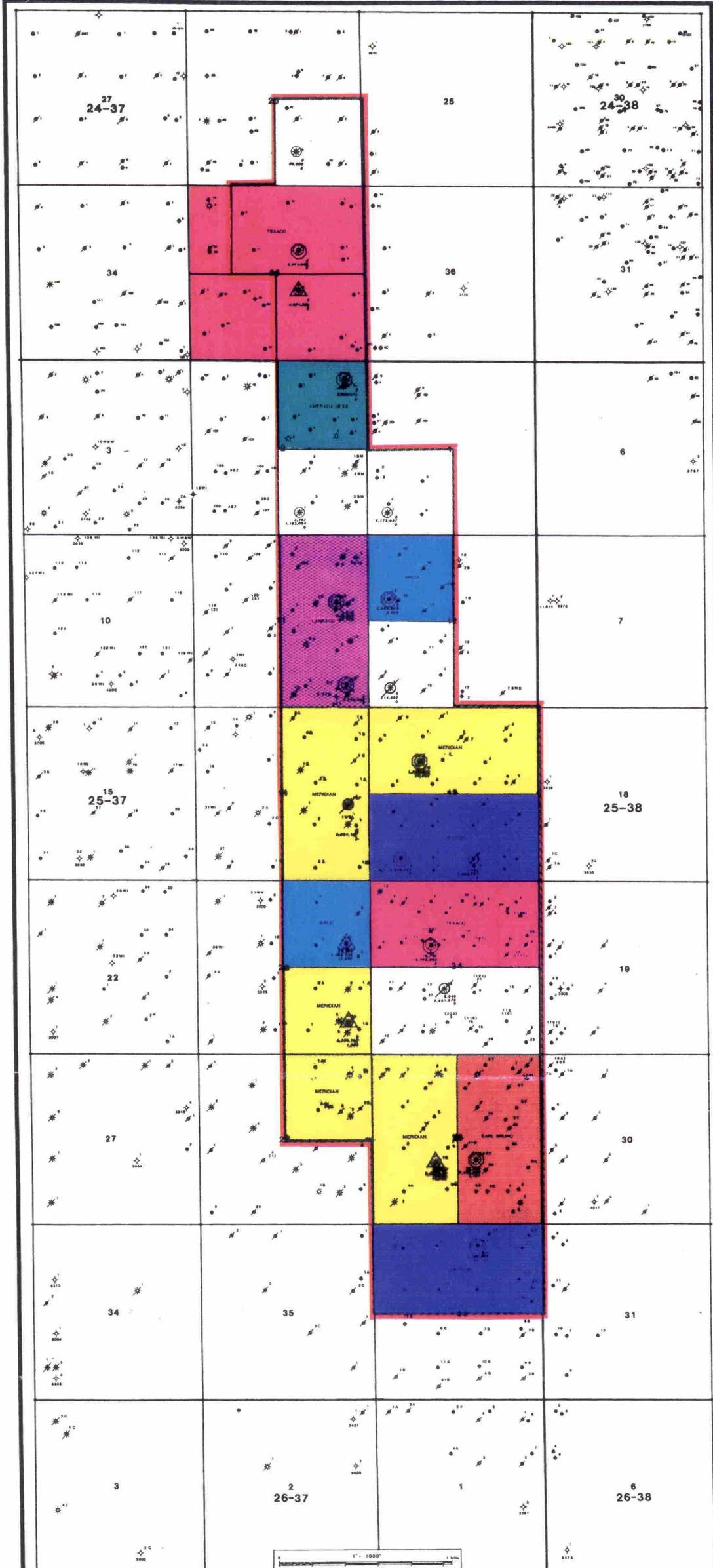
EXHIBIT "X" COMMISSION ORDER NO. R--9734  
 MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE  
 PRORATED GAS POOLS - NORTH EST NEW MEXICO  
 FOR OCT92 THRU MAR93

B

	BASIN	BLANCO	BLANCO	TAPACITO
	DAKOTA	MESA VERDE	P.C. SOUTH	
( 1 ) AVERAGE MONTHLY POOL SALES OCT91-MAR92 ALL VOLUME ARE IN MCF.	7,145,404	12,265,406	1,061,345	228,640
( 2 ) TOTAL NOMINATIONS AVG MONTH VOL.				
( 3 ) ADJUSTMENTS.	2,000,000	3,000,000	150,000	100,000
( 4 ) MONTHLY POOL ALLOWABLE OCT92-MAR93 (LINE 1 + LINE 3.)	9,145,404	15,265,406	1,211,345	328,640
( 5 ) MONTHLY MARGINAL POOL ALLOWABLE OCT91-MAR92	5,050,757	6,686,273	682,476	135,217
( 6 ) MONTHLY NON-MARGINAL POOL ALLOWABLES OCT92-MAR93 LINE 4 - LINE 5	4,094,727	8,579,218	528,869	193,423
( 7 ) NUMBER OF NON-MARGINAL ACREAGE FACTORS	229.86	468.11	303.30	83.10
( 8 ) NUMBER OF NON-MARGINAL ACREAGE TIMES DELIVERABILITY FACTORS	119,193	289,803	14,340	5,710
( 9 ) MONTHLY ACREAGE ALLOCATE FACTOR OCT92-MAR93	10,688	4,582	436	582
( 10 ) MONTHLY ACREAGE TIMES DELIVERABILITY ALLOCATE FACTOR OCT92-MAR93	13.74	22.20	27.66	25.41

**OVERVIEW**





GLORIETA TOTAL PRODUCTION TO 1/1/91  
 100,846 BBLs OIL  
 67,725,895 MCF GAS  
 160,707 BBLs WTR

LITHOLOGY  
 The Glorieta member is a dolomite, crystalline to micaceous, occasionally oolitic, tan to brown, vertically fractured, vuggy porous. The Justin Gas zone is contained within the top 250 feet of the Glorieta formation of Permian age.

- |  |                    |  |                   |
|--|--------------------|--|-------------------|
|  | AMERADA HESS CORP. |  | MERIDIAN OIL INC. |
|  | ARCO               |  | TEXACO            |
|  | EARL BRUNO INC.    |  | PLUGGED WELL      |
|  | CHEVRON            |  | MARGINAL WELL     |
|  | LANEXCO            |  | NON-MARGINAL WELL |
|  |                    |  | FIELD OUTLINE     |

**MERIDIAN OIL**

**JUSTIS FIELD**  
 LEA COUNTY, NEW MEXICO  
 GLORIETA  
 PRODUCTION

CUMS TO 1/1/91

PRODUCED	100,846	BBLs
NON-PRODUCED		
TOTAL	100,846	BBLs
PRODUCED	67,725,895	MCF
NON-PRODUCED		
TOTAL	67,725,895	MCF
PRODUCED	160,707	BBLs
NON-PRODUCED		
TOTAL	160,707	BBLs

OL-4159 Y

# JUSTIS GLORIETA FIELD GEOLOGY OVERVIEW

- THE JUSTIS GAS ZONE IS APPROXIMATELY 200 FEET THICK. IT LIES BENEATH THE SAN ANDRES DOLOMITE AND IS THE UPPER 200 FEET OF THE JUSTIS PADDOCK FIELD.
- THE GLORIETA MEMBER IS A DOLOMITE; CRYSTALLINE TO SUCROSIC, OCCASIONALLY OOLITIC, TAN TO BROWN, VERTICALLY FRACTURED, WITH VUGGY POROSITY.
- THIS GLORIETA PRODUCTION IS SITUATED ON A STRUCTURE ON THE WESTERN FLANK OF THE CENTRAL BASIN PLATFORM LOCATED 5 MILES EAST OF THE CITY OF JAL, NEW MEXICO.

# LEA COUNTY

# JUSTIS FIELD



# LOVING

# WINKLER



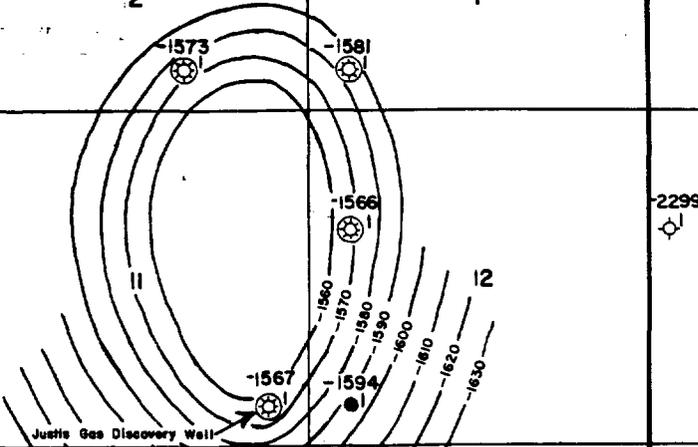
R 37 E

R 38 E

2

1

6

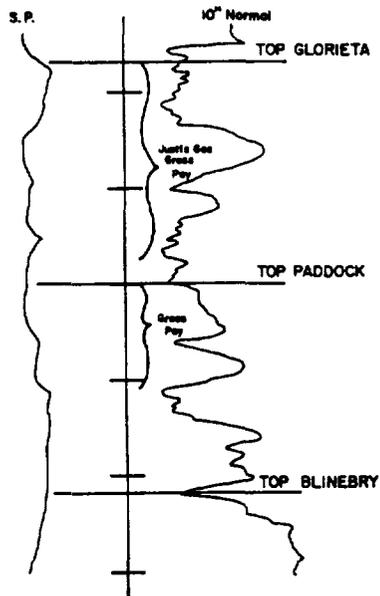


2299

7

TYPE LOG  
SCALE: 1" = 200'

18

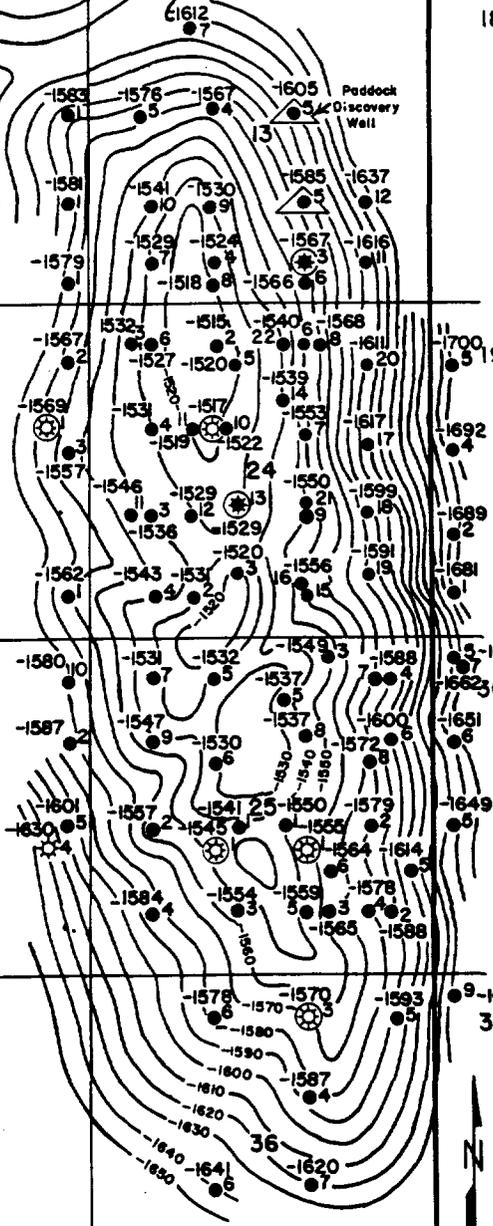


T  
25  
S

23

26

35



18

31

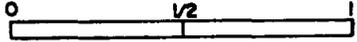
36

LEGEND

- Justis Gas Well
- Justis Paddock Oil Well

**JUSTIS GAS FIELD**  
LEA COUNTY, NEW MEXICO  
**STRUCTURAL CONTOURS ON**  
**TOP OF GLORIETA**

SCALE IN MILES



G.A.FOLTZ

AUGUST, 1960

# JUSTIS GLORIETA FIELD BRIEF HISTORY & STATUS

- JUSTIS POOL CREATED IN JANUARY, 1950
- PRORATED IN 1954
- LAST WELL DRILLED IN 1981
  - JUSTIC BC FED COM NO. 2 (25S-37E-11H)
- PRIOR WELL DRILLED IN 1972
- 21 COMPLETIONS IN THE JUSTIS GLORIETA FIELD  
1 COMPLETION IN THE NORTH JUSTIS FIELD
- 12 ACTIVE WELLS
- STANDARD GPU IN THE JUSTIS GLORIETA POOL IS  
320 ACRES WITH AN ACREAGE FACTOR OF 2

# JUSTIS GLORIETA (GAS) POOL

OPERATOR WELL	LOCATION	STATUS	ACREAGE	CURRENT AVG MCF/D (APR - SEPT 1992)	JAN 92 O/U*
AMERADA HESS CORPORATION STATE NJ A COM #3	02A-25S-37E	INA	160	-	
ARCO OIL & GAS COMPANY EATON B 1 WN #1	12E-25S-37E	INA	160	-	
WIMBERY JH FED COM #1	23H-25S-37E	N	160	117.6	1,372
EARL R. BRUNO CARLSON A 25 #1	25J-25S-37E	M	320	181.9	
CHEVRON U.S.A. INC. ARNOTT RAMSAY NCT F #3	36B-25S-37E	M	320	30.3	
LEARCY MCBUFFINGTON #7	13M-25S-37E	M	320	111.4	
LEARCY MCBUFFINGTON #3	13O-25S-37E	INA	-	-	
CONOCO INC. STATE A 2 COM #1	02O-25S-37E	INA	-	-	
GETTY OIL COMPANY A B COATES C #13	24K-25S-37E	INA	-	-	
LANEXCO INC. JUSTIS BC FED. COM #2	11H-25S-37E				
JUSTIS BC FED. COM #3	11P-25S-37E				
P. U. SUMMARY		N	320	N/A	
MERIDIAN OIL INCORPORATED CARLSON FEDERAL #1	13F-25S-37E	M	320	27.7	
CARLSON A FEDERAL #1	23P-25S-37E	N	320	191.5	20,044
CARLSON B FEDERAL #1	25K-25S-37E	N	320	179.0	26,750
LANGLIE FEDERAL #1	14I-25S-37E	INA	320	-	
OXY U S A INC. HODGES B #1	01M-25S-37E	INA	-	-	
SUN TEXAS COMPANY S W EATON #1	12M-25S-37E	INA	-	-	
TEXACO INC. G. L. ERWIN B FEDERAL NCT 2 #2	35J-24S-37E	N	320	228.7	-5,892
C. C. FRISTOE B FEDERAL NCT 2 #8	35G-24S-37E	M	320	78.6	
C. C. FRISTOE B FEDERAL NCT 2 #13	26O-24S-37E	INA	-	-	
TEXACO PRODUCING INC. A. B. COATES C #1	24F-25S-37E	M	320	188.9	

