

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. 11089
ORDER NO. R-_____

APPLICATION OF MERIDIAN OIL INC. TO
AMEND THE BARKER CREEK PARADOX GAS POOL
AND TO CREATE THREE NEW GAS POOLS INCLUDING
SPECIAL POOL RULES THEREFORE,
SAN JUAN COUNTY, NEW MEXICO

MERIDIAN OIL INC.'S
PROPOSED
ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 10, 1994,
at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this _____ day of November, 1994, 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. ("Meridian"), seeks to amend and redefine the Barker Creek Paradox (Pennsylvanian) Gas Pool by vertically contracting the limits of said pool and to additionally create three new gas pools by dividing the balance of the Pennsylvanian formation thereby resulting in the Ismay Pool on 160 acre spacing, the Desert Creek Pool on 320 acre spacing, the Upper Barker Creek-Akah Pool on 320 acre spacing, and the Barker Creek-Paradox Pool on 640 acre spacing, with each said pool being subject to special rules and regulations within a horizontal area containing all or parts of Sections 7 through 11, 14 through 22, NW/4 Section 23, NW/4 Section 27, and Sections 28 through 30, T32N, R14W, NMPM.

(3) The Barker Creek-Paradox Gas Pool ("Pool") was established by Order R-13 issued March 15, 1950 and extended by Order R-6421 dated August 1, 1980.

(4) The current Pool boundaries consists of the following acreage:

TOWNSHIP 32 NORTH, RANGE 14 WEST, NMPM

Sections 9-11: All
Sections 14-16: All
Section 17: E/2
Sections 19-22: All
Section 23: NW/4
Section 27: NW/4
Section 28: N/2
Section 29: All

(5) There are currently some eleven (11) wells in the pool. One of those wells is a salt water disposal well, one is a horizontal well with a non-standard proration and spacing unit and five other wells are located at unorthodox well locations.

(6) Meridian Oil Inc. controls 100% of the gas operating rights in the Pool with 100% of the royalty being owned by the Ute Mountain Ute Tribe.

(7) Meridian was the only interested party to appear and provide technical geologic and engineering testimony concerning the reservoir and its classification.

(8) Meridian is the only operator in the proposed pool and currently all categories of owners in the pool have common ownership.

(9) On November 21, 1950, the Commission issued Order R-46 which established 640-acre spacing units and required wells to be located "not closer than 330 feet to center and 1650 feet from boundary of each section" in the Pool.

(10) The current vertical limits for Barker Creek Paradox (Pennsylvanian) Gas Pool is from the top of the Ismay formation at 8502 feet to the base of the Lower Alkali Gulch formation at 9430 feet, a total vertical distance of 928 feet.

(11) There are four separate and distinct intervals each of which constitute one or more a separate productive reservoirs within the current vertical limits of the Barker Creek Paradox (Pennsylvanian) Gas Pool.

(12) The Pennsylvanian formation of Barker Creek Paradox Gas Pool is characterized by occasionally porous limestone and dolomite, anhydrides and black shales.

(13) Meridian presented geologic and petroleum engineering evidence which demonstrates that each Pool is:

(a) associated with a structural dome centered approximately in the center of Section 15 and is of limited extent. The trap of the reservoir is formed by a down dip structural limit of effective porosity within each formation;

(b) a single structure feature geologically separated both vertically and horizontally from any other pool;

(c) a single source of common supply ("reservoir") separated from and not in communication with any other pool in this area;

(14) Based upon the present evidence and testimony as to the nature of these reservoirs with regards to the creation of new pools and the proper classification of the pools as either oil or gas, Meridian's engineering evidence indicates that these are all gas pools; that while this is a complex reservoir with limited data, there is a reasonable engineering probability that the behavior of the gas wells will be similar to the established behavior of the gas wells in the existing Barker Creek Paradox (Pennsylvanian) Gas Pool;

(15) Preliminary evidence indicates that all these formations should be managed with rules similar to each other with the exception of spacing units sizes and well locations.

(16) That the evidence indicates that gas well spacing as proposed by Meridian is the appropriate spacing patterns to adopt for each of these pools.

(17) That there was no evidence or testimony presented upon which to base a denial of this application.

(18) No other operator and/or interest owner appeared at the hearing in opposition to the application.

(19) Approval of Meridian's request will allow the interest owners the opportunity to economically recover their share of the oil and gas in the subject pool, will not reduce ultimate recovery from the subject pool, and will not violate correlative rights.

(20) The inclusion of these four separate intervals into one pool has frustrated the complete and orderly development of these reservoirs and has not resulted in the efficient recovery of hydrocarbons or exploration of the pool.

(21) That the reservoir within each of these four intervals is geologically separated from and is not in pressure communication with any other.

(22) Further development of these reservoirs will be promoted by vertically contracting and redefining the Barker Creek Paradox (Pennsylvanian) Pool and further dividing the balance of the upper portion of the former pool into three new gas pools as follows:
the Ismay Gas Pool,
the Desert Creek Gas Pool, and
the Upper Barker Creek/Akah Gas Pool,

(23) In order to provide a common means for the orderly development of the gas pools referenced in Finding (22) above, each said pool initially should be subject to similar special rules and regulations including adoption of gas spacing and proration units with well locations for each of the four pools as follows:

(a) 160-acre spacing for the Ismay Gas Pool, with wells located no closer than 330 feet to an outer boundary nor closer than 20 feet to an inner boundary;

(b) 320-acre spacing for the Desert Creek Gas Pool, with wells located no closer than 790 feet to an outer boundary nor closer than 130 feet to an inner boundary;

(c) 320-acre spacing for the Upper Barker Creek/Akah Gas Pool, with wells located no closer than 790 feet to an outer boundary nor closer than 130 feet to an inner boundary;

(d) 640-acre spacing for the Barker Creek Paradox Gas Pool with wells located no closer than 790 feet to an outer boundary nor closer than 130 feet to an inner boundary;

(24) However, any well currently within the pool(s) which is closer to an outer boundary than described in Finding (23) above, should be granted an exception to this rule.

(25) The initial boundary for each new gas pool should be contiguous with the proposed boundary of the Barker Creek Paradox (Pennsylvanian) Gas Pool as set forth in Finding (2) above.

(26) As required by Division rules, notice was provided to all appropriate interested parties.

(27) The granting of this Application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

(28) This case should be reopened at an examiner hearing in January, 1996, at which time the operators in the Pool should be prepared to appear and present evidence and testimony as to the nature of the reservoir with regards to making these rules permanent.

IT IS THEREFORE ORDERED THAT:

(1) The current vertical limits for Barker Creek Paradox (Pennsylvanian) Gas Pool which is from the top of the Ismay formation at 8502 feet to the base of the Lower Alkali Gulch formation at 9444 feet, a total vertical distance of 942 feet, as identified and described on the Meridian Oil Inc.'s Ute Well No. 16, Unit I of Section 22, T32N, R13-1/2W, NMPM, La Plata County, Colorado, is HEREBY contracted such that the new vertical limits for said pool shall be from the base of the Upper Alkali Gulch formation at 9134 feet to the base of the Lower Alkali Gulch formation at 9430 feet.

(2) The existing Barker Creek Paradox (Pennsylvanian) Gas Pool shall be renamed the Barker Creek Paradox Gas Pool but the horizontal limits for the Barker Creek Paradox Pool shall remain the same.

(3) A new pool for the production of gas from the Ismay formation is hereby created and designated the Ismay Gas Pool with vertical limits from the top of the Ismay formation at 8502 feet to the base of the Ismay formation at 8693 feet as identified on log of Meridian Oil Inc.'s Ute Well No. 16, Unit I, Section 22, T32N, R13-1/2W, NMPM, La Plata County, Colorado, and with horizontal limits comprising all of the acreage proposed for the Barker Creek Paradox (Pennsylvanian) Gas Pool.

(4) A new pool for the production of gas from the Desert Creek formation is hereby created and designated the Desert Creek Gas Pool with vertical limits from the top of the Desert Creek formation at 8693 feet to the base of the Desert Creek formation at 8809 feet as identified on log of Meridian Oil Inc.'s Ute Well No. 16, Unit I, Section 22, T32N, R13-1/2W, NMPM, La Plata County, Colorado, and with horizontal limits comprising all of the acreage proposed for the Barker Creek Paradox (Pennsylvanian) Gas Pool.

(5) A new pool for the production of gas from the Upper Barker Creek/Akah formation is hereby created and designated the Upper Barker Creek/Akah Gas Pool with vertical limits from the top of the Upper Barker Creek formation at 8809 feet to the base of the Akah formation at 9134 feet as identified on log of Meridian Oil Inc.'s Ute Well No. 16, Unit I, Section 22, T32N, R13-1/2W, NMPM, La Plata County, Colorado, and with horizontal limits comprising all of the acreage proposed for the Barker Creek Paradox (Pennsylvanian) Gas Pool

(6) Temporary Special Rules and Regulations for the Ismay Gas Pool, the Desert Creek Gas Pool, the Upper Barker Cree/Akah Gas Pool and the Barker Creek Paradox Gas Pool shall be effective on ___ day of _____, 1994 and are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS FOR THESE POOLS

RULE 1. Each well completed or recompleted in the _____ Gas Pool or in the _____ formation within one mile thereof, and no nearer to or within the limits of another designated _____ Pool shall be spaced, drilled, operated and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2.

[for Ismay Gas Pool]

Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square which is a governmental quarter-section being a legal subdivision of the United States Public Lands Survey.

[for Desert Creek Gas Pool]

Each well shall be located on a standard unit containing 320 acres, more or less, which is a governmental one half-section being a legal subdivision of the United States Public Lands Survey.