\*\*\*\*\* POOL TOTALS \*\*\*\*\*

4,000

1,335.6

42,274

\* OVER PRODUCTION IS NEGATIVE

*Over 500 MCF/D  
Current production*

JUSTIFICATION

# **JUSTIS GLORIETA HEARING**

## **JUSTIFICATION FOR MINIMUM ALLOWABLE**

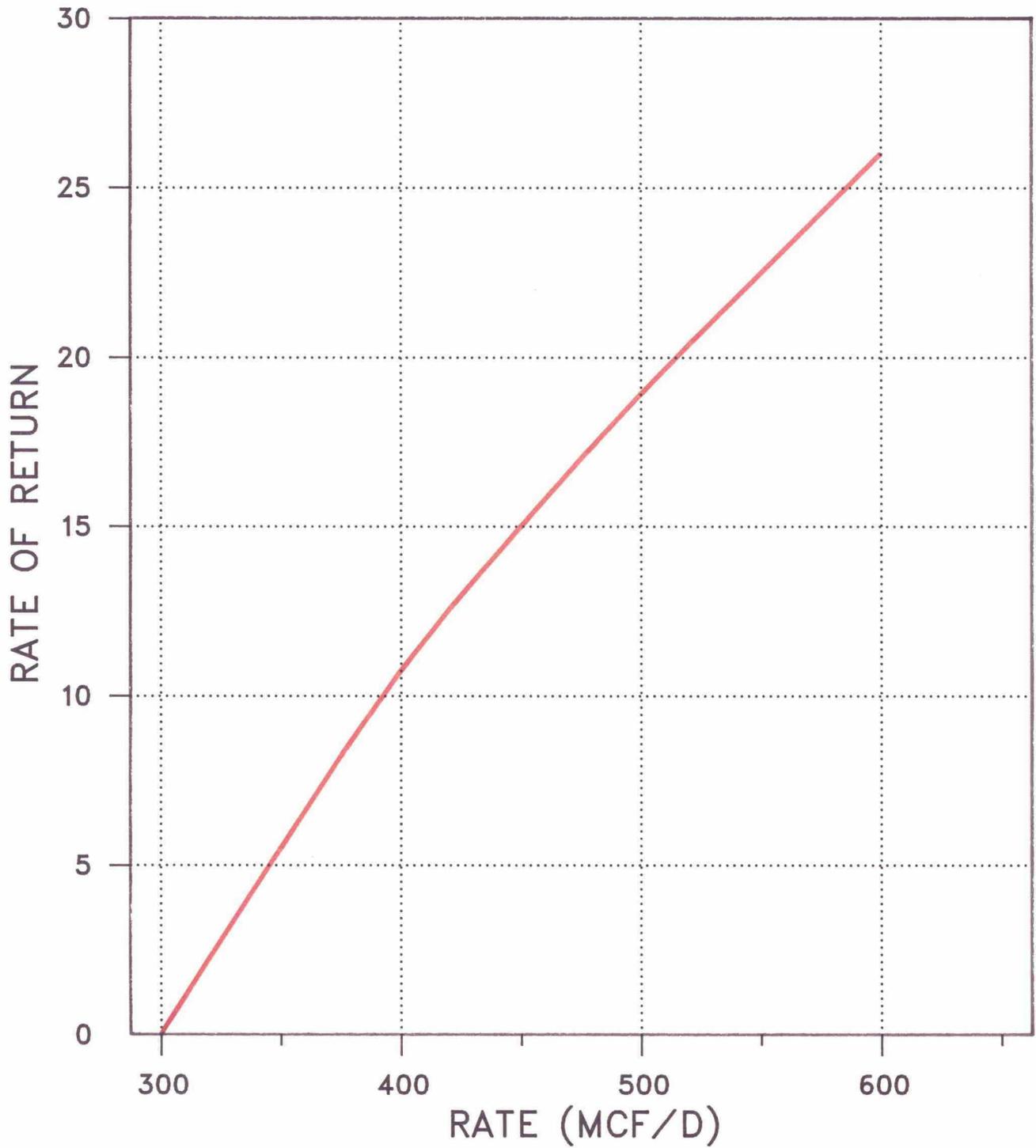
1. Currently and for the remaining life of the Pool, the total deliverability of the wells in the Pool is not expected to exceed market demand for gas produced from the Pool. Prorating was originally instituted in 1954 because the capacity exceeded the demand.
2. Since the institution of prorating in 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 make prorating of the Pool unnecessary.
3. Production limitations imposed by the prorated allowables has discouraged and will continue to discourage further developmental drilling, workovers, and compression projects.
4. Infill drilling alone is anticipated to add 14 BCFG of gas reserves which would otherwise not be recovered.
5. Increasing the prorated gas allowable will not impair correlative rights.
6. Meridian has contacted all seven operators in the pool concerning this matter and is not aware of any opposition to this Application.
7. The State of New Mexico approved Meridian's request for an adjustment of 81,000 MCFPM during Oct 92 - Mar 93 resulting in a monthly acreage allocation factor of 18,205 MCFPM.
8. The current prorated gas allowable for the overlying Jalmat Pool is 817 MCFPD/160 acres and is 1500' shallower.
9. Sid Richardson has advised Meridian that the proposed increase in Pool production will not adversely effect any well in the Pool.

# JUSTIS GLORIETA FIELD NEW DRILL WELL

- WI = 100 %, NRI = 87.5 %
- ESTIMATED RESERVES OF 650 MMCFG
- COMPLETED COST = \$339,900
  - TANGIBLE = \$130,300
  - INTANGIBLE = \$209,600
- INITIAL GAS PRICE OF \$1.41/MMBTU BASED ON THE LAST 12 MONTH AVERAGE AND HELD CONSTANT
- OPERATING COST = \$1500/MONTH ESCALATED AT 5 %
- TAXES
  - SEVERANCE TAX = 7.09 % OF NET SALES
  - AD VALOREM TAX = 1.29 % OF NET SALES
  - FEDERAL = 34.0 %
  - STATE = 5.0 %
- TANGIBLES DEPRECIATED USING 7 YEAR ACRS
- CASE I (INITIAL RATE = 130 MCFPD)
  - ROR = 0 %
  - PAYOUT = N/A
- CASE V (INITIAL RATE = 600 MCFPD)
  - ROR = 26 %
  - PAYOUT = 3 YEARS

# JUSTIS GLORIETA FIELD

## ROR VS. INITIAL RATE



JUSTIS7.DRW

# JUSTIS GLORIETA FIELD HISTORICAL INFILL DRILL WELL RECOVERY

## EXISTING WELLBORE

- EATON B 1 WN 1
  - LOCATED T25S-R37E, SECTION 12 (E)
  - CUMULATIVE PRODUCTION = 6.9 BCF
  - LAST PRODUCTION FEBRUARY, 1990

## OFFSET WELL

- JUSTIS BC FED. COM NO. 2
  - LOCATED T25S-R37E, SECTION 11 (H)
  - CUMULATIVE PRODUCTION = 622 MMCF
  - ESTIMATED EUR = 1180 MMCF

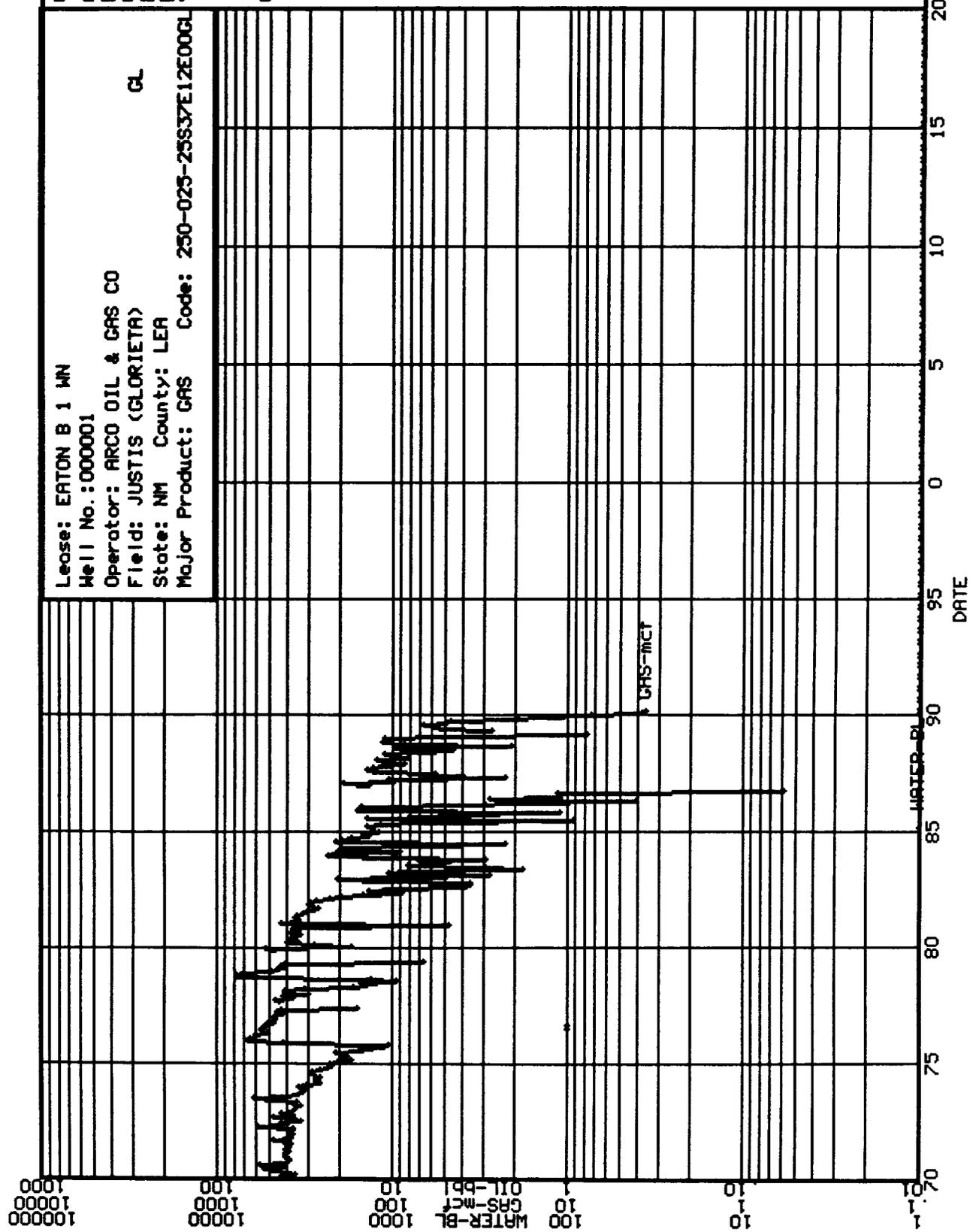
## RECOVERY

- $1180 \text{ MMCF} / 6900 \text{ MMCF} = 17 \%$

GAS  
 Qol=DEFAULT  
 Ref= 02/90  
 Cum=6981.681  
 Rem=.002  
 EUR=6981.683  
 Yrs= 50.000  
 Qi=.000  
 De=.000  
 n=.000  
 Qob=

Lease: EATON B 1 MN  
 Well No.: 000001  
 Operator: ARCO OIL & GAS CO  
 Field: JUSTIS (GLORIETA)  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-25537E12E00GL

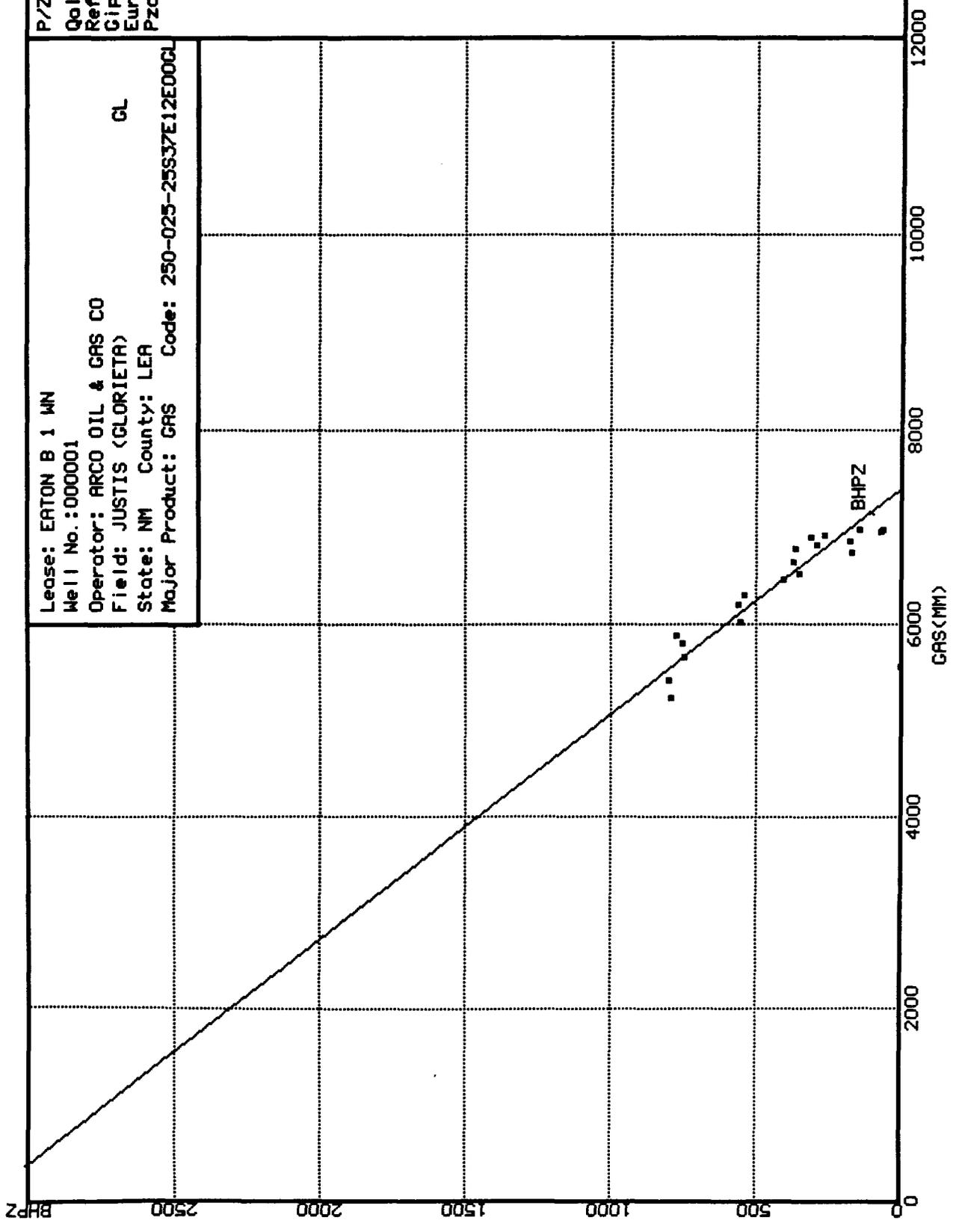
GL



P/Z →  
 Qo1=DEFAULT  
 Ref=10/29/92  
 Cip= 7396  
 Eur= 7162  
 Pzo= 100

Lease: ERTON B 1 MN  
 Well No.: 000001  
 Operator: ARCO OIL & GAS CO  
 Field: JUSTIS (GLORIETA)  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-25S37E12E00GL

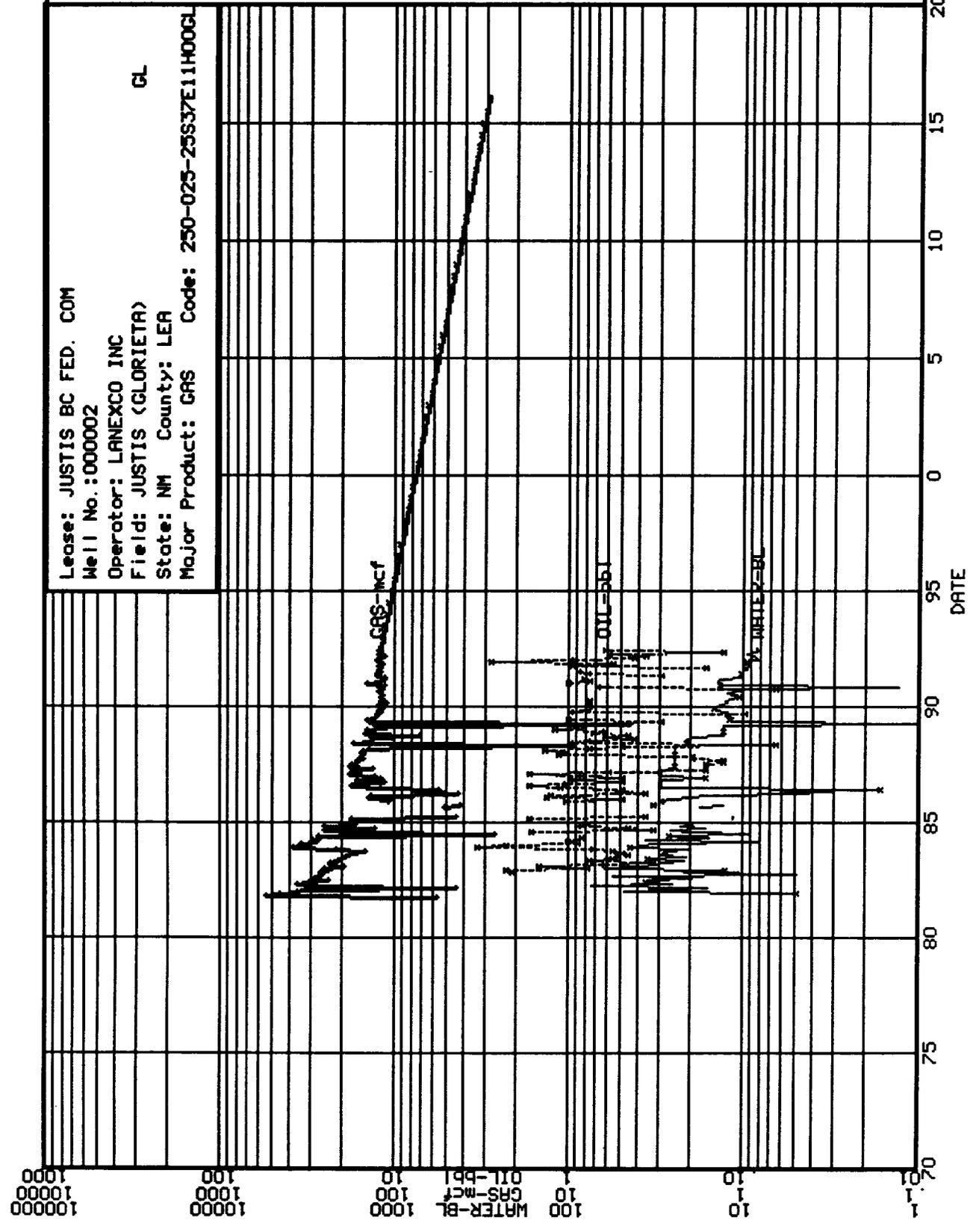
GL



GAS  
 Qo1=DEFAULT  
 Ref= 06/92  
 Cum= 618.667  
 Rem= 564.955  
 EUR=1183.622  
 Yrs= 23.750  
 Q1= 3710.8  
 De= 5.800  
 n= .000  
 Qob= 900.0

Lease: JUSTIS BC FED. COM  
 Well No.: 000002  
 Operator: LANEXCO INC  
 Field: JUSTIS (GLORIETA)  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-25S37E11H00GL

GL



# JUSTIS GLORIETA FIELD ANTICIPATED FUTURE INFILL RECOVERY

- 17 % RECOVERY OF OFFSET RESERVES  
BASED ON HISTORICAL DATA
- AVERAGE EUR/WELL IN THE JUSTIS GLORIETA  
POOL IS 3.8 BCF

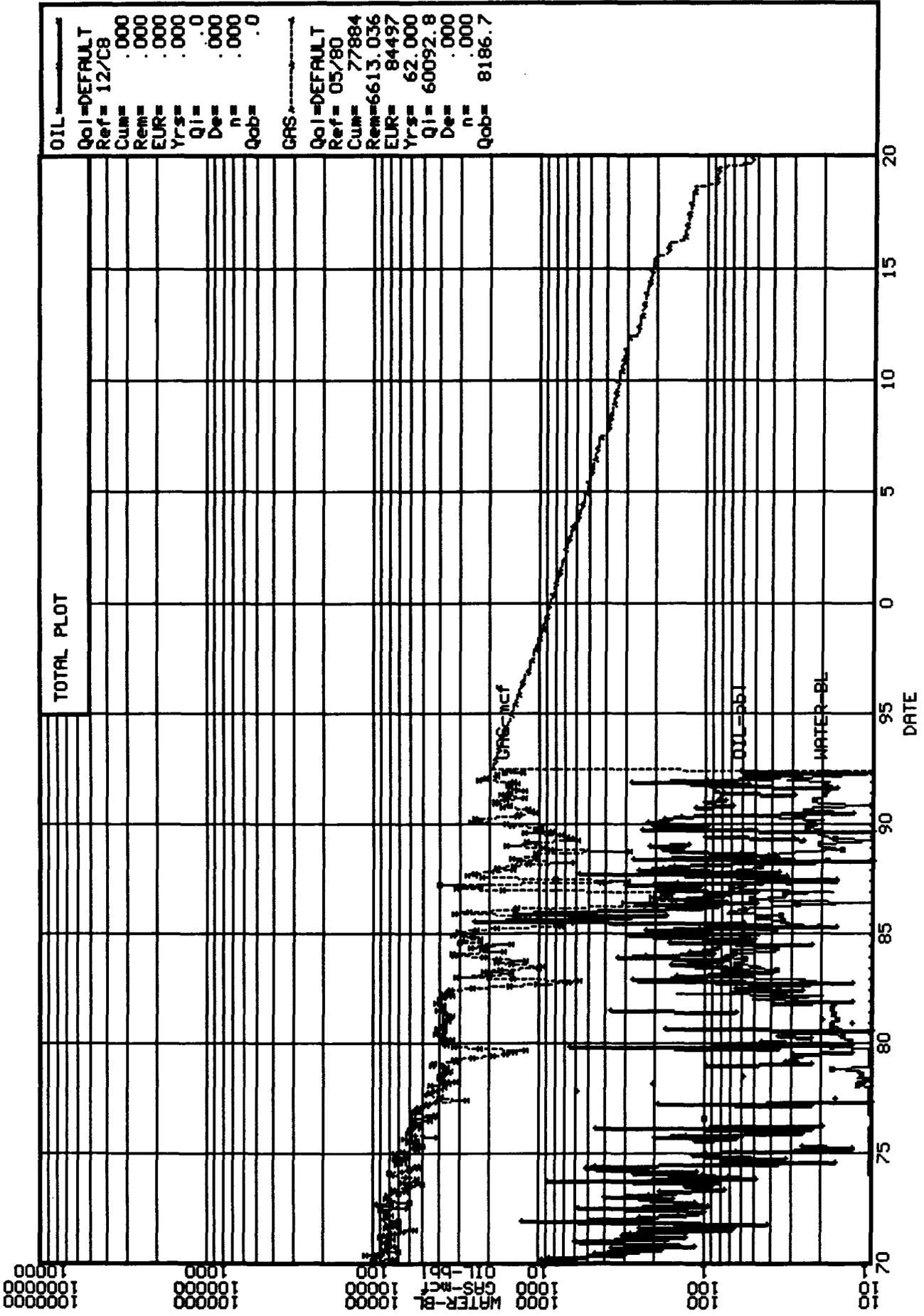
- ANTICIPATED OFFSET RECOVERY:

$$(3.8 \text{ BCF}) (.17) = 650 \text{ MMCF}$$

- TOTAL ESTIMATED POOL EUR = 84.4 BCF

- ANTICIPATED ADDITIONAL RECOVERY DUE TO  
INFILL DRILLING:

$$(84.4 \text{ BCF}) (.17) = 14.3 \text{ BCF}$$



OIL  
 Qo1=DEFAULT  
 Ref= 12/C8  
 Cum= .000  
 Rem= .000  
 EUR= .000  
 Yrs= .000  
 Qi= .0  
 De= .000  
 n= .000  
 Qob= .0

GAS  
 Qo1=DEFAULT  
 Ref= 05/80  
 Cum= 77884  
 Rem=6613.036  
 EUR= 84497  
 Yrs= 62.000  
 Qi= 60092.8  
 De= .000  
 n= .000  
 Qob= 8186.7

Midland Region  
P.O. Box 51810  
Midland, Texas 79705  
(915) 688-6800

Date: \_\_\_\_\_  
AFE No: \_\_\_\_\_

**MERIDIAN OIL INC.  
AUTHORITY FOR EXPENDITURE**

Lease/Well Name: Justis Glorieta Typical Lease No: \_\_\_\_\_  
Field/Prospect: Justis Glorieta Region: MIDLAND  
Location: \_\_\_\_\_ County: Lea State: New Mexico  
AFE Type: Dev (01) Original  Supplement \_\_\_\_\_ Addendum \_\_\_\_\_  
API Well Type: Dev (06) Operator Meridian Oil Inc.  
Objective Formation: Glorieta Authorized Total Depth (Feet) 5,000'  
Project Description: Drill and complete Justis Glorieta gas well

Est. Start Date: \_\_\_\_\_ Prepared By: Tom O'Donnell  
Est. Completion Date: \_\_\_\_\_

**GROSS WELL COST DATA**

	DRILLING		Workover, Completion	Construction or Facility	Total
	Dry Hole	Suspended			
Days:	<u>7</u>	<u>7</u>	<u>6</u>	<u>2</u>	<u>15</u>
This AFE:	<u>141,000</u>	<u>193,400</u>	<u>96,500</u>	<u>50,000</u>	<u>339,900</u>
Prior AFE's:	_____	_____	_____	_____	_____
Total Costs:	<u>\$ 141,000</u>	<u>\$ 193,400</u>	<u>\$ 96,500</u>	<u>\$ 50,000</u>	<u>\$ 339,900</u>

**JOINT INTEREST OWNERS**

COMPANY	WORKING INTEREST PERCENT %	NET \$ EXPENDITURES	
		DRYHOLE \$	COMPLETED \$
<u>Meridian Oil Inc.</u>	<u>100.00000%</u>	<u>141,000</u>	<u>339,900</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<u>MERIDIAN OIL INC.:</u>	_____	_____	_____
<b>AFE TOTAL:</b>	<u>100.00000%</u>	<u>\$ 141,000</u>	<u>\$ 339,900</u>

**MERIDIAN OIL APPROVAL**

Recommended: \_\_\_\_\_/Date: \_\_\_\_\_ Recommended: \_\_\_\_\_/Date: \_\_\_\_\_  
Recommended: \_\_\_\_\_/Date: \_\_\_\_\_  
Recommended: \_\_\_\_\_/Date: \_\_\_\_\_ Approved: \_\_\_\_\_/Date: \_\_\_\_\_  
Title: Vice President of Regional Operations

Partner Approval

Company Name: \_\_\_\_\_  
Authorized By: \_\_\_\_\_ Date: \_\_\_\_\_  
Title: \_\_\_\_\_

**MERIDIAN OIL INC.  
DRILLING WELL COST ESTIMATE**

LEASE/WELL: Carlson #2 PREPARED BY: B. S. Herring DATE: \_\_\_\_\_  
 COUNTY/STATE: Lea / New Mexico APPROVED BY: \_\_\_\_\_ DATE: \_\_\_\_\_  
 PROPOSED TOTAL DEPTH: 5,000 AFE TYPE: 06 - Development Drilling  
 FOOTAGE TOTAL DEPTH: 5,000

ACCT	AFE NOMENCLATURE	DRYHOLE COST	SUSPENDED COST
248-	<b>INTANGIBLE DRILLING COSTS</b> Total Days:	<b>7</b>	<b>7</b>
02	Environmental Studies.....		
03	Construction (location, roads, etc.).....	\$20,000	\$20,000
04	Surface restoration.....	\$1,500	\$1,500
05	Move in, move out.....		
06	Contractor Fees-Footage..... ( \$14.00 /Foot).....	\$70,000	\$70,000
07	Contractor Fees-Daywork..... ( \$4,200 /Day).....	\$4,200	\$4,200
08	Environmental fire and safety.....		
09	Drilling fluids.....	\$1,700	\$1,700
10	Gas and air drilling.....		
11	Drilling fluid handling equipment.....		
12	Speciality fluids and chemicals.....		
13	Engineering services-fluids and chemicals.....		
14	Salt/brine water.....	\$3,500	\$3,500
15	Salt water disposal.....		
16	Water.....	\$2,000	\$2,000
17	Bits, reamers and stabilizers.....		
18	Primary cement, services and accessories.....	\$4,500	\$18,000
19	Squeeze cement, services and accessories.....		
20	Mud logging/paleo.....	\$2,000	\$2,000
21	Wireline logging.....	\$10,000	\$10,000
22	Coring and analysis.....		
23	Fuel.....		
24	BOP's and wellhead rentals - surface.....		
25	Drill/work string rentals - subsurface.....		
26	Fishing tool rentals.....		
28	Other rentals.....	\$1,000	\$2,000
29	Transportation.....	\$1,000	\$3,000
30	Disposal services (offsite).....		
31	Drill stem tests.....		
32	Directional drilling.....		
33	Tubular inspection.....	\$200	\$1,200
34	Cased hole logs.....		
40	Casing crews and laydown services.....		
42	BOP testing.....		
43	Consultants.....		
45	Roustabout and contract labor.....	\$1,000	\$2,000
46	Miscellaneous.....		
72	Company supervision and overhead.....	\$8,000	\$8,000
	Contingency..... ( 3.0% ).....	\$3,900	\$4,500
	<b>TOTAL INTANGIBLE COST</b>	<b>\$134,500</b>	<b>\$153,600</b>
	<b>TANGIBLE COST</b>		
80	Casing		
	400 feet of.. 8.625 in \$12.50 /ft.....	\$5,000	\$5,000
	_____ feet of.. _____ in _____ /ft.....		
	5,000 feet of.. 4.500 in \$6.25 /ft.....		\$31,300
82	Downhole equipment (packers, bridge plugs).....		
84	Downhole equipment accessories.....		
86	Wellhead equipment.....	\$1,500	\$3,500
87	Miscellaneous.....		
	<b>TOTAL TANGIBLE COST</b>	<b>\$6,500</b>	<b>\$39,800</b>
	<b>TOTAL DRILLING COST ESTIMATE</b>	<b>\$141,000</b>	<b>\$193,400</b>
		\$28.20 /Ft.	\$38.68 /Ft.

MERIDIAN OIL INC.  
WELL COST ESTIMATE  
COMPLETION

LEASE/WELL NAME: Typical Justis Glorieta PREPARED BY: K. L. Midkiff DATE: \_\_\_\_\_  
 LEASE/WELL TYPE: \_\_\_\_\_ APPROVED BY: \_\_\_\_\_ DATE: \_\_\_\_\_  
 AFE TYPE: \_\_\_\_\_ COST CENTER: \_\_\_\_\_

ACCOUNT NO. COMP WORK	AFE NOMENCLATURE	BUDGET DAYS: 6
249 244	<b>INTANGIBLE COSTS</b>	
02 02	Environmental Studies and Legal Expenses.....	
	Location, Roads or Canals	
03 03	Construction and Maintenance.....	
04 04	Surface Restoration.....	
05 05	Move-in, Move-out.....	
06 06	Fees of Contractor-Footage(_____\$/FT).....	
07 07	Fees of Contractor-Daywork and Completion Rig ( <u>1,500</u> \$/Day)	9,000
08 08	Environmental, Fire and Safety Equipment .....	
	Drilling Fluid Systems	
09 09	Liquids.....	
10 10	Gas and Air Drilling.....	
11 11	Processing and Maintenance.....	
12 12	Fluids and Chemicals - Specialty Fluids.....	
14 14	Salt/Brine Water.....	
15 15	Fluid Disposal - Onsite.....	
16 16	Fresh Water.....	1,000
17 17	Bits.....	
18 18	Primary Cementing.....	
19 19	Remedial Cementing.....	
20 20	Mud Logging.....	
21 21	Open Hole Logging.....	
22 22	Coring and Analysis.....	
23 23	Fuel/Electricity.....	
	Rentals	
24 24	BOP Rental/Testing (Surface).....	500
25 25	Drill/Work String Rentals (Subsurface).....	
26 26	Fishing Tool Rentals.....	
27 27	Tanks (Rentals).....	1,000
28 28	Other Rentals.....	
29 29	Transportation.....	2,000
30 30	Offsite Disposal Services.....	1,000
31 31	Drill Stem Tests.....	
32 32	Directional Services.....	
33 33	Tubular Inspection and Repair.....	
34 34	Cased Hole Services.....	6,000
36 36	Production Testing.....	1,000
37 37	Swabbing and Coiled Tubing.....	
38 38	Stimulation.....	2,000
39 39	Fracturing.....	25,000
40 40	Casing Crews and Laydown.....	
41 41	Gravel Pack/Sand Control.....	
	Outside Labor	
43 43	Consultants.....	
44 44	Engineering/Lab/Technical Contract Services.....	
45 45	Roustabout Labor.....	1,000
46 46	Miscellaneous.....	1,000
48 48	Communication Systems.....	
49 49	Packer Rental.....	1,500
50 50	Pumping Charges - Other.....	
65 65	Company Vehicles.....	
68 68	Direct Labor.....	
69 69	Benefits.....	
72 72	Company Supervision and Overhead.....	3,000
	Contingency (_____%).....	1,000
	<b>TOTAL INTANGIBLES.....</b>	<b>56,000</b>
	<b>TANGIBLE COSTS</b>	
80 80	Casing.....	
81 81	Tubing.....	18,000
	( <u>4900</u> ft. <u>2 3/8</u> in. <u>3.70</u> \$/ft )	
	( _____ ft. _____ in. _____ \$/ft )	
	( _____ ft. _____ in. _____ \$/ft )	
	Downhole Equipment	
82 82	Packers, Screens and Bridge Plugs.....	
84 84	Casing/Liner Equipment.....	
85 85	Rods.....	6,000
86 86	Wellhead Equipment and Xmas Tree.....	1,500
	Gain/Loss Adjustment.....	
	<b>TOTAL TANGIBLE.....</b>	<b>25,500</b>
	<b>TOTAL COMPLETION.....</b>	<b>81,500</b>



MERIDIAN OIL INC.  
WELL COST ESTIMATE  
FACILITIES

LEASE/WELL NAME: CARLSON #2      PREPARED BY: B. L. ADAMS *BLL*      DATE: 8/10/92

COUNTY/STATE: LEA / NEW MEXICO      APPROVED BY:      DATE:

PROPOSED TD:      AFE TYPE: Capital

JOB SCOPE: Install tankage, heater treater, flowline, & electric service for new oil well.