[For Upper Barker Creek/Akah Gas Pool]

Each well shall be located on a standard unit containing 320 acres, more or less, which is a governmental one half-section being a legal subdivision of the United States Public Lands Survey.

[For Barker Creek Paradox Gas Pool]

Each well shall be located on a standard unit containing 640 acres, more or less, which is a governmental section being a legal subdivision of the United States Public Lands Survey.

RULE 3. The Supervisor of the Aztec district office of the Division shall have the authority to approve a non-standard gas proration unit within the Pool without notice and hearing when the unorthodox size or shape is necessitated by a variation in the legal sub-division of the United States Public Lands Survey and the non-standard unit is not less than 70% nor more than 130% of a standard gas proration unit. Such approval shall consist of acceptance of Division Form-C-102 showing the proposed non-standard unit and the acreage contained therein.

RULE 4. The Division Director may grant an exception to the requirements of Rule (2) when the unorthodox size or shape of the gas proration unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey and the non-standard gas proration unit is less than 70% or more than 130% of a standard gas proration unit, or where the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side;
- (b) The non-standard unit lies wholly within a governmental half section;
- (c) The applicant presents written consent in the form of waivers from all offset operators or owners of undrilled tracts and from all operators owing interests in the half section in which the non-standard unit is situated and which acreage is not included in said non-standard unit;
- (d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid parties were notified by registered or certified mail of his intent to form such non-standard unit. The Division Director may approve the application if no such party has entered an objection to the formation of such non-standard unit within 30 days after the Division Director has received the application.

RULE 5.

[For Ismay Gas Pool]

Each well shall be located no closer than 330 feet to the outer boundary of the spacing proration unit nor closer than 20 feet to any governmental quarter-quarter section line or subdivision inner boundary.

[For Desert Creek Gas Pool]

Each well shall be located no closer than 790 feet to the outer boundary of the spacing proration unit nor closer than 130 feet to any governmental quarter-quarter section line or subdivision inner boundary.

[For Upper Barker Creek/Akah Gas Pool]

Each well shall be located no closer than 790 feet to the outer boundary of the spacing proration unit nor closer than 130 feet to any governmental quarter-quarter section line or subdivision inner boundary.

[For Barker Creek Paradox Gas Pool]

Each well shall be located no closer than 790 feet to the outer boundary of the spacing proration unit nor closer than 130 feet to any governmental quarter-quarter section line or subdivision inner boundary.

RULE 6. The Division Director may grant an exception to the requirements of Rule (5) without hearing when an application has been filed for an unorthodox location necessitated by either archeological conditions or topographical conditions. The recompletion of a well previously drilled to a deeper horizon, provided said well was drilled at an orthodox or approved unorthodox location for such original horizon, or the drilling of an intentionally deviated horizontal wellbore. All operators or owners of undrilled tracts offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all parties described above or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

RULE 7(A). The Division Director shall have the authority to administratively approve an intentionally deviated well in the Pool for the purpose of penetrating the pool by means of a wellbore drilled horizontally, provided the following conditions are complied with:

(1) The surface location of the proposed well is within the outer boundary of its spacing unit; and

(2) The bore hole shall not enter or exit the pool outside of a drilling window which is in accordance with the footage setback requirements of Rule (5), provided however, that the setback distance requirements from the quarter-quarter section line or subdivision inner boundary shall not apply to horizontally drilled wells.

RULE 7(B). To obtain administrative approval to drill an intentionally deviated horizontal wellbore, the applicant shall file such application with the Santa Fe and Aztec Offices of the Division and shall further provide a copy of such application to all operators or owners of undrilled tracts offsetting the proposed gas spacing and proration unit for said well by registered or certified mail, and the application shall state that such notice has been furnished. The application shall further include the following information:

(1) A copy of Division Form C-102 identifying the proposed proration unit to be dedicated to the well.

(2) Schematic drawings of the proposed well which fully describe the casing, tubing, perforated or open hole interval, kick-off point, and proposed trajectory of the drainhole section.

The Director may approve the application upon receipt of written waivers from all parties described above or if no objection to the intentionally deviated horizontal wellbore has been entered within 20 days after the Director has received the application. If any objection to the proposed intentionally deviated horizontal well is received within the prescribed time limit as described above, the Director shall, at the applicant's request, set said application for public hearing.

RULE 7(C). During or upon completion of drilling operations the operator shall further be required to conduct a directional survey on the vertical and lateral portions of the wellbore and shall submit a copy of said survey to the Santa Fe and Aztec offices of the Division.

RULE 7(D). The Division Director, at his discretion, may set any application for intentionally deviated horizontal wellbores for public hearing.

RULE 8. Notwithstanding the provisions of Division Rule No. 404, the Supervisor of the Aztec district office of the Division shall have the authority to approve the venting or flaring of gas from a well in the Pool upon a determination that said venting or flaring is necessary during completion operations, to obtain necessary well test information or to maintain the producibility of said well. Application to flare or vent gas shall be made in writing to the Aztec district office of the Division.

RULE 9. Testing requirements for a pool well hereinafter set forth may be used in lieu of the testing requirements contained in Division Order No. R-333-I. The test shall consist of a minimum twenty-four hour shut-in period, and a three hour production test. The Division Director shall have the authority to modify the testing requirements contained herein upon a showing of need for such modification. The following information from this initial production test must be reported:

1. The surface shut-in tubing and/or casing pressure and date these pressures were recorded.
2. The length of the shut-in period.
3. The final flowing casing and flowing tubing pressures and the duration and date of the flow period.
4. The individual fluid flow rate of gas, water, and oil which must be determined by the use of a separator and measurement facilities approved by the Supervisor of the Aztec district office of the Division; and
5. The method of production, e.g. flowing, pumping, etc.

and disposition of gas.

IT IS FURTHER ORDERED THAT:

(7) Pursuant to Paragraph A of Section 70-2-18, NMSA (1978), existing gas wells in the Pool shall have dedicated thereto the appropriate acre in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have non-standard spacing or proration units established administratively by the Division and dedicated thereto.

(8) The following existing gas wells are all hereby granted unorthodox well locations:

Ute Well No. 4	540'FSL x 1980'FWL	10-32N-14W
Ute Well No. 6	1100'FSL x 1000'FWL	17-32N-14W
Ute Well No. 13	660'FNL x 1980'FEL	29-32N-14W
Ute Well No. 14	275'FNL x 1364'FEL	21-32N-14W
Ute Well No. 24	1595'FNL x 1358'FWL	20-32N-14W

(9) The following two (2) non-standard spacing and proration units for the Barker Creek Paradox Gas Pool are hereby approved:

(a) All of irregular Sections 7 and 8, T32N, R14W (currently being resurveyed); and

(b) All of irregular Sections 9 and 10, T32N, R14W (currently being resurveyed); and

(10) Failure to file a new Form C-102 with the Division dedicating the appropriate acreage to a well or to obtain a non-standard unit approved by the Division within 60-days from the date of this order shall subject the well to cancellation of allowable until a non-standard spacing unit has been approved and, subject to said 60-day limitation, each well presently drill to or completed in the Pool or in its corresponding vertical limits or within one mile thereof shall receive no more than a 160-acre allowable for the pool.

(11) The special rules and regulations for this pool established herein shall remain in effect for a temporary period until such time as the Division has entered further orders in this matter.

(12) This case shall be reopened at an Examiner hearing in January, 1996, at which time the operators in the Pool should be prepared to appear and present evidence and testimony as to the nature of the reservoir with regards to making these rules permanent.

(13) 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

WILLIAM J. LEMAY
Director

S E A L

Correspondence

Case No. 11089

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505



February 13, 1995

KELLAHIN AND KELLAHIN
Attorneys at Law
P. O. Drawer 2265
Santa Fe, New Mexico 87504

RE: CASE NO. 11089
ORDER NO. R-46-A

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

Sally E. Martinez
Sally E. Martinez
Administrative Secretary

cc: BLM - Farmington
Grant V. Vaughn
OCD - Aztec Office

VILLAGRA BUILDING - 408 Galisteo
Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830
Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

2040 South Pacheco
Office of the Secretary
827-5950
Administrative Services
827-5925
Energy Conservation & Management
827-5900
Mining and Minerals
827-5970
Oil Conservation
827-7131



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

BRUCE KING
GOVERNOR

November 7, 1994

2040 B. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

David H. Strunk
Deputy State Director
Resource Services
Bureau of Land Management
2850 Youngfield Street
Lakewood, CO 80215-7076

RE: CO-922B, 3160 - Well spacing on Ute Mountain Ute Tribal Lands

Dear Mr. Strunk:

In answer to the above-referenced letter, the New Mexico Oil Conservation Division agrees with the BLM that the two agencies have developed a spirit of cooperation, communication, and trust over the years. The New Mexico OCD has developed expertise in spacing matters for wells located within New Mexico State boundaries, whether located on fee, state, federal or Indian lands. It makes perfect sense to utilize that expertise rather than create a separate regulatory body to regulate spacing on Indian lands.

Therefore, the NMOCD proposes to continue to hold its hearings on applications filed before it on spacing matters, as it always has, on lands located within the outer boundaries of the State of New Mexico. The BLM is invited and encouraged to participate in these hearings, as it has in the past, and utilize the expertise that the OCD has developed over the last several decades in regulating oil and gas drilling, development, production and cleanup within New Mexico. The NMOCD declines the BLM's generous offer to reimburse or pay for the costs of holding hearings concerning wells located on Indian lands because the NMOCD holds these hearings as a matter of course in fulfilling its statutory obligations of preventing waste and protecting correlative rights in New Mexico.