ACCT	AFE NOMENCLATURE	ORIGINAL ESTIMATE	ACTUAL COSTS	TOTAL COST ESTIMATE
247	FACILITIES			
2	INSTALL LABOR	6,000		7,000
	DIRT WORK			
	PAINTING	1,000		
3	COMPANY VEHICLES			
8	LOCATION, ROADS, AND CANALS			
12	COMPANY SUPERVISION			
17	DAMAGES, PROPERTY LOSSES AND OTHER			
20	EQUIPMENT COATING AND INSULATION			
26	SEPARATORS – UNFIRED			
27	SEPARATORS – FIRED	12,000		12,000
28	GAS SWEETENING EQUIPMENT			
29	PUMPING UNIT			
31	PRIME MOVER			
32	OIL TANK 1 210 BBL @	4,000		9,000
	WTR TANK 1 – 210 BBL	4,000		
	TANK WALKWAY	1,000		
	PAINTING			
	COATING	2,000		2,000
33	METERING EQUIPMENT			
	LACT UNIT			
34	FLOW LINES	2,000		2,000
35	COMPRESSOR – COMPANY OWNED			
36	BUILDINGS			
39	MISC PVF	3,000		3,000
43	ENVIRONMENT AND SAFETY			
44	ENGINEERING/LAB/TECHNICAL CONTRACT SERVICE			
47	COMPRESSOR RENTAL			
48	EQUIPMENT RENTAL			
49	CATHODIC PROTECTION			
50	RIGHT OF WAY			
51	MINOR PIPELINES			
52	ARTIFICIAL LIFT EQUIPMENT			
53	SURFACE PUMPS	1,000		1,000
54	ELECTRICAL ACCESSORIES	10,000		10,000
55	MISCELLANEOUS – FACILITY EXPENSE			
73	FREIGHT/TRANSPORTATION	2,000		2,000
74	DEHYDRATION UNIT			
	TAX ( ___ % OF TANGIBLE)	2,000		2,000
	CONTINGENCY ( ___ %)			
	TOTAL FACILITIES COST ESTIMATE	50,000		50,000



FUNCTION: I

TABLE: MTPM

NAME: SIDRICH LP

MAINTAIN DETAIL AUTHORITY: G

PRICE PROVIDED: SPOT SALE PRICE - SID RICHARDSON LP

S	NGPA		EFFECTIVE DATE		PRICE	SOURCE OF PRICE	AUTH
	CAT	VI S/L	FROM	TO			
			02 01 91	02 28 91	1.450000	POOL PRICE REPORT	CMW
			01 01 91	01 31 91	1.880000	POOL PRICE REPORT	CMW
			12 01 90	12 31 90	2.460000	POOL PRICE REPORT	CMW
			11 01 90	11 30 90	2.420000	POOL PRICE REPORT	CMW
			10 01 90	10 31 90	2.110000	POOL PRICE REPORT	CMW
			09 01 90	09 30 90	1.700000	POOL PRICE REPORT	CMW
			08 01 90	08 31 90	0.700000	POOL PRICE REPORT	CMW
			07 01 90	07 31 90	0.710000	POOL PRICE REPORT	CMW
			06 01 90	06 30 90	0.860000	POOL PRICE REPORT	CMW

01=TBL HDR 03=AUTH USE 11=PREV SCR 12=MAIN MENU

19=PAGE BACK 20=PAGE FWD 21=REFRESH 22=PREV MENU 24=HELP

4E Aa BO--SESSION1 R 6 C 10 o-o13 16:53 8/05/92

MISCELLANEOUS

## EFFECT OF INCREASED MINIMUM ALLOWABLE IN THE JALMAT (GAS) FIELD

- 1986
  - 7 WELLS COMPLETED
- 1987
  - 4 WELLS COMPLETED
- 1988
  - 4 WELLS COMPLETED
- 1989
  - ALLOWABLE SET AT 236 MCFPD
  - 22 WELLS COMPLETED
- 1990
  - ALLOWABLE SET AT 236 – 457 MCFPD
  - 57 WELLS COMPLETED
- 1991
  - ALLOWABLE SET AT 457 – 600 MCFPD
  - 22 WELLS COMPLETED

Justis Glorieta Hearing

Name: Michael S. Wilkinson

Employer: Meridian Oil Inc.

Responsibilities: Midland Region Supply Coordinator - Job responsibilities include the contracting for the gathering, transportation, processing, and sale for approximately 148 MMcf/d of company owned production located in our Midland region which includes the Justis Glorieta Field. I have been employed by Meridian for five (5) years.

1.) Demand Exceeds Current Supply

• Gas Daily Article dated 8/6/92, Fundamental Changes In Gas Industry references a study made by Arthur Anderson and Company with Cambridge Energy Research Associates stating "Demand growth has been the most important factor in tightening the market balance, as consumption rose nearly 20% over the past 5 years, according to the study. Supply on the other hand, declined last year when the top 40 reserve holders replaced only 72% of production."

• Gas Daily Article dated 8/20/92 1992 Demand Nears Record; 1993 to Follow Suit. " By all accounts, this is going to be a near-record year for gas demand, reaching over 20 trillion cf - a level not seen since 1979." "But next year, residential demand is expected to rise 8.2% and industrials demand will rise by more than 4%, according to EIA."

• As further evidence of the tightening of supply, is the unseasonable and rapid increase of mainline index prices in the Permian Basin as well as other supply areas. For the comparable periods of May, June, July and August of 1990, 1991 and 1992 the prices have continued to rise. The table below shows the average of the three Permian Basin Index's in \$/MMbtu.

	<u>1990</u>	<u>1991</u>	<u>1992</u>
<b>May</b>	1.403	1.333	1.437
<b>June</b>	1.433	1.240	1.547
<b>July</b>	1.420	1.040	1.440
<b>August</b>	1.397	1.203	1.857

2.) Location Of Gas Supply

• Gas supply source is strategically located to service markets on the Gulf Coast, East Coast, and West Coast through various transportation arrangements on numerous pipelines and interconnects.

Before the  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
Case No. 10526 Exhibit No. 10  
Submitted By: MERIDIAN OIL - NM  
Hearing Date: 8/27/92

### 3.) Available Plant Capacity

#### • Sid Richardson's Jal Plant

Sid Richardson is actively pursuing new and retaining old gas supply.

Jal Plant design capacity is 140,000 MCF/D but is only processing 105,000 MCF/D for a plant 75% plant utilization.

Jal Plant is currently being upgraded by adding a Cryogenic facility for greater product recovery efficiencies.

#### • Texaco Eunice Plant

Texaco is actively pursuing new gas supplies in this area.

Texaco has recently extend its system to this area laying 18 miles of 10" & 20" mainline trunk. They have also installed 2 new compressor stations to handle this and other gas in this area.

Eunice Plant design is 140,000 MCF/D but is only processing 100,000 MCF/D for a plant utilization of 71%.

### 4.) Natural Gas Liquids

• Currently there is an exceptionally strong market for NGL's, with chemical plant demands overloading the NGL pipeline transportation system and keeping the price high for this time of year.

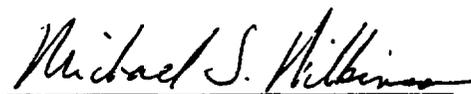
• Seminole Pipeline/Mapco has constructed a new liquids pipeline from the Hobbs area to Mount Belview, Texas to be completed in January 1993, that adds an additional 150,000 barrels/d capacity which will alleviate any future capacity constraints.

### 5) Sales Agreements

• Meridian Oil has in place gathering, processing, and marketing arrangements for our current and additional supplies of gas if the allowable is increased for this field.

• See attached letter from Sid Richardson Carbon and Gasoline Company, stating the available capacity and desire to purchase additional volumes.

I, Michael S. Wilkinson certify that the information as stated is true and correct to the best of my knowledge and belief.



Michael S. Wilkinson

Meridian Oil Inc.

Regional Supply Coordinator

SID RICHARDSON CARBON & GASOLINE CO.  
FIRST CITY BANK TOWER  
201 MAIN STREET  
FORT WORTH, TEXAS 76102  
817/390-8600

July 27, 1992

File: 1-Wi-063-92  
LC-004

Mr. Mike Wilkinson  
MERIDIAN OIL, INC.  
Post Office Box 4239  
Houston, Texas 77210

Re: Justis Glorieta Field  
Lea County, New Mexico

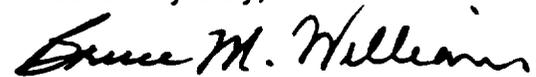
Dear Mike:

At your request, I have reviewed the attached list of leases and/or wells in the referenced producing field. I have determined that all of this production is currently under gas purchase agreements with Richardson, except for the two Texaco operated leases (Fristoe and Erwin).

Furthermore, Richardson would have the capacity and would be willing to purchase any additional production from these leases should more be available.

If I can be of further assistance, please call.

Yours very truly,



Bruce M. Williams  
Manager, Gas Contracts

BMW/klr  
Attachments

Before the  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
Case No. 10526 Exhibit No. 11  
Submitted By: MERIDIAN OIL - NM  
Hearing Date: 8/27/92

**SID RICHARDSON CARBON & GASOLINE CO.**

**WEST TEXAS AREA OFFICE**

5030 E. UNIVERSITY  
SUITE C-104

ODESSA, TEXAS 79762  
TELEPHONE: (915) 367-2867  
FAX: (915) 367-2862

July 20, 1992

Meridian Oil Company  
3300 N. A Street, Bldg. 6  
Midland, Texas 79705

Attn: Mr. Kevin Midkiff

Re: Justis Glorieta Pool Wells  
Lea County, New Mexico

Gentlemen:

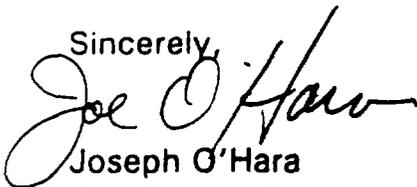
As per our recent conversation concerning the potential increase in volume of certain wells in the Justis Glorieta field, please be advised that I can find no reason the projected increase would adversely affect any other well on Sid Richardson's gathering system.

The below listed wells enter Richardson's gathering system through different laterals and the infusion of the projected 1.05 mmcf/d should have no effect on any other well in said system.

<u>Well Name</u>	<u>Current (mcf/d)</u>	<u>Projected(mcf/d)</u>
Meridian Oil, Carlson A#1	250	650
Meridian Oil, Carlson B#1	250	800
Texaco Prod. A.B.Coates C	250	350

If I can be of further assistance concerning this matter, please do not hesitate to call.

Sincerely,



Joseph O'Hara  
Gas Supply Representative

Before the  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
Case No. 19526 Exhibit No. 12  
Submitted By: MERIDIAN OIL - NM  
Hearing Date: 8/27/92

WAIVER

Maria L. Perez  
Meridian Oil Inc.  
P. O. Box 51810  
Midland, TX 79710

Ms Perez:

Earl R. Bruno has no objection to your amended proposal to increase the F1 factor for the Justis Glorieta Field in Lea County, New Mexico to 18,000 MCF/month. We understand that if approved, this will take effect during the October 1992 through March 1993 proration period. Furthermore, we recommend to the New Mexico OCD that this proposed F1 factor increase be approved. We understand that this waiver will be included as an exhibit during the OCD proration hearing.

Sincerely,

NAME: Earl R. BRUNO  
TITLE: Earl Bruno - President  
NOTARY SIGNATURE: \_\_\_\_\_  
DATE: 8/20/92

**PERMIAN RESOURCES**  
INCORPORATED  
P.O. DRAWER 590      MIDLAND, TEXAS 79702

WAIVER

**Maria L. Perez  
Meridian Oil Inc.  
P. O. Box 51810  
Midland, TX 79710**

**Ms Perez:**

**Lanexco Inc. has no objection to your amended proposal to increase the F1 factor for the Justis Glorieta Field in Lea County, New Mexico to 18,000 MCF/month. We understand that if approved, this will take effect during the October 1992 through March 1993 proration period. Furthermore, we recommend to the New Mexico OCD that this proposed F1 factor increase be approved. We understand that this waiver will be included as an exhibit during the OCD proration hearing.**

Sincerely,

LANEXCO INC.  
P. O. Box 2730  
Midland, Texas 79702

NAME: *[Signature]* TOMMY PHIPPS

TITLE: President

NOTARY SIGNATURE: *[Signature]*

DATE: 08/17/92

STATE OF TEXAS

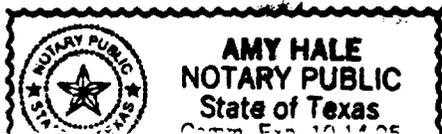
COUNTY OF MIDLAND

This instrument was acknowledged before me on this 17th day of August, 1992, by Tommy Phipps, President on behalf of Lanexco, Inc., a Texas corporation.

*[Signature]*  
Notary Public for the State of Texas

My Commission Expires:  
10-14-95

Amy Hale  
Name typed or printed



WAIVER

Maria L. Perez  
Meridian Oil Inc.  
P. O. Box 51810  
Midland, TX 79710

Ms Perez:

Arco Oil & Gas Corp. has no objection to your amended proposal to increase the F1 factor for the Justis Glorieta Field in Lea County, New Mexico to 18,000 MCF/month. We understand that if approved, this will take effect during the October 1992 through March 1993 proration period. Furthermore, we recommend to the New Mexico OCD that this proposed F1 factor increase be approved. We understand that this waiver will be included as an exhibit during the OCD proration hearing.

Sincerely,

NAME: Richard S. Prentice

TITLE: Sr. C/A. Eng.

NOTARY SIGNATURE: \_\_\_\_\_

DATE: 8-14-92

R. S. Prentice (#25)  
ARCO Oil and Gas Company  
Post Office Box 1610  
Midland, Texas 79702

WAIVER

**Maria L. Perez  
Meridian Oil Inc.  
P. O. Box 51810  
Midland, TX 79710**

**Ms Perez:**

**Texaco Incorporated has no objection to your amended proposal to increase the F1 factor for the Justis Glorieta Field in Lea County, New Mexico to 18,000 MCF/month. We understand that if approved, this will take effect during the October 1992 through March 1993 proration period. Furthermore, we recommend to the New Mexico OCD that this proposed F1 factor increase be approved. We understand that this waiver will be included as an exhibit during the OCD proration hearing.**

Sincerely,

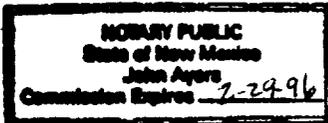


NAME: TERRY FRAZIER

TITLE: AREA MANAGER

NOTARY SIGNATURE: John Ayers

DATE: 8/17/92



**Texaco Exploration and Production**  
P. O. Box 730  
Hobbs, NM 88241-0730

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece next to the article number.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  AMERADA HESS CORPORATION ATTN. DENNISE WANN P.O. BOX "D" MONUMENT, NM 88265	4a. Article Number P 989 355 706
5. Signature (Addressee) <i>Cindy Robertson</i>	4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
6. Signature (Agent)	7. Date of Delivery 8-14-92
	8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, October 1990

U.S. GPO: 1990-273-001

**DOMESTIC RETURN RECEIPT**

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece next to the article number.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  CHEVRON USA, INCORPORATED MR. D.T. BERLIN NORTH DISTRICT MANAGER P.O. BOX 1150 MIDLAND, TX 79702	4a. Article Number P 989 355 708
5. Signature (Addressee)	4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise
6. Signature (Agent) <i>J. R. Riggs</i>	7. Date of Delivery OCT 11 1990
	8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, October 1990

U.S. GPO: 1990-273-001

**DOMESTIC RETURN RECEIPT**

---

PRODUCTION PLOTS



10000  
100  
1000

1000  
10  
100

100  
1  
10

WATER-BL  
GAS-MCT  
OIL-bbl

10  
100  
1

1  
10  
100

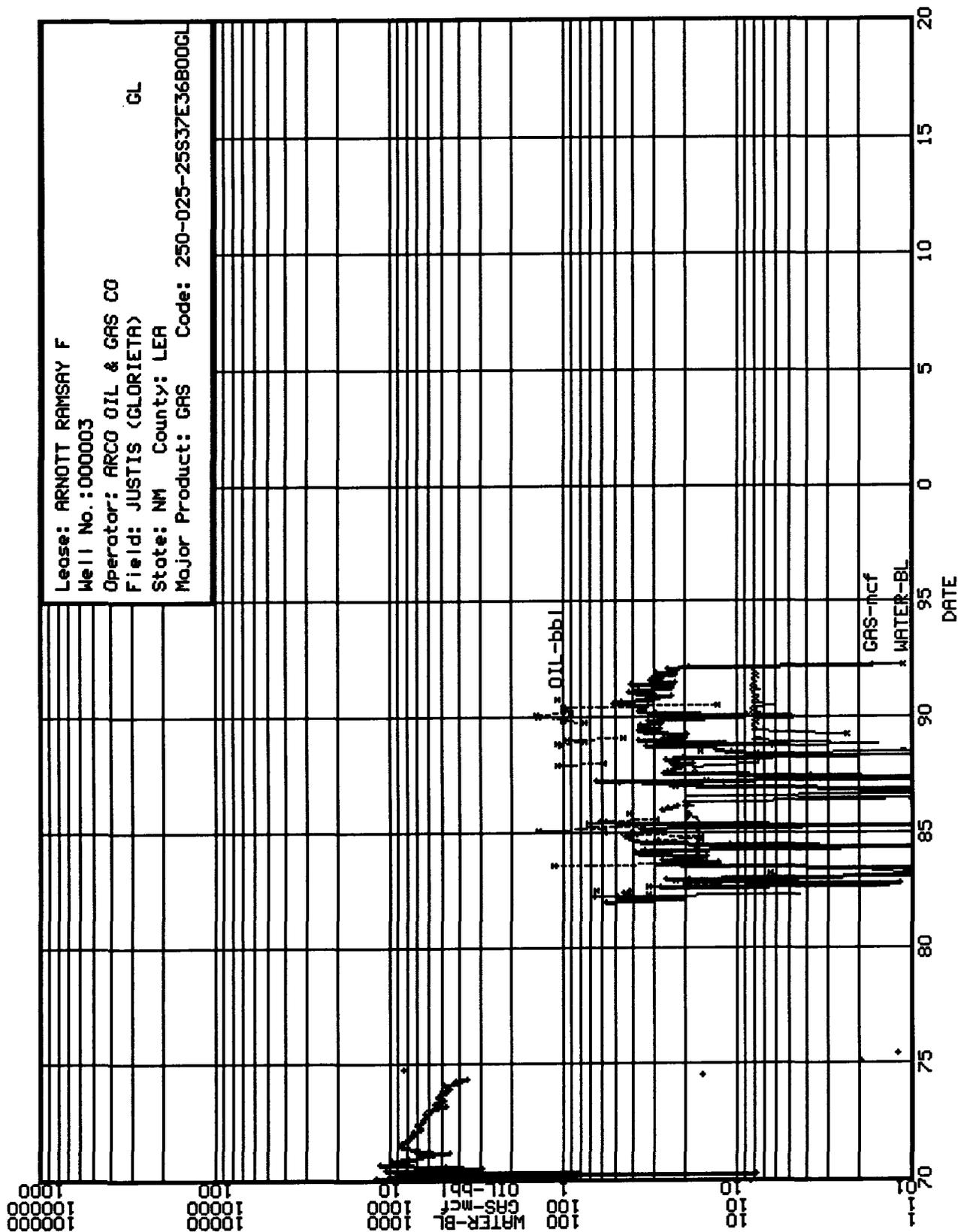
100  
10  
100

Lease: A B CORTES C  
Well No.: 000013  
Operator: GETTY OIL CO  
Field: JUSTIS (GLORIETA)  
State: NM County: LEA  
Major Product: GAS Code: 250-025-25637E24KPIGL

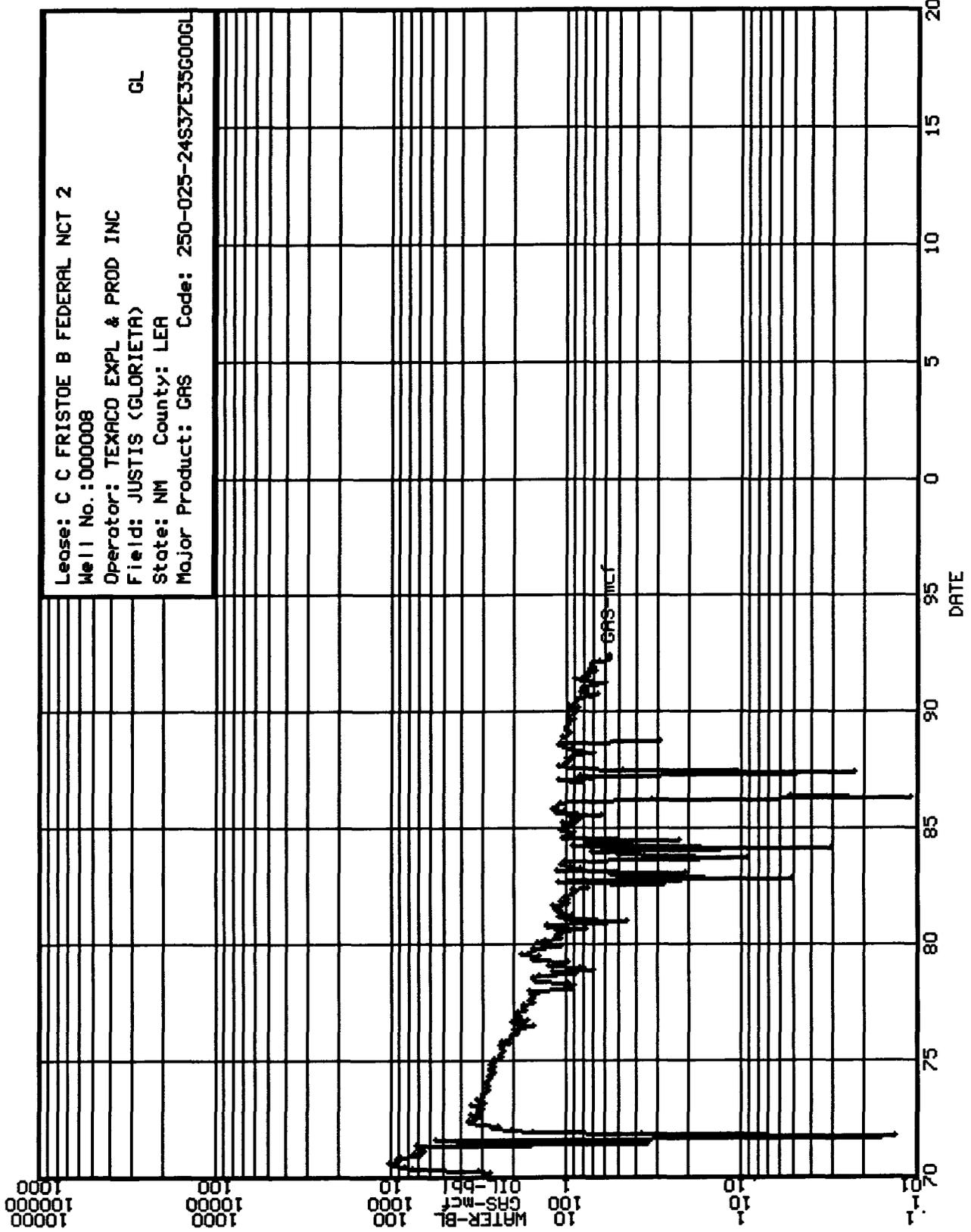
GL

75 80 85 90 95 DATE 20

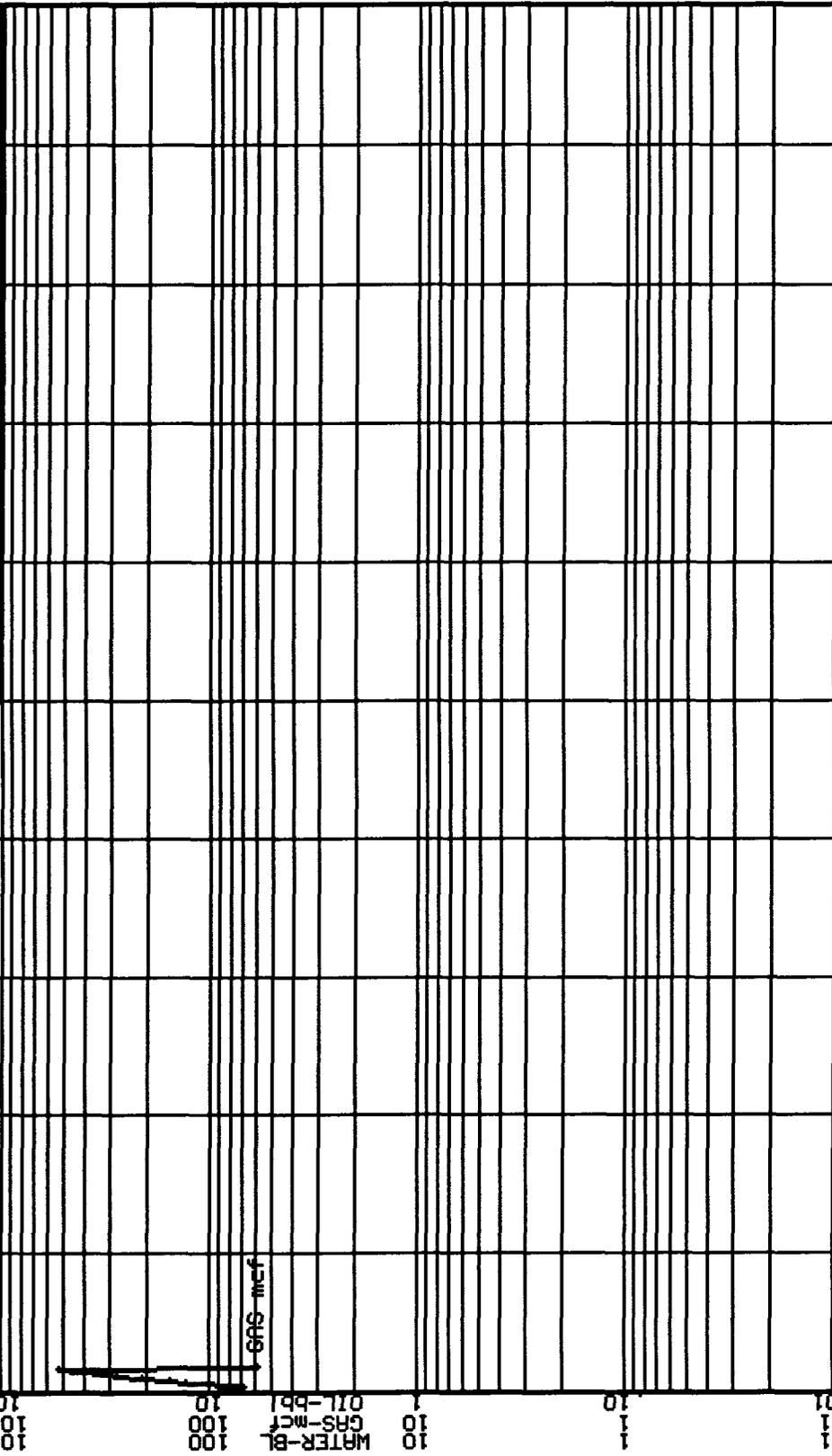
Lease: ARNOTT RAMSAY F  
 Well No.: 000003  
 Operator: ARCO OIL & GAS CO  
 Field: JUSTIS (GLORIETA)  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-25537E36800GL



Lease: C C FRISTOE B FEDERAL NCT 2  
Well No.: 000008  
Operator: TEXACO EXPL & PROD INC  
Field: JUSTIS (GLORIETA)  
State: NM County: LEA  
Major Product: GAS Code: 250-025-24S37E35G00GL

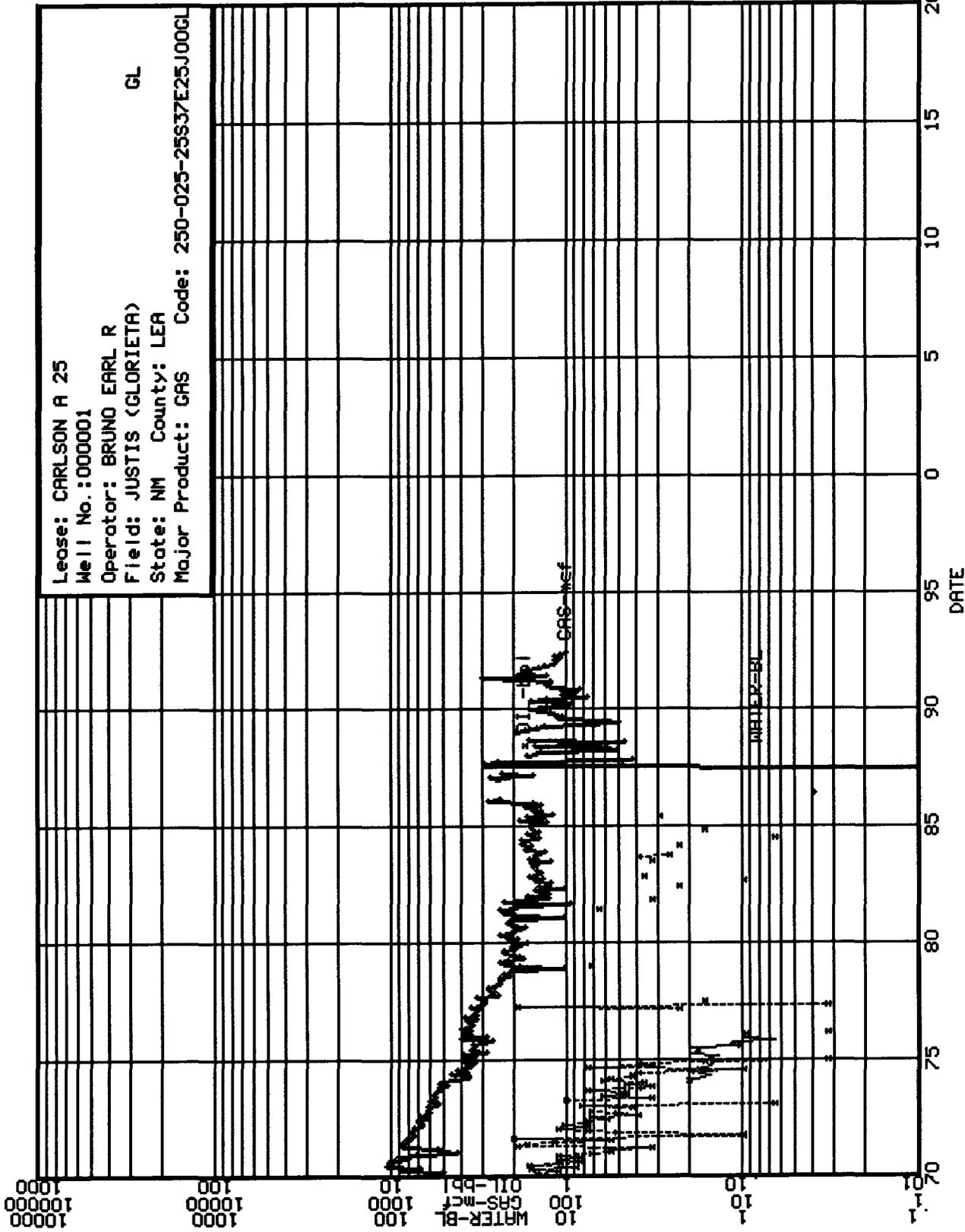


Lease: C C FRISTOE B FEDERAL NCT 2  
 Well No.: 000013  
 Operator: TEXACO INC  
 Field: JUSTIS (GLORIETA)  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-24S37E260PKG