The NMOCD is hopeful that the BLM will continue to follow the decisions issued by the NMOCD regarding spacing matters on Indian lands within New Mexico because of the long-standing BLM practice of doing so, the knowledge and expertise accumulated by the NMOCD over the last several decades in such matters, and the need to provide consistent guidance and protection to oil and gas lessees/operators operating within New Mexico, whether operating on fee, federal, state or Indian lands.

We hope this letter is helpful in addressing your concerns in your letter (CO-922B,3160) received by the NMOCD on October 20, 1994.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285
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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)

FACSIMILE COVER SHEET*WTK
Case File - 11089*TO: David Catanach FROM: W. THOMAS KELLAHIN, Esq.OF: OIL CONSERVATION DIVISION FAX #: 505 827 8177
Santa Fe

DATE: 11/ 07/ 1994 TIME: 3:00 PM

PAGES: 3 with cover sheet

REF: Letter form David H. Strunk to William LeMay
per Barker Creek-Paradox (Pennsylvania) Gas Pool.

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United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Colorado State Office
2850 Youngfield Street
Lakewood, Colorado 80215-7076

OCT 20 1994

In Reply Refer To:
CO-922B
3160

Mr. William LeMay, Director
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

Dear Mr. LeMay:

For many years there has been a spirit of cooperation, communication, and trust between the New Mexico Oil Conservation Division (NMOCD) and the Colorado Bureau of Land Management (BLM) in the management of Ute Mountain Ute Tribal Lands in the state of New Mexico and the development of our nation's oil and gas resources. Each agency's mission and staffing levels have grown during these years to the point where we believe it is important to formalize our excellent working relationship as well as define each agency's role and responsibilities. It is also important to provide oil and gas lessees/operators with consistent policy and procedures on Ute Mountain Ute Tribal Lands.

Federal regulations at 43 CFR 3162.3-1(a), which apply to Indian land leases (see 43 CFR 3160.0-1), provides that an oil and gas well shall be drilled "in conformity with an acceptable well spacing program." It then goes on to say that such a program is either "one which conforms with a spacing order or field rule issued by a State Commission or Board and accepted by the authorized officer" or "any other program established by the authorized officer." BLM is therefore responsible for making the final spacing determinations for oil and gas wells on Indian lands. This decision is also documented in an Interior Board of Land Appeals decision involving the Assiniboine and Sioux Tribes in Montana, which states it is BLM, not a state oil and gas commission, that has jurisdiction for spacing matters on Tribal Lands. Since the Tribe is a sovereign nation, BLM's trust responsibility to the Tribe gives the BLM jurisdiction for spacing matters on Tribal Lands. See also *Assiniboine & Sioux Tribes of Fort Peck Indian Reservation v. Board of Oil and Gas Conservation of State of Montana*, 792 F.2d 782, 794-96 (9th Cir. 1986).

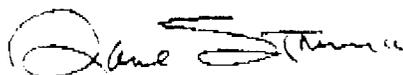
In order to fulfill BLM's trust responsibilities with respect to Tribal Lands and guarantee the Tribe an effective voice with respect to management of its lands, we would like to propose a plan whereby the Colorado BLM will utilize the NMOCD hearing process to develop a record that we will independently evaluate from both a technical and a trust responsibility

standpoint. The BLM would like to use the state commission hearing process so as not to duplicate the effort and cost of a separate hearing process, to accommodate industry's familiarity with the existing process, and we would appreciate the NMOCD's input to achieve consistency across jurisdictional boundaries. The Colorado BLM will reimburse the NMOCD for the time and work to develop this record. This would include mailing the notices, portions of room rentals, portions of salaries, holding a hearing, etc. This course of action will be useful to the BLM in its review of oil and gas development decisions on Tribal Lands. It provides a more efficient and lower cost option than formulating and implementing a hearing process of our own. It will also be less confusing to the oil and gas industry.

If the NMOCD is amenable to this proposal, we would like to begin implementation as of the November 10, 1994, hearing date. As you are aware, Meridian Oil Inc., has submitted an application to the NMOCD to abolish the Barker Creek Paradox (Pennsylvanian) Gas Pool and create five new gas pools with special rules. All the land involved in this application is Ute Mountain Ute Tribal Land. We are planning to have three or four representatives at the hearing, not to testify before the NMOCD, but rather to evaluate the record developed at the hearing and to get the NMOCD's recommendations with respect to the resolution of this application. BLM will render a final decision within thirty days of the hearing date.

We hope this proposal will resolve the jurisdictional issues to our mutual satisfaction. Should you have any questions regarding specific details of implementation or other questions in regards to this matter, please contact Sherri Thompson at (303) 239-3758.

Sincerely,



David H. Strunk
Deputy State Director
Resource Services

cc: Ute Mountain Ute Indian Tribe-Craig Canfield
Rand Carroll, Legal Counsel, NMOCD
SJRA, MDO
Lyle Rising, Rocky Mountain Regional Solicitor's Office
BIA-Ken Young




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

BRUCE KING
GOVERNOR

November 7, 1994

2040 B. PACHECO
SANTA FE, NEW MEXICO 87508
(505) 827-7131

David H. Strunk
Deputy State Director
Resource Services
Bureau of Land Management
2850 Youngfield Street
Lakewood, CO 80215-7076

RE: CO-922B, 3160 - Well spacing on Ute Mountain Ute Tribal Lands

Dear Mr. Strunk:

In answer to the above-referenced letter, the New Mexico Oil Conservation Division agrees with the BLM that the two agencies have developed a spirit of cooperation, communication, and trust over the years. The New Mexico OCD has developed expertise in spacing matters for wells located within New Mexico State boundaries, whether located on fee, state, federal or Indian lands. It makes perfect sense to utilize that expertise rather than create a separate regulatory body to regulate spacing on Indian lands.

Therefore, the NMOCD proposes to continue to hold its hearings on applications filed before it on spacing matters, as it always has, on lands located within the outer boundaries of the State of New Mexico. The BLM is invited and encouraged to participate in these hearings, as it has in the past, and utilize the expertise that the OCD has developed over the last several decades in regulating oil and gas drilling, development, production and cleanup within New Mexico. The NMOCD declines the BLM's generous offer to reimburse or pay for the costs of holding hearings concerning wells located on Indian lands because the NMOCD holds these hearings as a matter of course in fulfilling its statutory obligations of preventing waste and protecting correlative rights in New Mexico.

The NMOCD is hopeful that the BLM will continue to follow the decisions issued by the NMOCD regarding spacing matters on Indian lands within New Mexico because of the long-standing BLM practice of doing so, the knowledge and expertise accumulated by the NMOCD over the last several decades in such matters, and the need to provide consistent guidance and protection to oil and gas lessees/operators operating within New Mexico, whether operating on fee, federal, state or Indian lands.

We hope this letter is helpful in addressing your concerns in your letter (CO-922B,3160) received by the NMOCD on October 20, 1994.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

Grant L. Vaughn
Acting Field Solicitor
U.S. Department of the Interior
P.O. Box 1042
150 Washington Avenue, Suite 207
Santa Fe, NM 87504-1042
(505)988-6200

September 15, 1994

MEMORANDUM

TO: Bill LeMay
FROM: Carol Leach 
SUBJECT: OCD Hearings -- Indian Lands

First, I want to thank you for being so sensitive to this issue. Your position of maintaining authority in this area is important. The state has gone through numerous lawsuits, foremost being the Cotton Petroleum case, to uphold its ability to tax the production. Clearly, spacing regulations are integral to production.

I think we could continue operating just as we do now. If BLM, however, needs something more we could, perhaps, enter into a JPA that recites our authority and theirs and agrees we will conduct the hearings and they will abide by them. That would resolve their duplication concern.

I don't think we want BLM to pay for any part of our hearings. That seems tantamount to acknowledging they have a right to make the decisions and we don't. But, you are right, before we go further, we should discuss the strategy for this and other issues. When are you available?

cc: Rand Carroll
Lyn Hebert



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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

MEMORANDUM

TO: CAROL LEACH, General Counsel
Energy, Minerals & Natural Resources Department

FROM: WILLIAM J. LEMAY, Director *Bill*
Oil Conservation Division

SUBJECT: NM OCD HEARING PROCESS INVOLVING INDIAN LANDS

DATE: SEPTEMBER 13, 1994

In recent conversations with the BLM, we have been focusing attention on "jurisdiction" over issues that we have historically resolved through the hearing process. Specifically, the Meridian application for down spacing in the Barker Dome Field which is on Southern Indian lands has caused the BLM to question our authority in this area. While we maintain and have maintained for the passed fifty years, that hearings such as spacing is "landowner blind" and therefor should apply to all oil and gas fields in the state regardless of mineral ownership, the BLM maintains that under the Code of Federal Regulations (43 CFR 3162.2) that the BLM must space wells on Indian lands.

Specifically, Sherry Thompson with the BLM Office in Denver, floated a recommendation to us being that they (BLM) pay us (OCD), for the examiner's time in conducting hearings involving federal and Indian lands. I said I would discuss this with our legal counsel and get back to her as to how we initially react to this proposal. There may be other ways that the BLM might handle their problem, but it was my impression through conversation with Sherry Thompson that the BLM does *not* want to duplicate our hearing processees. After discussing some of these issues among yourselves as to the legal options (accepting money, allowing BLM payment of 3rd party service such as court reporter, etc.) lets get together so we can respond specifically to Ms. Thompson's proposal and develop a strategy for dealing with this and other Indian issues.

cc: Michael Stogner, Chief Hearing Officer
Rand Carroll, OCD Counsel

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 327-5800

September 13, 1994

**U. S. Bureau of Land Management
Colorado State Office
Attn: Frank A. Salwerowicz
2850 Youngfield Street
Lakewood, Colorado 80215-7076**

**Kellahin & Kellahin
Attn: W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504**

Re: Division Case No. 11089. Application of Meridian Oil Inc. to abolish the Barker Creek-Paradox (Pennsylvanian) Pool and the concomitant creation of five replacement gas pools and the promulgation of special rules and regulations for each, Township 32 North, Range 14 West, NMPM, San Juan County, New Mexico.