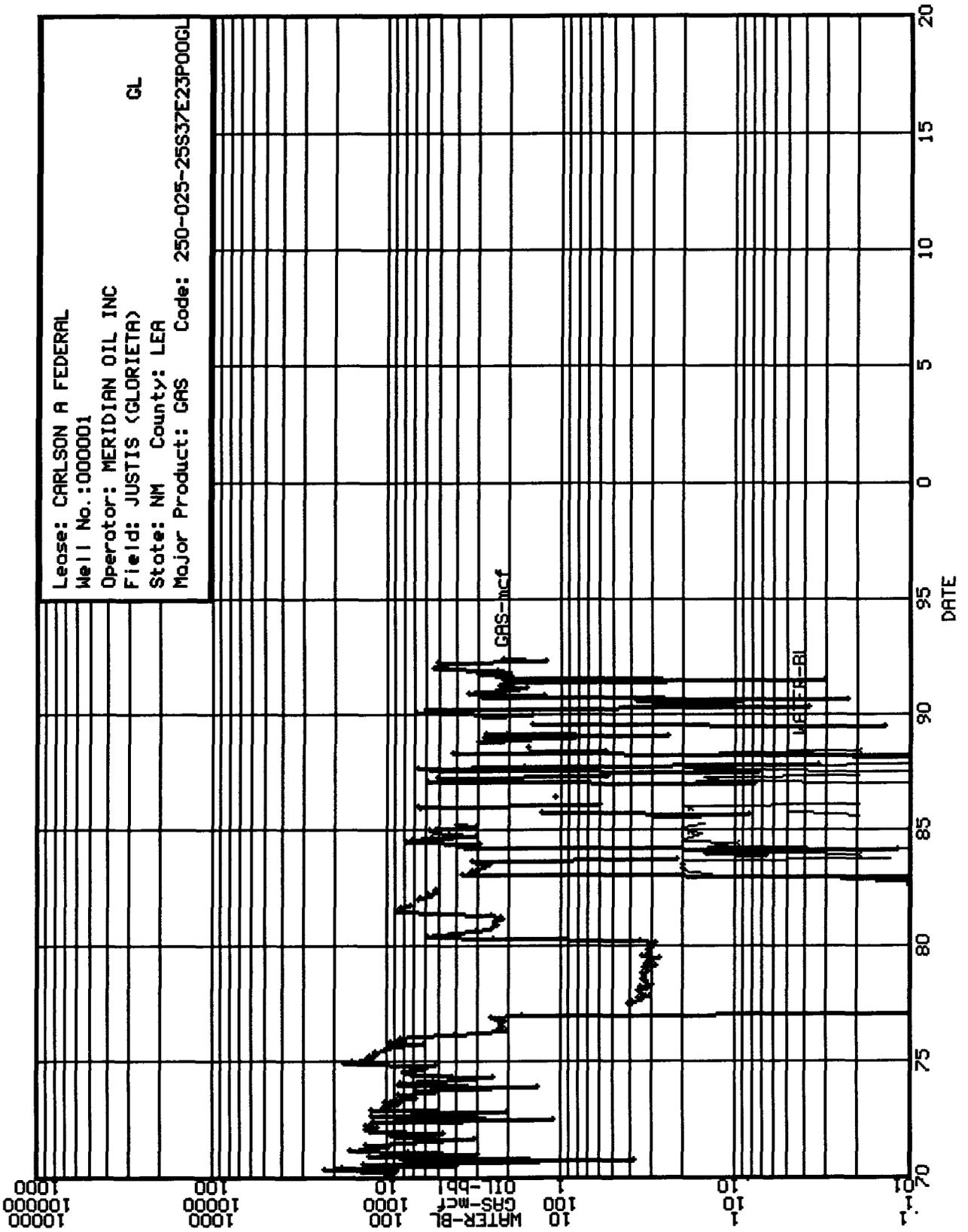
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Lease: CARLSON A 25  
 Well No.: 000001  
 Operator: BRUNO EARL R  
 Field: JUSTIS (GLORIETA)  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-25537E25.100GL

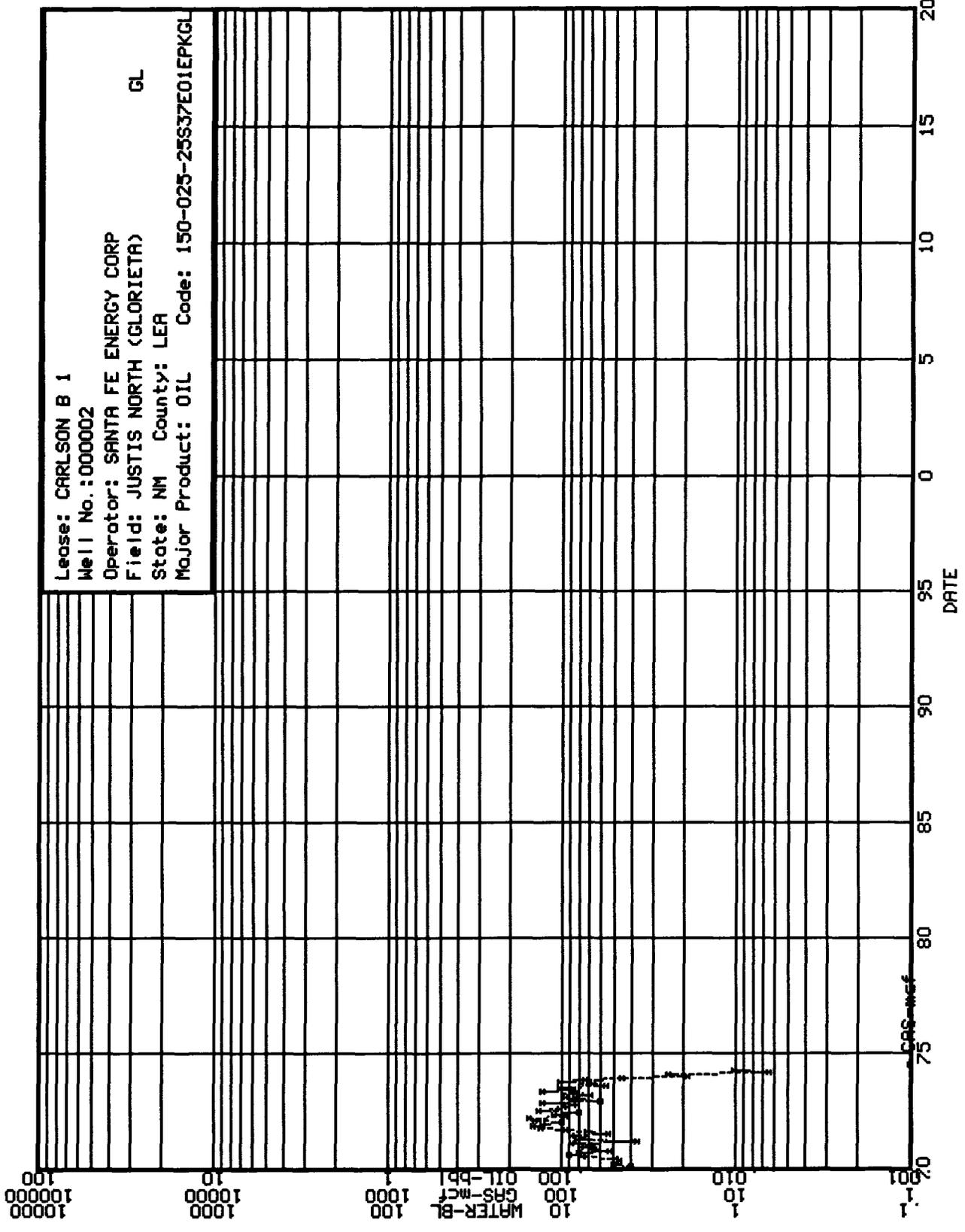


Lease: CARLSON A FEDERAL  
 Well No.: 000001  
 Operator: MERIDIAN OIL INC  
 Field: JUSTIS (GLORIETA)  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-25S37E23P00GL

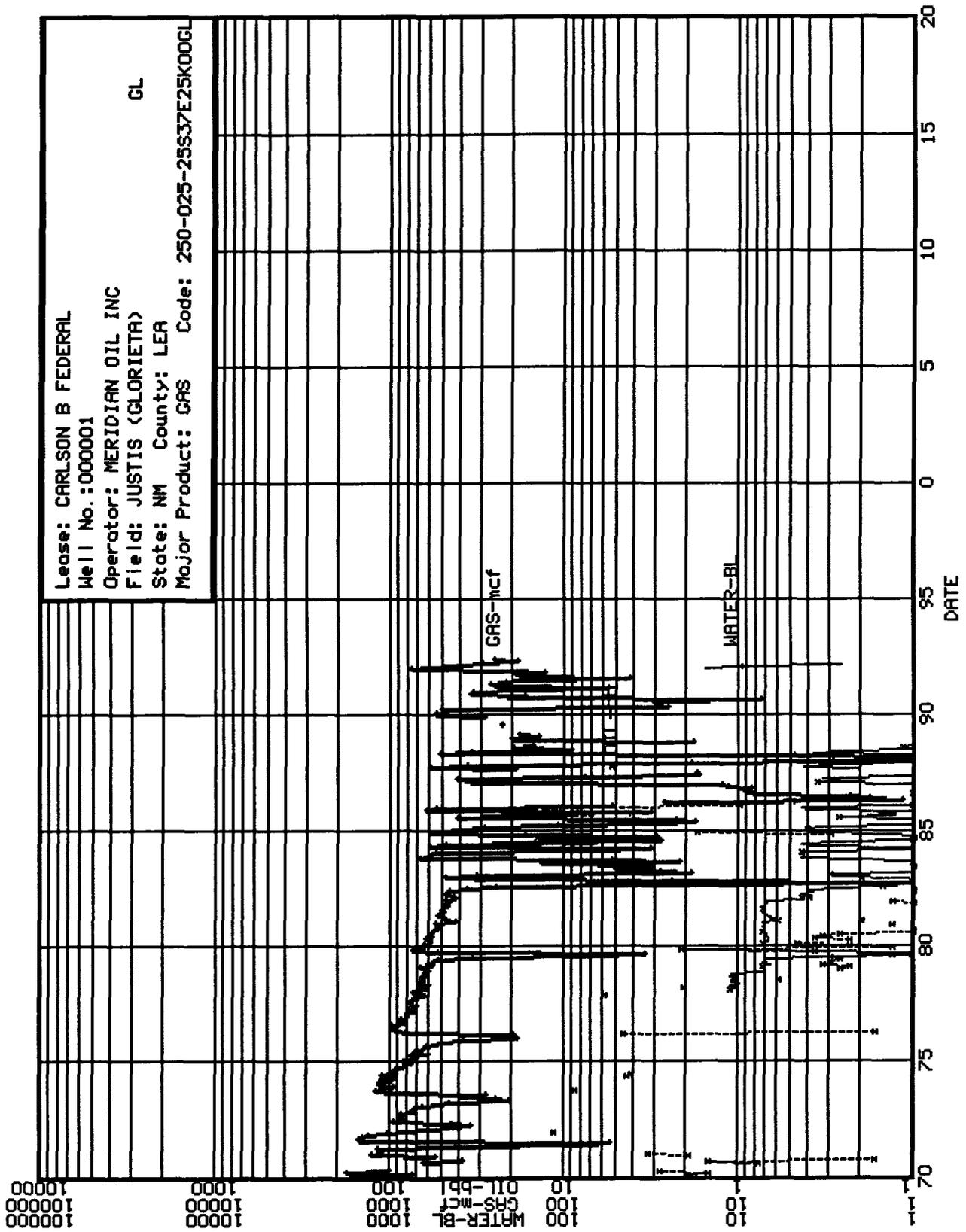
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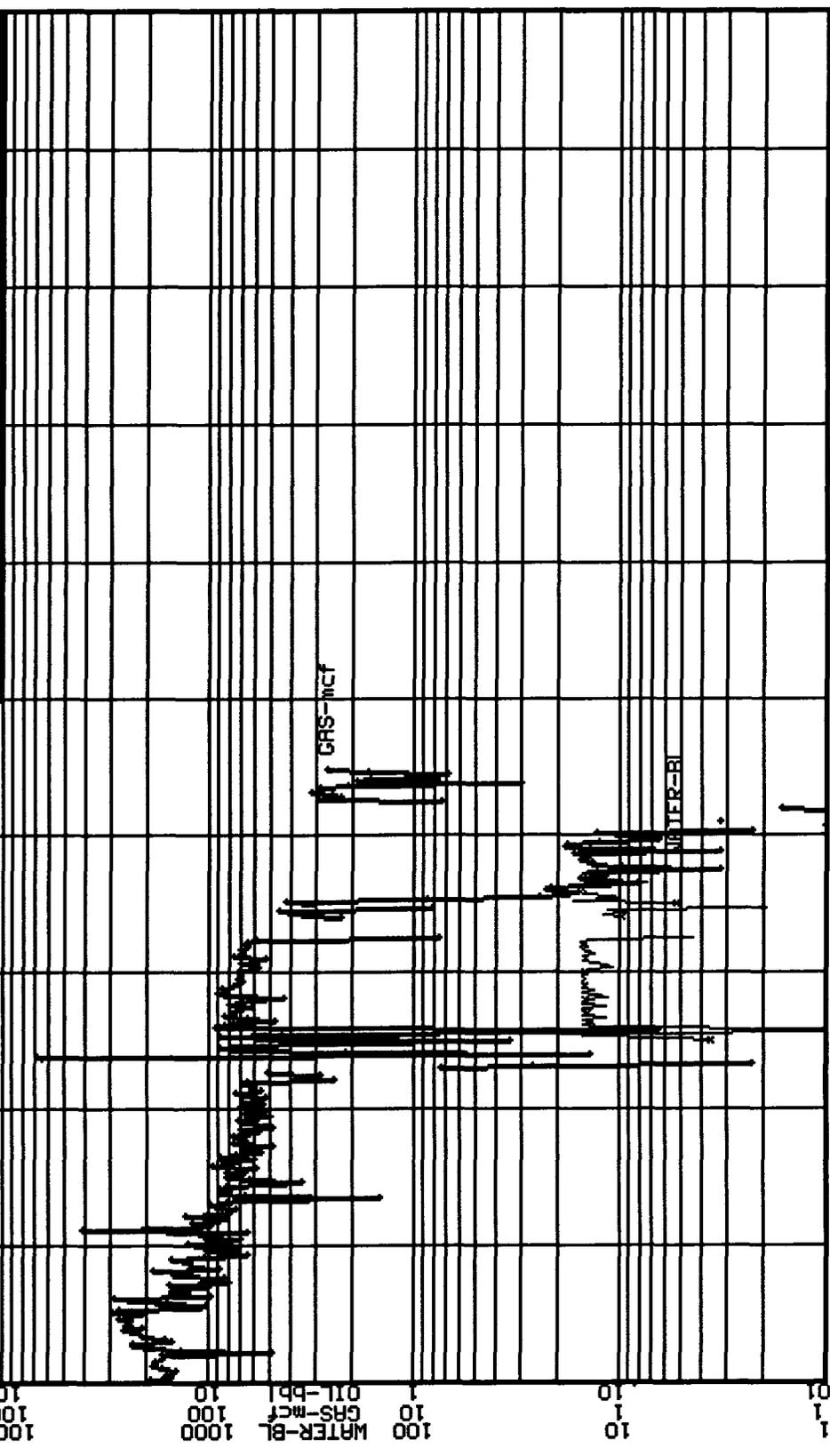
Lease: CARLSON B 1  
 Well No.: 000002  
 Operator: SANTA FE ENERGY CORP  
 Field: JUSTIS NORTH (GLORIETA) GL  
 State: NM County: LEA  
 Major Product: OIL Code: 150-025-25S37E01EPKGL



Lease: CARLSON B FEDERAL  
 Well No.: 000001  
 Operator: MERIDIAN OIL INC  
 Field: JUSTIS (GLORIETA)  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-25S37E25K00GL