Dear Messrs. Salwerowicz and Kellahin:

Reference is made to Mr. Frank A. Salwerowicz's correspondence to Mr. William J. LeMay dated September 2, 1994, requesting a continuance of 60-days of this matter to a hearing before the New Mexico Oil Conservation Division ("Division") in November, and to Mr. W. Thomas Kellahin's response dated September 9, 1994, requesting that this case be heard at the September 15, 1994 Division hearing.

Pursuant to the "New Mexico Oil and Gas Act", Sections 70-2-1 through 70-2-36, N.M.S.A. 1978, such request for establishing pools and the promulgation, including spacing, is within the jurisdiction of the Division. Nothing contained within the subject application or in said letters appears to require the Division to deviate from its normal course of action in handling this request.

Further, the Colorado State Office of the Bureau of Land Management ("BLM"), is recognized as a party to the proceedings because it represents the owner interests in the case.

Page 2

W. Thomas Kellahin/U. S. Bureau of Land Management
September 13, 1994

Its request for a continuance to the Division hearing scheduled for November 10, 1994 is hereby granted so that it may have adequate time to prepare testimony.

The Division welcomes testimony and/or comment from leasing entities and/or mineral interest owners regarding this case as well as all other cases. It would further good conservation practices and equity considerations to have a representative of the BLM at the hearing and for the BLM to be a party of record should the BLM wish to appeal this matter to the New Mexico Oil Conservation Commission and avail itself of all administrative remedies, as well as judicial appeal.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael E. Stogner
Assistant Deputy Director/Engineer

cc: Oil Conservation Division - Aztec, NM
William J. LeMay - OCD Director, Santa Fe, NM
Rand Carroll - Legal Counsel, OCD, Santa Fe, NM
Meridian Oil, Inc. - Farmington, NM
Sally Wisely, U. S. Bureau of Land Management - Durango, CO
Ute Mountain Ute Tribe (Energy Division) - Towaoc, CO
U. S. Bureau of Indian Affairs (Ute Mountain Ute Agency) - Towaoc, CO

*Stogner's Rough Draft
So LeMay's OK 9/12/94*

September 12, 1994

**U. S. Bureau of Land Management
Colorado State Office
Attn: Frank A. Salwerowicz
2850 Youngfield Street
Lakewood, Colorado 80215-7076**

**Kellahin & Kellahin
Attn: W. Thomas Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504**

Re: Division Case No. 11089. Application of Meridian Oil Inc. to abolish the Barker Creek-Paradox (Pennsylvanian) Pool and the concomitant creation of five replacement gas pools and the promulgation of special rules and regulations for each, Township 32 North, Range 14 West, NMPM, San Juan County, New Mexico.

Dear Messrs. Salwerowicz and Kellahin:

Reference is made to Mr. Frank A. Salwerowicz's correspondence to Mr. William J. LeMay dated September 2, 1994, requesting a continuance of this matter to a hearing before the New Mexico Oil Conservation Division ("Division") in November and informing this agency that whatever action is taken would have no force or effect anyway, and to Mr. W. Thomas Kellahin's response dated September 9, 1994, requesting that their case be heard at the September 18, 1994 Division hearing.

Pursuant to the "New Mexico Oil and Gas Act", Sections 70-2-1 through 70-2-36, N.M.S.A. 1978, such request for establishing pools and the promulgation, including spacing, is within the jurisdiction of the Division. Nothing contained within the subject application or in said letters appears to warrant the necessity for the Division to deviate from its normal course of action in its handling of this request.

Further, said request from the Colorado State Office of the Bureau of Land Management

("BLM"), does not contain sufficient reasoning to continue this matter for an additional time frame; the BLM's request to continue this matter to November is hereby denied.

The Division would of course welcome any testimony or comments regarding the contents of this case from the Leasing entity and/or mineral interest owners at the time of the September 18, 1994 hearing. It would further be in your best interest to have a representative at the hearing and to be a party of record should the United States wish to appeal this matter to the New Mexico Oil Conservation Commission.

Should it still be necessary for the BLM to seek a continuance at the time of the hearing, it can be requested verbally at that time.

Sincerely,

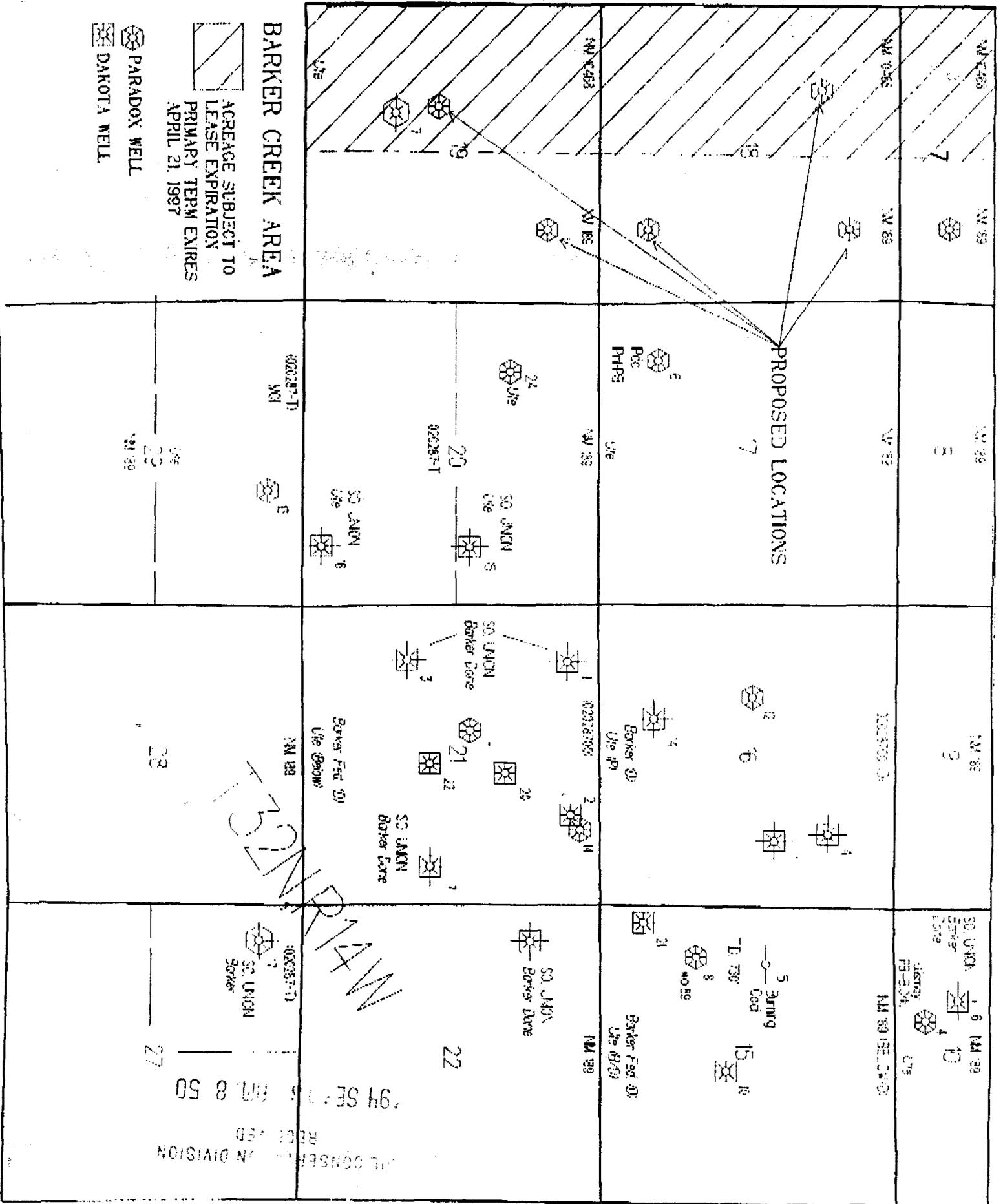
Michael E. Stogner
Assistant Deputy Director/Engineer

cc: Oil Conservation Division - Aztec
William J. LeMay - OCD Director, Santa Fe
Rand Carroll - General Counsel, OCD, Santa Fe
Meridian Oil, Inc.

BARKER CREEK AREA

ACREAGE SUBJECT TO
LEASE EXPIRATION
PRIMARY TERM ENIRES
APRIL 21, 1997

PARADOX WELL
DAKOTA WELL



TIME LINE FOR PERMITTING, DRILLING AND COMPLETING WELL

BARKEER CREEK AREA

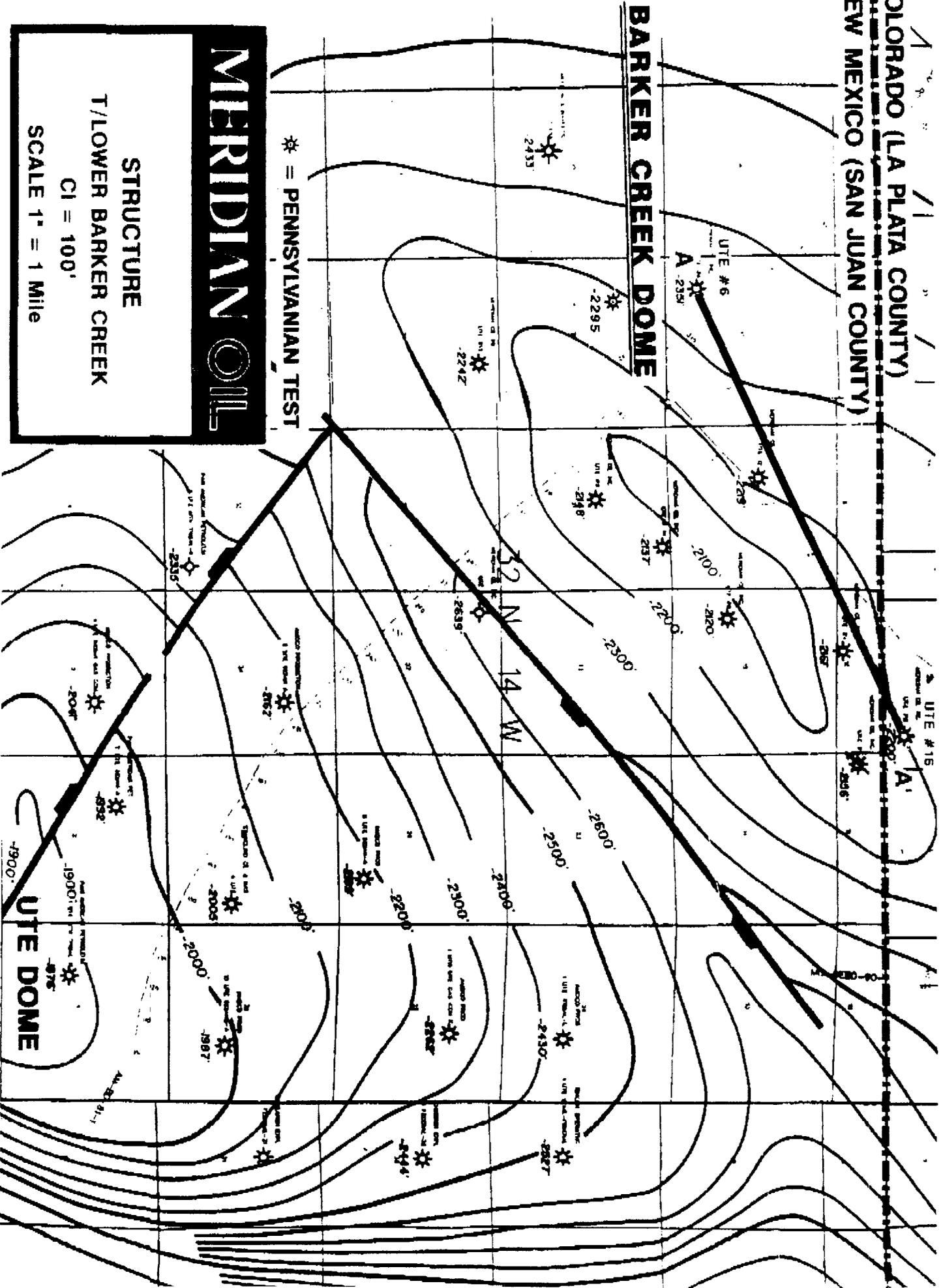
ARCHAEOLOGICAL & PERMIT APPROVAL 140 DAYS	DRILLING RIG TIME 30 DAYS	COMPLETION TIME 14 DAYS	WELL TIE IN 180+ DAYS
--	------------------------------	----------------------------	--------------------------

364+ DAYS FOR EACH WELL
 9,700' TOTAL DEPTH
 \$13 MILLION PER WELL

NO ACCESS IN MONTHS OF DECEMBER THROUGH APRIL
 DUE TO SNOW COVERAGE

COLORADO (LA PLATA COUNTY)
NEW MEXICO (SAN JUAN COUNTY)

BARKER CREEK DOME



* = PENNSYLVANIAN TEST

MERIDIAN OIL

STRUCTURE

T/LOWER BARKER CREEK

CI = 100'

SCALE 1" = 1 Mile

UTE DOME

UTE #15
A-235

UTE #6
A-235

32 N 14 W

1900'

2000'

2100'

2200'

2300'

2400'

2500'

1900'

2000'

2100'

2200'

2300'

2400'

2500'

2600'

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9000'

9100'

9200'

9300'

9400'

9500'

9600'

9700'

9800'

9900'

10000'

670-31

B. Upon request, Lessee will provide, at no cost to the Tribe, all related seismic data, including, without limitation, surveyed shot point maps, surveyor's notes, data acquisition parameters, observer's notes, raw field digital data tapes, and copies (mylar and paper) of the final processes stack and migrated cross-sections. The data will be provided to the Ute Mountain Ute Tribe, Tribal Energy & Tax Administration, P.O. Box 42, Towaoc, Colorado 81334.

C. The Tribe and Lessee shall be co-owners of the seismic data and all interpretative information. Data provided to the Tribe will be held strictly confidential and will not be released to any third party. It can be shown to third parties who are being considered as possible joint venture participants, but only by mutual written agreement of the Tribe and Lessee.

D. All future sales of the seismic data will be made subject to the mutual consent of the Tribe and Lessee. All revenues from the sale of seismic data shall be divided equally between the parties.

V. INTEREST OBTAINED

Upon approval of this Agreement by the Secretary of the Interior or his authorized agent, Lessee shall obtain the right to explore for, develop, drill and produce oil, gas, coalbed methane gas, including dry gas, casinghead gas, distillate, condensate, and all other gaseous substances, and associated hydrocarbon substances from the surface to a depth equal to the stratigraphic equivalent of one hundred (100) feet below the total depth reached in drilling the initial well on a drilling or spacing unit, which includes all or any part of the Contract Acreage.

VI. TERM

A. The initial primary term of this Agreement shall be for three (3) years, from and after the approval hereof by the Secretary or his authorized representative.

B. Each successful exploratory well that is drilled on the Contract Acreage shall create a contiguous block of producing acreage not to exceed 640.00 acres more or less, unless otherwise agree to by both parties.

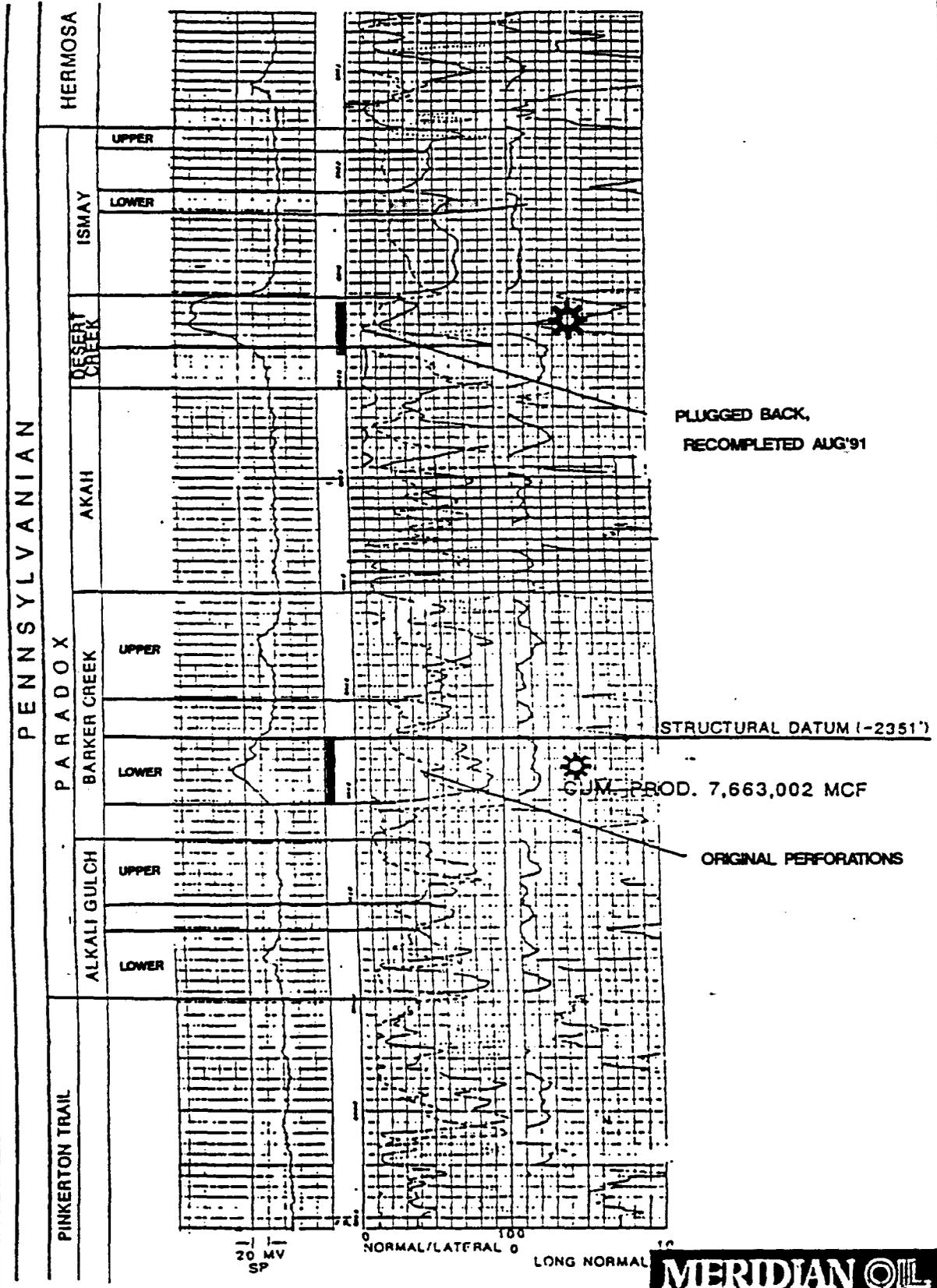
C. Lessee shall have the option to extend the primary term of this agreement for a period of one year by payment of the rental, plus an additional \$15.00/acre for all nonproducing acreage retained. This option shall be available a maximum of two (2) times.