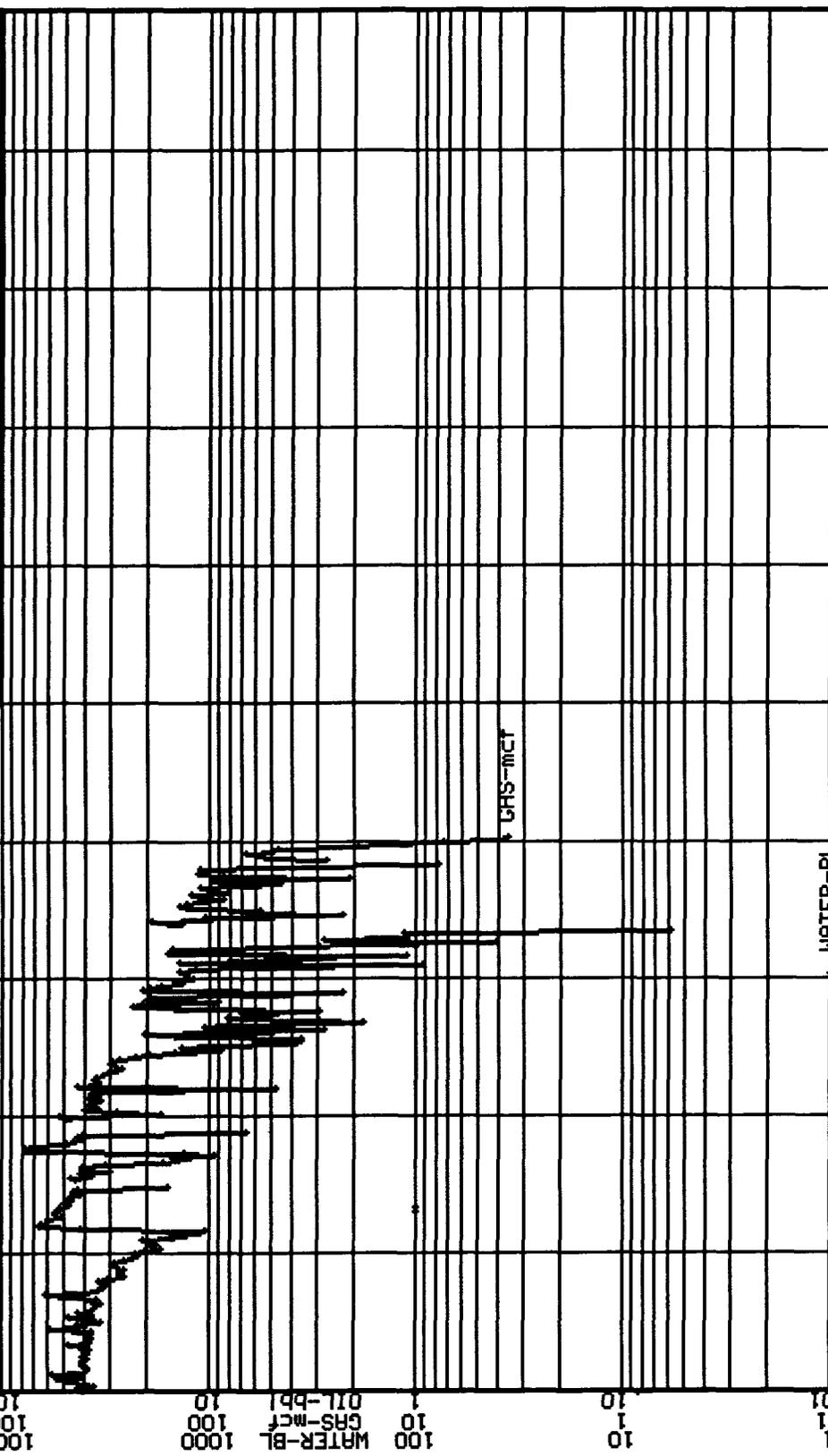


Lease: CARLSON FEDERAL  
 Well No.: 000001  
 Operator: MERIDIAN OIL INC  
 Field: JUSTIS (GLORIETA)  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-25S37E13F00G1



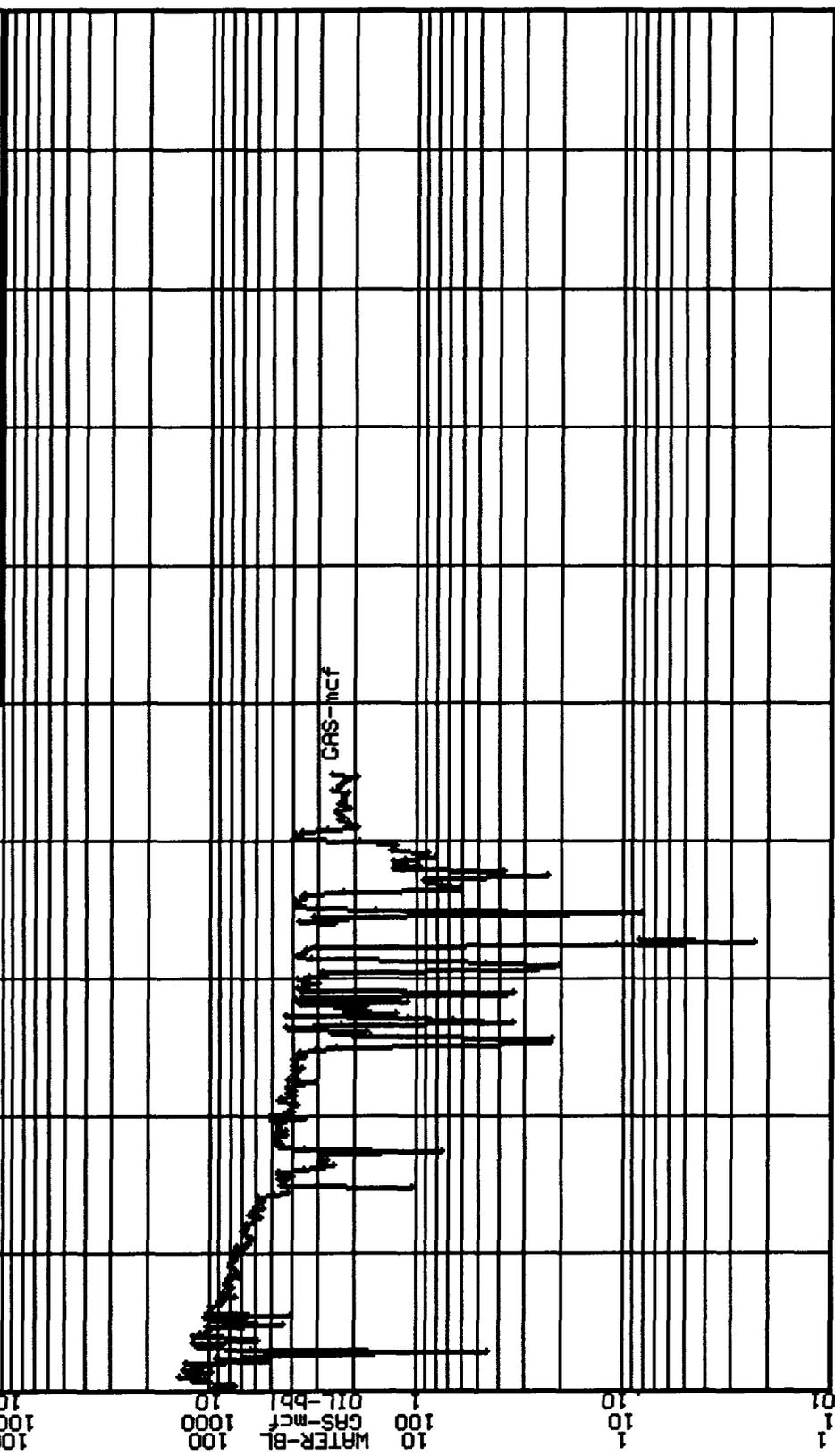
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Lease: EATON B 1 MN  
 Well No.: 000001  
 Operator: ARCO OIL & GAS CO  
 Field: JUSTIS (GLORIETA)  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-25S37E12E00GL



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Lease: G L ERWIN B FEDERAL NCT 2  
 Well No.: 000002  
 Operator: TEXACO EXPL & PROD INC  
 Field: JUSTIS (GLORIETA)  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-24S37E35J00GL



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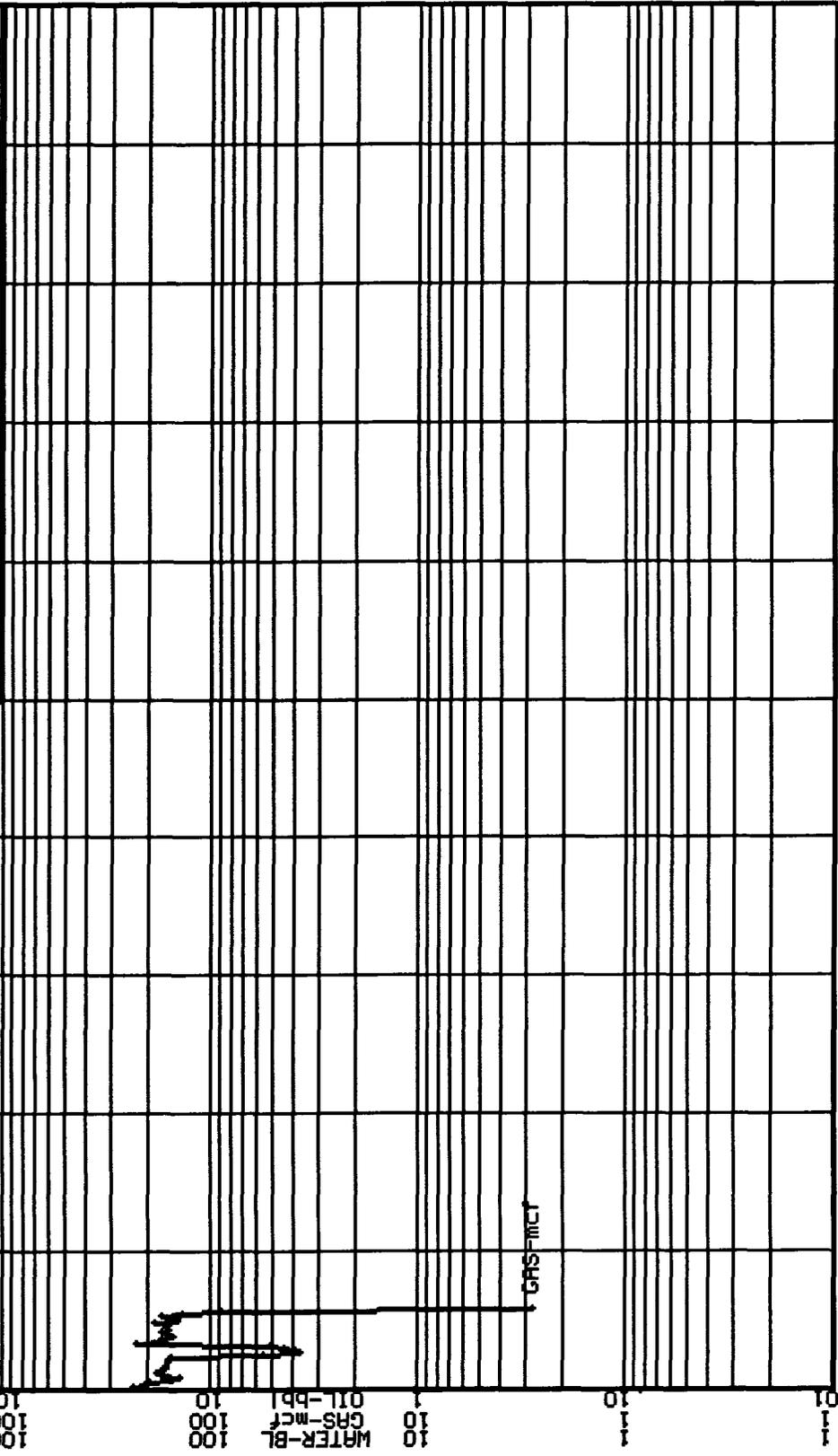
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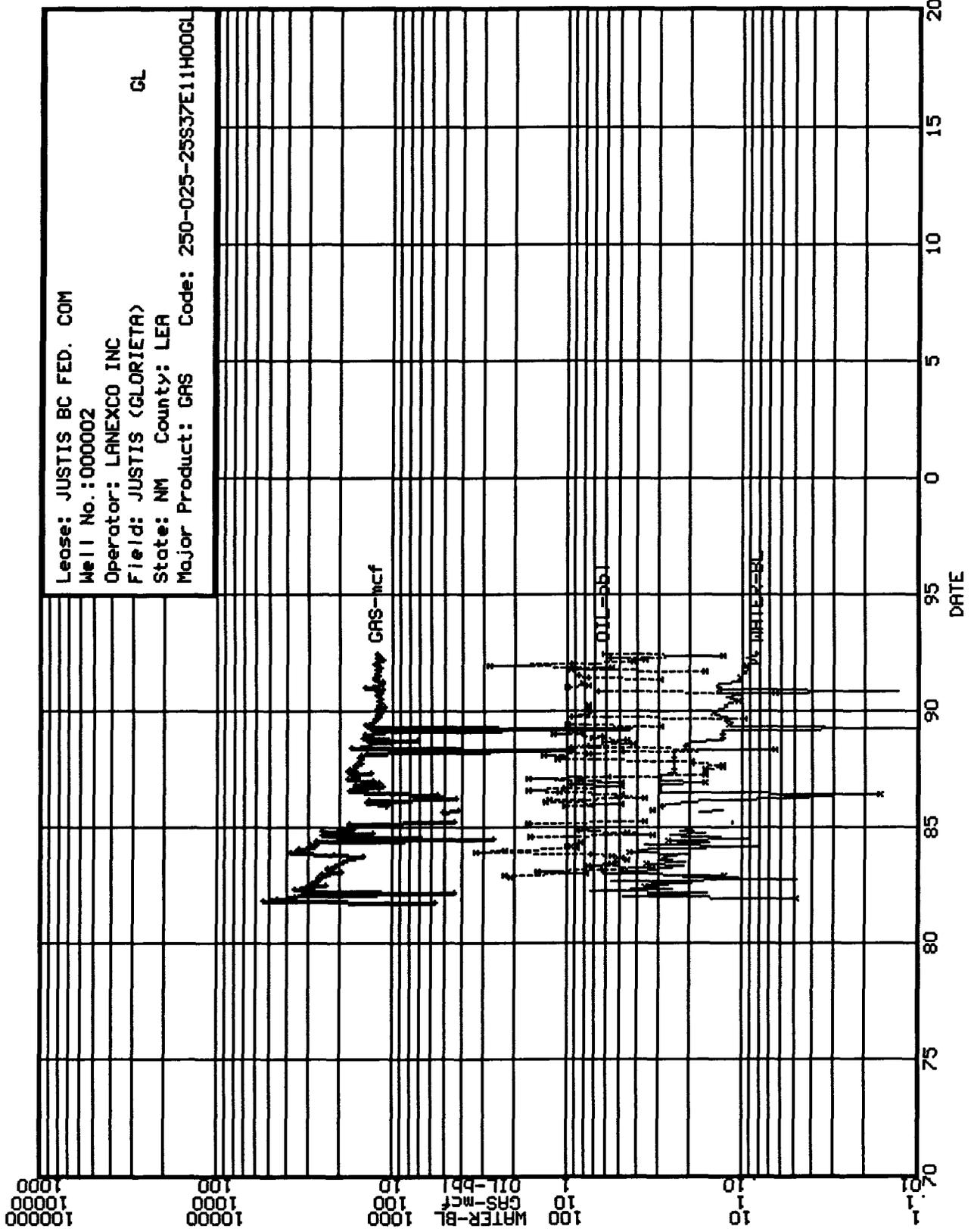
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Lease: HODGES B  
 Well No.: 000001  
 Operator: OXY U S A INC  
 Field: JUSTIS (GLORIETA)  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-25537E01MPJGL