D. At the end of the primary term, or any extension thereto, Meridian Oil, Inc agrees to release back to the Tribe all non-producing acreage and the rights to all depths below 100 feet of the deepest horizon penetrated in the producing acreage.

09 SEP 13 8 50 AM '94

OIL CONSERVATION DIVISION
RECEIVED

UTE #6
 SW 17-32N-14W
 SAN JUAN CO., NEW MEXICO



COMPLETED: 12/51, perforations 8546'-8612' (2nd sour)

Exhibit C

MERIDIAN OIL
 TYPE LOG
 BARKER CREEK DOME
 SAN JUAN CO., NEW MEXICO

OIL CONSERVATION DIVISION
RECEIVED

'94 SEP 12 AM 8 50

BUREAU OF LAND MANAGEMENT
FEDERAL BUILDING
701 CAMINO DEL RIO
DUNHANGO, CO 81301-5482

NMOC D

SEP - 6 1994 3100
(CO-038)

Certified Mail-Return Receipt Requested (Z 774 963 118)

Kellahin and Kellahin
Attorneys At Law
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

*Don't - what to
you think?
Bill*

Gentlemen:

Reference is made to your notice on behalf of Meridian Oil Inc., to abolish the Barker Creek Paradox Pool and create five (5) new gas pools in that portion of the Ute Mountain Ute Reservation, in San Juan County, New Mexico. Oil and gas operations on the Ute Mountain Ute Reservation have been historically administered in trust by the Bureau of Land Management (BLM), specifically by the San Juan Resource Area. As such, the jurisdiction to set spacing and other regulatory controls lies completely and solely with the BLM. The BLM has asked the New Mexico Oil and Gas Conservation Division (NMOC D) for a continuance until the November hearing to allow us to develop a hearing process that is satisfactory to all parties involved. Until such time as the BLM establishes procedures which will allow us to discharge our trust, any decisions or actions which the NMOC D may take will have no force or effect on Ute Mountain Ute lands.

Pursuant to the jurisdictional authority outlined above, Meridian Oil Inc., is requested to file supporting documentation for the application as proposed. The supporting information will be used to help us better understand the technical aspects of this proposal. Please file your supporting information within 30 days from receipt of this notice. Your timely response is appreciated.

Any questions regarding the above should be directed to Jim Lovato or Kent Hoffman at (303) 247-4082.

Sincerely,
1st Sally Wisely

Sally Wisely
Area Manager

✓ cc: Ute Mountain Ute Tribe
Attn: Energy Division
P. O. Box 42
Towaoc, CO 81334

Bureau of Indian Affairs
Ute Mountain Ute Agency
Phillip Coyote Sr. Memorial Hall
Towaoc, CO 81334

New Mexico Oil Conservation Division
Attn: William Lemey
P. O. Box 2088
Santa Fe, New Mexico 87504

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 226

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) 962-4206

TELEFAX (505) 962-2047

JASON KELLAHIN (RETIRED 1991)

September 9, 1994

VIA FACSIMILE

William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

Re: NMOCD Case 11089
Application of Meridian Oil Inc.
to Amend the Barker Creek-Paradox
(Pennsylvanian) Gas Pool and to Create
Five Replacement Pools with Special Rules
San Juan County, New Mexico

Dear Mr. LeMay:

On August 22, 1994, I filed the referenced case for Meridian Oil Inc. and requested that it be set for hearing on September 15, 1994 before the New Mexico Oil Conservation Division ("NMOCD").

Contrary to NMOCD Rule 1208, ex parte conversations and correspondence have been conducted with the NMOCD about this matter without notice to me.

However, on September 7, 1994, I did obtain a copy of a letter dated September 2, 1994 addressed to you from Frank A. Salwerowicz, Deputy State Director, BLM for the San Juan Resources Area in Durango, Colorado in which he requests a 60-day continuance of the referenced case so that the BLM-Colorado can develop its own hearing process to address pools rules in the referenced pool.

Mr. William J. LeMay
September 9, 1994
Page 2

Meridian, as a prudent operator exercising its rights and duties in accordance with existing leasehold obligations, has determined that substantial additional recoverable gas can be efficiently and timely produced from these reservoirs if its application is granted in a timely manner by what ever regulatory agency has jurisdiction. If these rule changes are accomplished, then Meridian intends to initiate a multiple well drilling program in these reservoirs. Time is of the essence. Any delay in the regulatory proceedings can result in the loss of Meridian's leasehold and forfeiture of what it knows to be proven recoverable hydrocarbon reserves.

On behalf of Meridian Oil Inc., I wish to express its concern that it will be delayed and frustrated by a jurisdictional dispute between multiple regulatory agencies. I would expect that this issue would be of extreme importance to the State of New Mexico and would require the personal attention of the Governor.

The BLM-Colorado presumes that the NMOCD lacks jurisdiction over federal or indian lands relating to the State of New Mexico's oil and gas regulatory objectives. However, pursuant to the requirements of the State of New Mexico's Oil and Gas Act, Meridian is required to apply for and obtain the NMOCD's approval for changes in pool boundaries, well spacing and the other issues raised in its pending application. See Section 70-2-12 NMSA (1978).

The Barker Creek-Paradox Gas Pool ("Pool") was established by the NMOCD by Order R-13 issued March 15, 1950 and extended by Order R-6421 dated August 1, 1980. On November 21, 1950, the NMOCC issued Order R-46 which established 640-acre spacing units and prescribed well locations.

For more than 44 years, the NMOCD has exercised specific and undisputed jurisdiction over well spacing and other pool rules for this pool to which both the BLM and the Ute Mountain Ute Tribe have acquiesced and concurred. For the BLM-Colorado to now seek a continuance of 60-days of Meridian's application before the NMOCD is contrary to well

Mr. William J. LeMay
September 9, 1994
Page 3

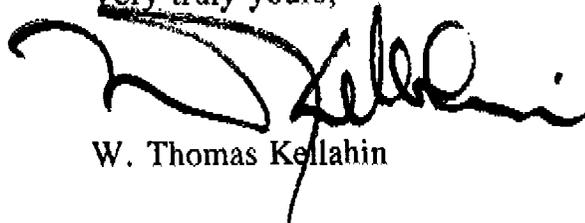
established regulatory action by the NMOCD and creates an onerous burden upon my client.

Finally, we wish to express our concern that this jurisdictional dispute will create a situation where the simultaneous compliance with both federal and state regulation of this particular matter will be impossible. We encourage both the NMOCD and the BLM-Colorado to utilize and to participate in the well established and highly respected NMOCD hearing process so that waste can be prevented and the rights of all interested owners protected.

While Meridian does not desire to be "captured" in a regulatory maze created by multiple agencies each asserting jurisdiction in this matter, we do not see how you as Director have the authority to concede that the NMOCD is without jurisdiction.

However, if the State of New Mexico is not going to assert any jurisdiction over these reservoirs within the State of New Mexico, please let me know. Otherwise, Meridian should be allowed to present its case next Thursday.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name below.

W. Thomas Kellahin

cc: Meridian Oil Inc.
cc: Michael E. Stogner,
Hearing Examiner (NMOCD)
cc: BLM-Colorado



United States Department of the Interior

RECEIVED

BUREAU OF LAND MANAGEMENT

Colorado State Office
2850 Youngfield Street

Lakewood, Colorado 80215-7076

94 SEP 5 AM 8 50

*Copy Frank
✓ Mike S.
Randy*

SEP 02 1994

In Reply Refer To:
CO-922B
3160

Case 11084

Mr. William LeMey, Director
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 37504

Dear Mr. LeMey:

As you are aware, the Bureau of Land Management (BLM) has jurisdiction and is responsible for establishing spacing on Indian lands. The entire Ute Mountain Ute Reservation has been administered by Colorado BLM for many years; specifically by the San Juan Resource Area in Durango. Per your conversation of August 31, 1994, with Sherri Thompson of this office regarding the Meridian Oil application to abolish the Barker Creek Paradox (Pennsylvanian) Gas Pool and create five new gas pools with special rules, the Colorado BLM is requesting a continuance until the November hearing.

The reason for this request is that the land involved is entirely Ute Mountain Ute Tribal Land and there are issues that need to be resolved. The Tribe feels very strongly that the BLM establish any spacing on their lands. A 60-day continuance of this matter until November should allow us sufficient time to develop a hearing process that is satisfactory to all involved parties. Until such time as BLM establishes procedures which will allow us to discharge our trust, any decision or actions which NMOCD may take will have no force or effect on Ute Mountain Ute lands.

Thank you for your consideration in this matter. We would appreciate written notification of the granting of the continuance as soon as possible. Please call Sherri Thompson at (303) 239-3758 if you have any questions regarding this matter.

Sincerely,

Frank A. Salwerowicz
Frank A. Salwerowicz
Deputy State Director
Mineral Resources

Acting

cc: Meridian Oil Inc.
Ute Mountain Ute Tribe



United States Department of the Interior

RECEIVED

BUREAU OF LAND MANAGEMENT

Colorado State Office

2850 Youngfield Street

Lakewood, Colorado 80215-7076

94 SEP 5 AM 8 50

SEP 02 1994

In Reply Refer To:
CO-922B
3160

*City Creek
Antique S.
Ranch*

Mr. William LeMey, Director
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 37504

Dear Mr. LeMey:

As you are aware, the Bureau of Land Management (BLM) has jurisdiction and is responsible for establishing spacing on Indian lands. The entire Ute Mountain Ute Reservation has been administered by Colorado BLM for many years; specifically by the San Juan Resource Area in Durango. Per your conversation of August 31, 1994, with Sherri Thompson of this office regarding the Meridian Oil application to abolish the Barker Creek Paradox (Pennsylvanian) Gas Pool and create five new gas pools with special rules, the Colorado BLM is requesting a continuance until the November hearing.

The reason for this request is that the land involved is entirely Ute Mountain Ute Tribal Land and there are issues that need to be resolved. The Tribe feels very strongly that the BLM establish any spacing on their lands. A 60-day continuance of this matter until November should allow us sufficient time to develop a hearing process that is satisfactory to all involved parties. Until such time as BLM establishes procedures which will allow us to discharge our trust, any decision or actions which NMOCD may take will have no force or effect on Ute Mountain Ute lands.

Thank you for your consideration in this matter. We would appreciate written notification of the granting of the continuance as soon as possible. Please call Sherri Thompson at (303) 239-3758 if you have any questions regarding this matter.

Sincerely,


Frank A. Salwerowicz
Deputy State Director
Mineral Resources

Acting

cc: Meridian Oil Inc.
Ute Mountain Ute Tribe

FAX No. (303) 239-3799

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:

APPLICATION OF MERIDIAN OIL INC. TO
CONTRACT THE VERTICAL LIMITS OF THE
BARKER CREEK-PARADOX (PENNSYLVANIAN)
POOL, THE AMENDMENT OF DIVISION ORDER
NO. R-46, AND THE CONCOMITANT CREATION
OF THREE GAS POOLS EACH WITH SPECIAL
RULES AND REGULATIONS THEREFOR, SAN
JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 10, 1994, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this _____ day of February, 1995, 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) By Order No. R-13 issued in Case No. 213 on March 15, 1950, the Division created and defined the Barker Creek-Paradox (Pennsylvanian) Gas Pool, San Juan County, New Mexico.

(3) By Order No. R-46 issued in Case No. 237 on December 29, 1950, the Division promulgated Special Rules and Regulations for the Barker Creek-Paradox (Pennsylvanian) Gas Pool including 640-acre gas spacing with wells to be located no closer than 1650 feet from the outer boundary of the proration unit nor closer than 330 feet from the center of the proration unit. The vertical limits of the Barker Creek-Paradox (Pennsylvanian) Gas Pool currently comprise all of the Pennsylvanian formation.

(4) The Barker Creek-Paradox (Pennsylvanian) Gas Pool currently comprises the following described area in San Juan County, New Mexico:

TOWNSHIP 32 NORTH, RANGE 14 WEST, NMPM

Sections 9 through 11:	All
Sections 14 through 16:	All
Section 17:	E/2
Sections 19 through 22:	All
Section 23:	NW/4
Section 27:	NW/4
Section 28:	N/2

*Call as proposed
into the unmerged
Ute Mountain
Indian Reservation;*

*should this be
Order No. ?*

NOMENCLATURE

CASE NO. 11089

Order No. R-46-A

*DIC 2/8/95
RI 2/5/95
MS 2/8/95
WJ 2/9/95*

Section 29: All

(5) The applicant, Meridian Oil Inc., seeks to contract the vertical limits of the Barker Creek-Paradox (Pennsylvanian) Gas Pool to include only the Lower Barker Creek and Alkali Gulch members of the Paradox interval, and the concomitant creation of three new gas pools comprising, respectively, the Upper and Lower Ismay members, the Desert Creek member, and the Akah and Upper Barker Creek members of the Paradox interval.

(6) The applicant further seeks:

a) to expand the pool boundaries of the Barker Creek-Paradox (Pennsylvanian) Gas Pool to include the following described area ~~San Juan County~~

TOWNSHIP 32 NORTH, RANGE 14 WEST, NMPM

Sections 7 ^{and} 8: All
 Section 17: W/2
 Section 18: All
 Section 28: S/2
 Section 30: All

Can project into the ~~San Juan~~ Ute Mountain Indian Reservation in San Juan County, New Mexico!

b) to establish pool boundaries for the three proposed new gas pools similar to those for the Barker Creek-Paradox (Pennsylvanian) Gas Pool;

c) to promulgate special rules and regulations for the proposed gas pools as follows:

<u>PROPOSED POOL</u>	<u>WELL SPACING</u>	<u>SETBACK REQUIREMENTS</u>
Ismay	160-acres	No closer than 330 feet from the outer boundary of the spacing unit nor closer than 20 feet from any governmental quarter-quarter section line or subdivision inner boundary.
Desert Creek	320-acres	No closer than 790 feet from the outer boundary of the spacing unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary.
Akah/Upper Barker Creek	320-acres	No closer than 790 feet from the outer boundary of the spacing unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary.

d) to amend the well location requirements for the Barker Creek-Paradox (Pennsylvanian) Gas Pool such that wells can be located no closer than 790 feet from the outer boundary of the spacing unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary.

(7) The applicant proposes that the vertical limits of each of the subject pools comprise the following described intervals as found on the log run on the Meridian Oil Inc. Ute Well No. 16 located in Unit I, Section 22, Township 32 North, Range 13 1/2 West, La Plata County, Colorado:

<u>INTERVAL</u>	<u>VERTICAL LIMITS</u>
Ismay (Includes Upper ^{and} Lower Ismay)	8502' - 8693'
Desert Creek	8693' - 8809'
Akah/Upper Barker Creek	8809' - 9134'

Barker Creek (Includes Lower Barker Creek)
& Alkali Gulch)

9134'-9430'

and

(8) According to applicant's evidence, there have been eleven wells drilled in the subject pool subsequent to its discovery in 1945. The vast majority of the cumulative gas production from the subject pool, which according to applicant's testimony is some 230 BCFG, has originated from the Lower Barker Creek interval.

(9) Within the subject pool, there are currently eight active wells, four of which are producing from the Lower Barker Creek/Alkali Gulch interval, two of which are producing from the Desert Creek interval, and two of which are producing from the Ismay interval.

(10) The applicant's geologic evidence and testimony in this case indicates that there are four separate and distinct intervals within the Paradox member of the Pennsylvanian formation each of which constitutes one or more separate productive reservoirs.

(11) The Pennsylvanian formation in this area is characterized by occasionally porous limestone and dolomite, anhydrides and black shales.

(12) Meridian presented geologic and engineering evidence and testimony which indicates that each of the proposed pools are:

- a) associated with a structural dome centered approximately in the center of Section 15 which is of limited extent. The trap of each reservoir is formed by a down-dip structural limit of effective porosity;
- b) a single structure feature geologically separated both vertically and horizontally from any other pool;
- c) a single source of common supply ("reservoir") separated from and not in communication with any other pool in this area.

(13) The applicant has grouped the producing intervals into the four proposed pools based upon their similar geologic characteristics. In addition, the proposed gas pools appear to be continuous and correlatable across the entire proposed pool boundaries.

(14) Meridian's engineering evidence and testimony indicates that each of the proposed pools are gas pools, and that while this is a complex reservoir with limited data, there is a reasonable engineering probability that the behavior of the gas wells will be similar to the established behavior of the gas wells in the existing Barker Creek-Paradox (Pennsylvanian) Gas Pool.

(15) The evidence presented in this case indicates that the vertical limits and the Special Rules and Regulations for the Barker Creek-Paradox (Pennsylvanian) Gas Pool are not conducive to continuous and orderly development of the pool for the following reasons:

- a) long term production of the Lower Barker Creek/Alkali Gulch interval has resulted in a significant pressure differential between this interval and the Ismay and Desert Creek intervals. This significant pressure differential precludes downhole commingling of these intervals at the present time;
- b) depletion of the Lower Barker Creek/Alkali Gulch interval in those wells producing from this interval will not occur for several years;
- c) the Special Rules and Regulations for the Barker Creek-

Paradox (Pennsylvanian) Gas Pool and current Division policy (Division Memorandum dated July 27, 1988) severely limit the ability of an operator to drill and operate more than one well on a standard gas proration unit in this non-prorated gas pool;

(16) Applicant's plan of development for the subject pool(s) includes the drilling of additional conventional, downhole commingled and/or dually completed wells, whichever is applicable, in order to maximize the recovery of gas from each of the subject reservoirs.

(17) The evidence indicates that Meridian Oil Inc. is the only leasehold owner in the Barker Creek-Paradox (Pennsylvanian) Gas Pool, and that the royalty interest ownership is owned entirely by the Ute Mountain Ute Tribe.

(18) No other offset operators and/or interest owners appeared at the hearing in opposition to the application.

(19) Approval of the contraction of the Barker Creek-Paradox (Pennsylvanian) Gas Pool and concomitant creation of three new gas pools will allow the applicant the opportunity to drill additional wells and recover additional gas reserves from the Ismay, Desert Creek and Akah/Upper Barker Creek intervals, will prevent the premature abandonment of production within the Lower Barker Creek/Alkali Gulch interval, thereby preventing waste, and will not violate correlative rights.

(20) The Barker Creek-Paradox (Pennsylvanian) Gas Pool should be redesignated the Barker Dome-Paradox Pool. The remaining pools should be designated the Barker Dome-Akah/Upper Barker Creek Pool, the Barker Dome-Desert Creek, and the Barker Dome-Ismay Pools. The vertical limits of the subject pools should comprise those intervals as described in Finding No. (7) above.

(21) The applicant's proposed pool boundaries, which include an extension of the Barker Creek-Paradox (Pennsylvanian) Gas Pool, are not reasonable inasmuch as the proposed extension area does not currently contain production.

(22) The horizontal boundaries of the Barker Dome-Paradox, Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools should comprise the area currently contained within the Barker Creek-Paradox (Pennsylvanian) Gas Pool.