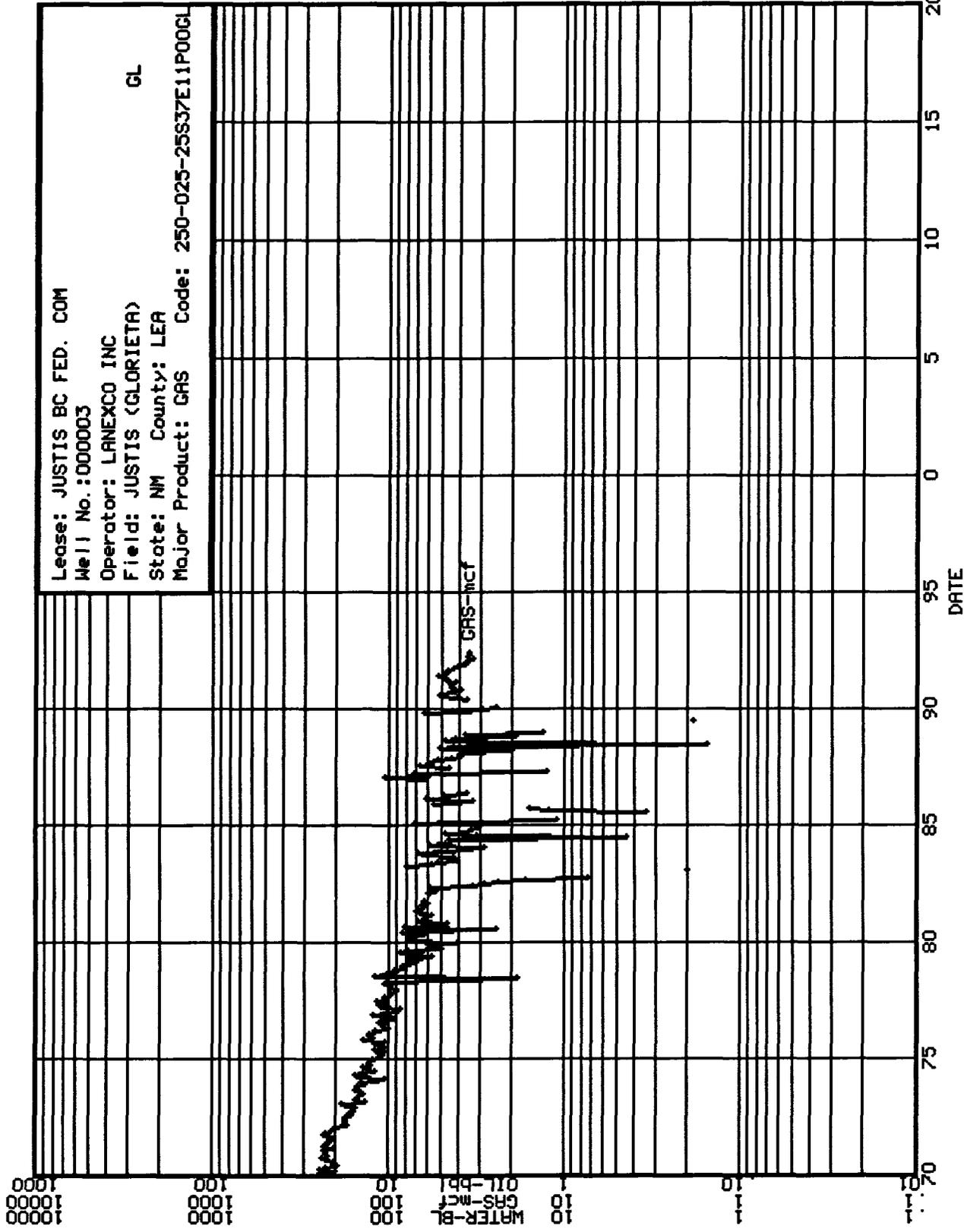
Lease: JUSTIS BC FED. COM  
 Well No.: 000002  
 Operator: LANEXCO INC  
 Field: JUSTIS (GLORIETA)  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-25S37E11H00GL

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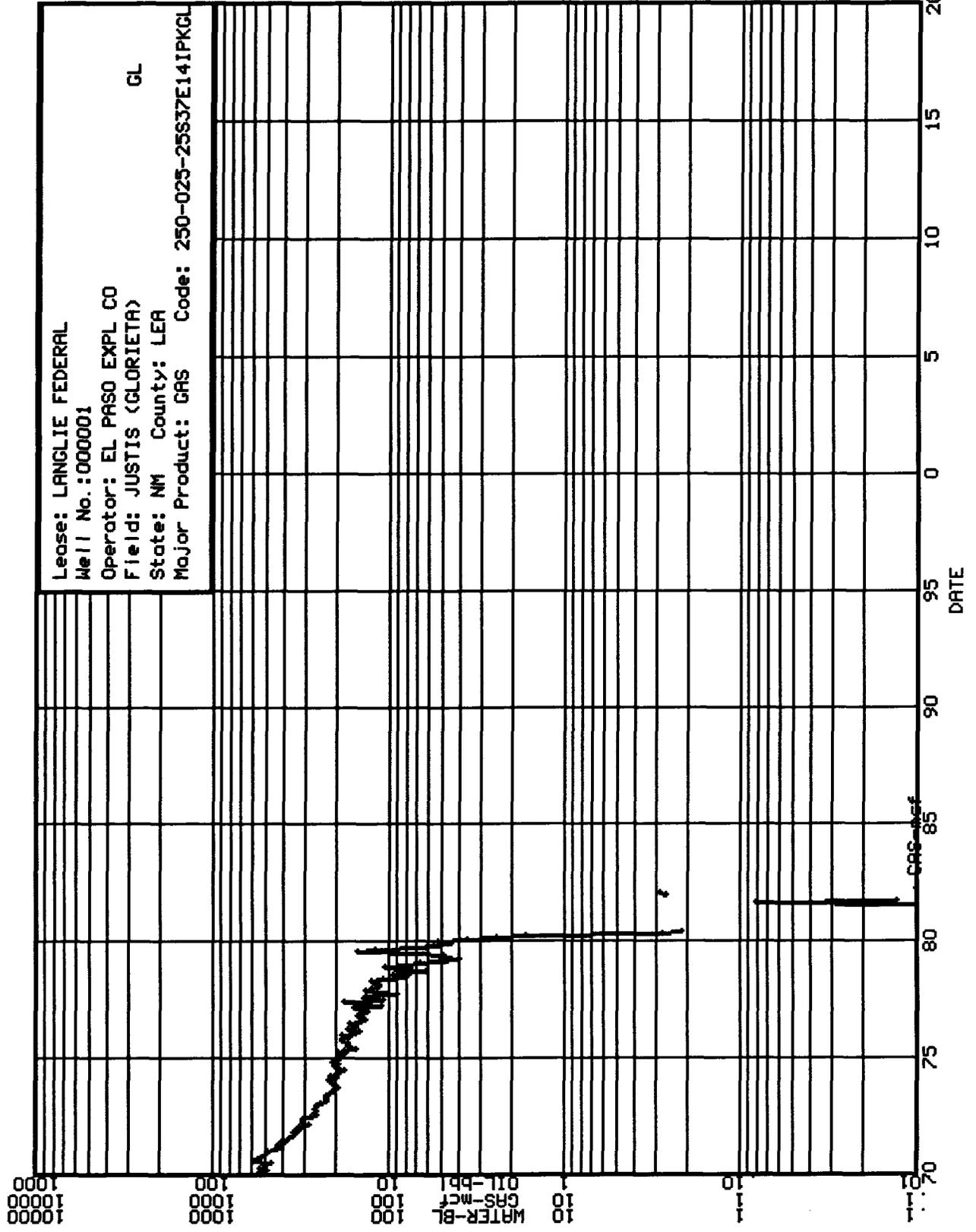
Lease: JUSTIS BC FED. COM  
 Well No.: 000003  
 Operator: LANEXCO INC  
 Field: JUSTIS (GLORIETA)  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-25S37E11P00GL

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Lease: LANGLIE FEDERAL  
 Well No.: 000001  
 Operator: EL PASO EXPL CO  
 Field: JUSTIS <GLORIETA>  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-25637E14IPKGL

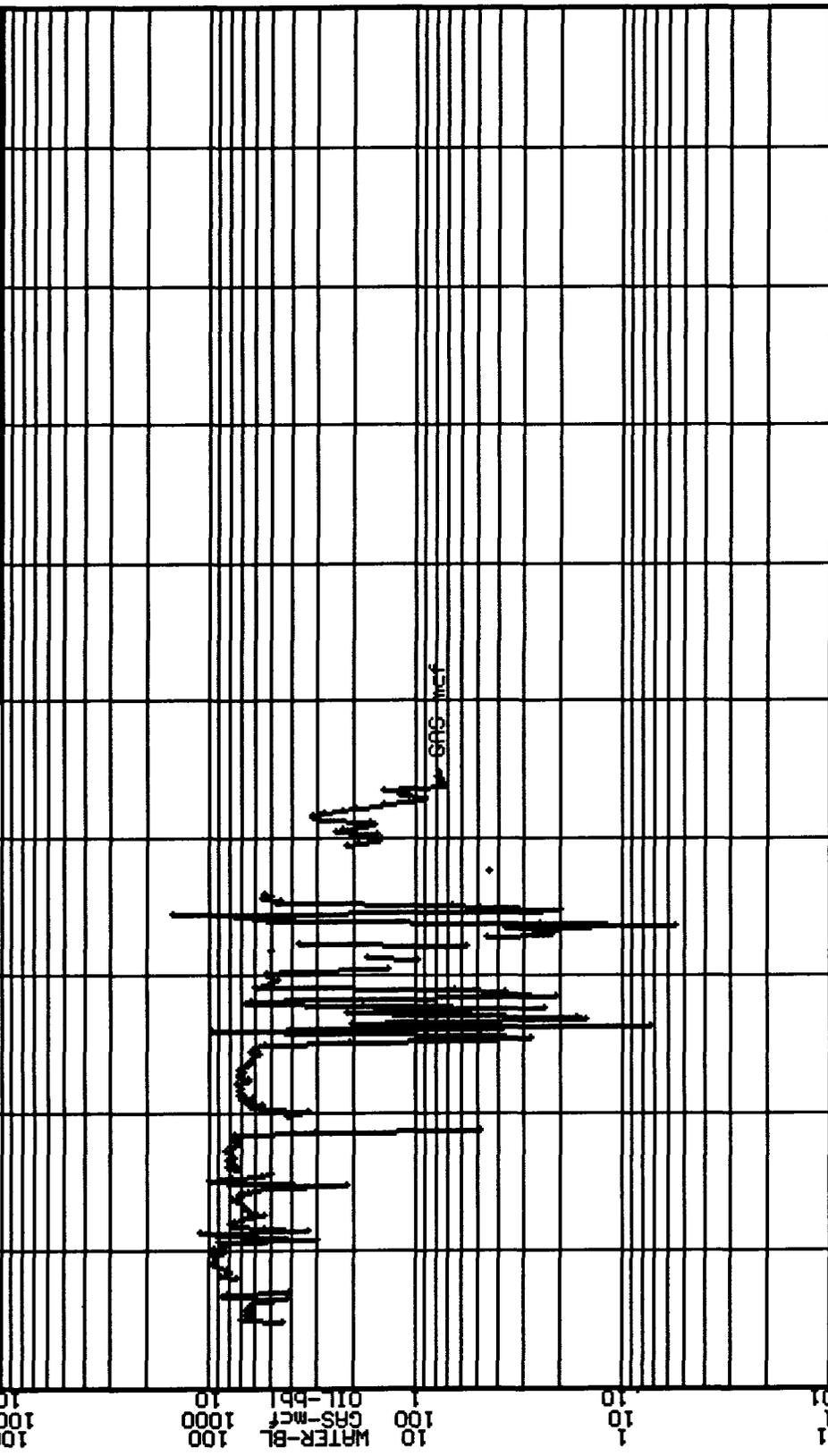
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Lease: LEARCY MCBUFFINGTON  
 Well No.: 000003  
 Operator: CHEYRON U S A INC  
 Field: JUSTIS (GLORIETA) CL  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-25S37E130PCGL

Lease: LEARCY MCBUFFINGTON  
 Well No.: 000007  
 Operator: CHEVRON U S A INC  
 Field: JUSTIS <GLORIETA>  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-25S37E13MD00GL

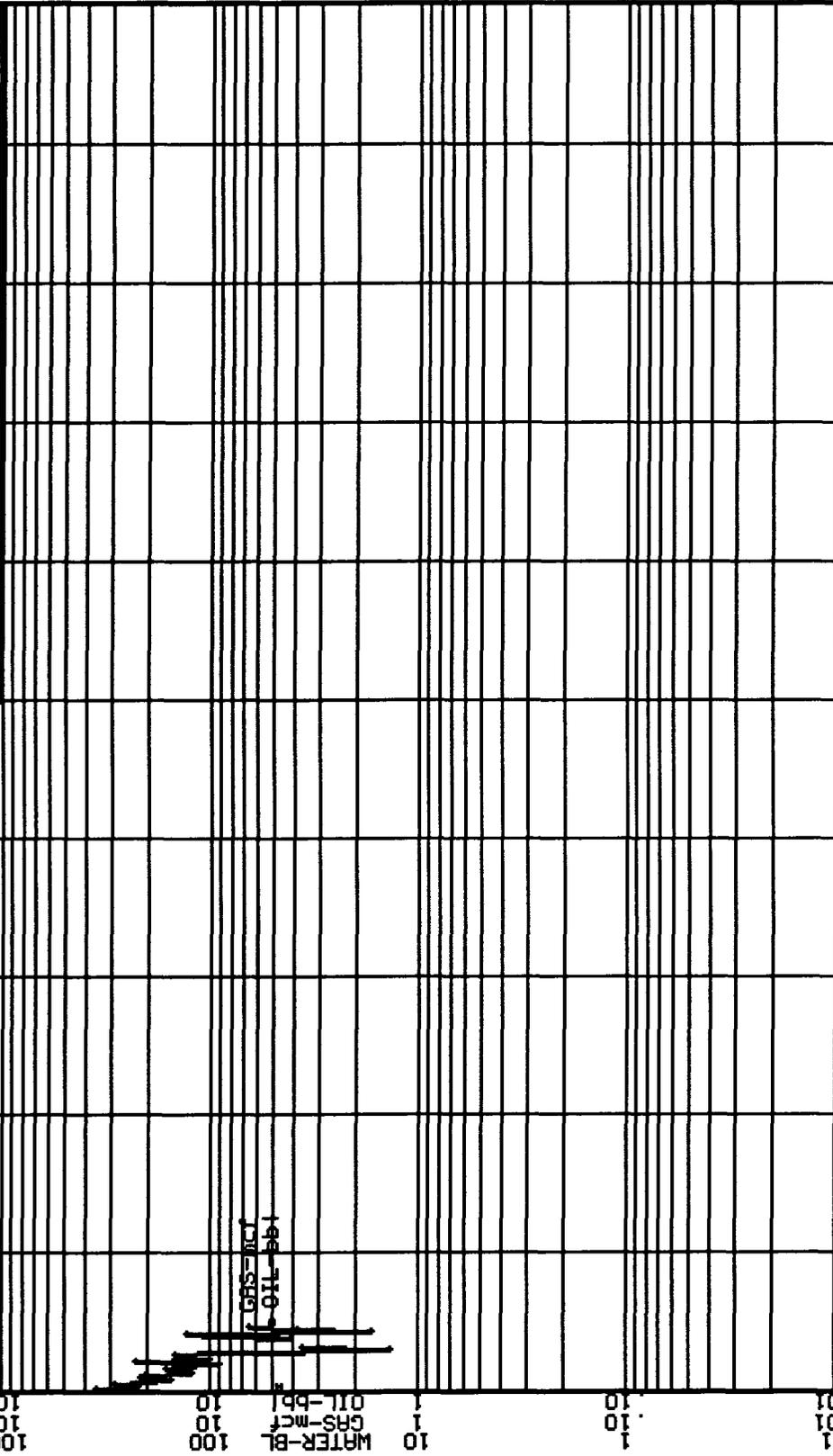


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Lease: S W EATON  
 Well No.: 000001  
 Operator: SUN TEXAS CO  
 Field: JUSTIS (GLORIETA)  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-25S37E12MPAGL

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Lease: STATE A 2 COM  
 Well No.: 000001  
 Operator: CONOCO INC  
 Field: JUSTIS (GLORIETA)  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-25S37E02000GL



DATE



Lease: WIMBERY JH FED COM  
 Well No.: 000001  
 Operator: ARCO OIL & GAS CO  
 Field: JUSTIS (GLORIETA)  
 State: NM County: LEA  
 Major Product: GAS Code: 250-025-25S37E23H00GL

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