(23) The engineering evidence indicates that 640-acre spacing is appropriate for the Barker Creek-Paradox (Pennsylvanian) Gas Pool (Barker Dome-Paradox Pool).

(24) The engineering evidence currently available indicates that wells in the Barker Dome-Akah/Upper Barker Creek and Barker Dome-Desert Creek Pools should be capable of draining an area of approximately 320 acres. The preliminary evidence further indicates that the Barker Dome-Ismay Pool should be spaced on 160 acres.

(25) In order to 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, prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, special rules and regulations should be promulgated for the Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools.

(26) The applicant proposed that the well setback requirements for the Barker Creek-Paradox (Pennsylvanian) Gas Pool (Barker Dome-Paradox Pool) be amended such that a well can be located no closer than 790 feet from the outer

boundary of the spacing unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary. In addition, the applicant requested that the well setback requirements for the Barker Dome-Ismay Pool be established such that a well can be located no closer than 330 feet from the outer boundary of the spacing unit nor closer than 20 feet from any governmental quarter-quarter section line or subdivision inner boundary.

(27) The setback requirements described above are significantly more flexible than the normal setback requirements for 640-acre and 160-acre gas pools. According to applicant's testimony, this flexibility is needed due to the topography in this area and due to the numerous archaeological sites thus far encountered in this area.

(28) The Division's rules and procedures for obtaining approval of unorthodox locations due to topography, including archaeological sites, are flexible and do not represent an excessive burden on the applicant. In addition, setback requirements are necessary in order to assure that wells are situated on their proration units such that effective and efficient drainage of gas occurs.

(29) Applicant's request to amend the well location requirements for the Barker Creek-Paradox (Pennsylvanian) Gas Pool (Barker Dome-Paradox Pool) should be denied.

(30) The Special Rules and Regulations for the Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek, and Barker Dome-Ismay Pools should provide for designated well locations such that a well cannot be located closer than 790 feet from the outer boundary of the spacing unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary.

(31) At the request of the applicant, the Special Rules and Regulations for the Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools should be established for a temporary period of two years in order to allow the operators in the subject pools the opportunity to gather sufficient reservoir information to show that the spacing established herein for the subject pools is appropriate.

(32) This case should be reopened at an examiner hearing in February, 1997, at which time the operators in the subject pools should be prepared to appear and show cause why the Temporary Special Rules and Regulations for the Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools should not be rescinded.

IT IS THEREFORE ORDERED THAT:

(1) The Barker Creek-Paradox (Pennsylvanian) Gas Pool, created by Division Order No. R-13, is hereby redesignated the Barker Dome-Paradox Pool.

(2) The vertical limits of the Barker Dome-Paradox Pool are hereby contracted to include only the Lower Barker Creek and Alkali Gulch intervals of the Paradox formation as found from a depth of 9134 feet to 9430 feet on the log run on the Meridian Oil Inc. Ute Well No. 16 located in Unit I of Section 22, Township 32 North, Range 13 1/2 West, La Plata County, Colorado.

(3) Three new gas pools for the production of gas from the Paradox member of the Pennsylvanian formation are hereby created and designated the Barker Dome-Akah/Upper Barker Creek Pool, the Barker Dome-Desert Creek Pool, and the Barker Dome-Ismay Pool.

(4) The vertical limits of the Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools shall comprise the following described intervals as found on the log run on the Meridian Oil Inc. Ute Well No. 16 located in Unit I of Section 22, Township 32 North, Range 13

1/2 West, La Plata County, Colorado.

POOL

VERTICAL LIMITS

Barker Dome-Akah/Upper Barker Creek Pool	8809'-9134'
Barker Dome-Desert Creek Pool	8693'-8809'
Barker Dome-Ismay Pool	8502'-8693'

(5) The horizontal limits of the Barker Dome-Paradox, Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools shall comprise the following described area in San Juan County, New Mexico:

TOWNSHIP 32 NORTH, RANGE 14 WEST, NMPM

Sections 9 through 11:	All
Sections 14 through 16:	All
Section 17:	E/2
Sections 19 through 22:	All
Section 23:	NW/4
Section 27:	NW/4
Section 28:	N/2
Section 29:	All

*all as proposed
into the ~~unincorporated~~
Ute Mountain Indian
Reservation:*

(6) Temporary Special Rules and Regulations for the Barker Dome-Akah/Upper Barker Creek Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
BARKER DOME-AKAH/UPPER BARKER CREEK POOL

RULE 1. Each well completed in or recompleted in the Barker Dome-Akah/Upper Barker Creek Pool or in the equivalent vertical limits thereof within one mile of the pool boundary, shall be spaced, drilled, operated, and produced in accordance with the Special Rules hereinafter set forth.

RULE 2. Each well completed or recompleted in the Barker Dome-Akah/Upper Barker Creek Pool shall be located on a unit containing ~~320~~ acres, more or less, which consists of the N/2, S/2, E/2 or W/2 of a single governmental section.

RULE 3. The Director of the Oil Conservation Division, hereinafter referred to as the "Division" may grant an exception to the requirements of Rule 2 without hearing when an application has been filed for a non-standard unit consisting of less than ~~320~~ acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Director has received the application.

RULE 4. Each well shall be located no closer than 790 feet from the outer boundary of the proration unit nor closer than 130 feet from any governmental quarter-quarter section line or subdivision inner boundary.

RULE 5. The Division Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to a deeper horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of

written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

(7) Temporary Special Rules and Regulations for the Barker Dome-Desert Creek Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
BARKER DOME-DESERT CREEK POOL

RULE 1. Each well completed in or recompleted in the Barker Dome-Desert Creek Pool or in the equivalent vertical limits thereof within one mile of the pool boundary, shall be spaced, drilled, operated, and produced in accordance with the Special Rules hereinafter set forth.

RULE 2. Each well completed or recompleted in the Barker Dome-Desert Creek Pool shall be located on a unit containing ~~320~~ ³²⁰ acres, more or less, which consists of the N/2, S/2, E/2 or W/2 of a single governmental section.

RULE 3. The Director of the Oil Conservation Division, hereinafter referred to as the "Division" may grant an exception to the requirements of Rule 2 without hearing when an application has been filed for a non-standard unit consisting of less than ~~320~~ ³²⁰ acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Director has received the application.

RULE 4. Each well shall be located no closer than 790 feet from the outer boundary of the proration unit nor closer than ~~130~~ ¹³⁰ feet from any governmental quarter-quarter section line or subdivision inner boundary.

RULE 5. The Division Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to a deeper horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

(8) Temporary Special Rules and Regulations for the Barker Dome-Ismay Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
BARKER DOME-ISMAY POOL

RULE 1. Each well completed in or recompleted in the Barker Dome-Ismay Pool or in the equivalent vertical limits thereof within one mile of the pool boundary, shall be spaced, drilled, operated, and produced in accordance with the Special Rules hereinafter set forth.

RULE 2. Each well completed or recompleted in the Barker Dome-Ismay Pool shall be located on a unit containing ~~160~~ ¹⁶⁰ acres, more or less, which consists of the NE/4, SE/4, NW/4 or SW/4 of a single governmental section.

RULE 3. The Director of the Oil Conservation Division, hereinafter referred to as the "Division", may grant an exception to the requirements of Rule 2 without hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Director has received the application.

RULE 4. Each well shall be located no closer than 790 feet from the outer boundary of the proration unit nor closer than 180 feet from any governmental quarter-quarter section line or subdivision inner boundary.

RULE 5. The Division Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to a deeper horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

IT IS FURTHER ORDERED THAT:

(9) The location of all wells presently drilling to or completed in the Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek, or Barker Dome-Ismay Pool or in the respective vertical limits thereof within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Aztec District Office of the Division in writing of the name and location of the well within 30 days from the date of this order.

(10) Pursuant to Paragraph A of Section 70-2-18, N.M.S.A. 1978 Comp., contained in Laws of 1969, Chapter 271, existing gas wells in the Barker Dome-Akah/Upper Barker Creek and Barker Dome-Desert Creek Pool shall have dedicated thereto 320 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 320 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable until a non-standard spacing unit has been approved and, subject to said 60-day limitation, each well presently drilling to or completed in the Barker Dome-Akah/Upper Barker Creek or Barker Dome-Desert Creek Pool or in its corresponding vertical limits as described in Ordering Paragraph No. (4) above, or within one mile thereof, shall receive no more than one-fourth of a standard allowable for said pool(s)

(11) Pursuant to Paragraph A of Section 70-2-18, N.M.S.A. 1978 Comp., contained in Laws of 1969, Chapter 271, existing gas wells in the Barker Dome-Ismay Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 160 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of

allowable until a non-standard spacing unit has been approved and, subject to said 60-day limitation, each well presently drilling to or completed in the Barker Dome-Ismay Pool or in its corresponding vertical limits as described in Ordering Paragraph No. (4) above, or within one mile thereof, shall receive no more than one-fourth of a standard allowable for said pool.

(12) The applicant's request to amend the Special Rules and Regulations for the Barker Dome-Paradox Pool, as promulgated by Division Order No. R-46, is hereby denied.

(13) The Barker Dome-Paradox Pool shall continue to be subject to the Special Rules and Regulations as contained within Division Order No. R-46 until further order of the Division.

(14) The applicant's request to extend the horizontal boundaries of the Barker Dome-Paradox Pool to include the acreage described in Finding No. (6) above, is hereby denied. In addition, the applicant's request to include this acreage within the Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools is hereby denied.

(15) This case shall be reopened at an examiner hearing in February, 1997, at which time the operators in the subject pools should be prepared to appear and show cause why the Temporary Special Rules and Regulations for the Barker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools should not be rescinded.

(16) Jurisdiction is hereby 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

WILLIAM J. LEMAY
Director

S E A L