



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

GARREY CARRUTHERS
GOVERNOR

August 7, 1990

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

Kellahin, Kellahin & Aubrey
P.O. Box 2265
Santa Fe, NM 87504-2265

Attention: W. Thomas Kellahin
General Counsel for Meridian Oil, Inc.

RE: Unorthodox coal gas well location request dated July 31, 1990. San Juan 30-6 Unit Well No. 498 to be drilled 2185' FNL - 2295' FEL (Unit G) of Section 30, Township 30 North, Range 7 West, NMPM, Basin-Fruitland Coal Gas Pool, Rio Arriba County, New Mexico.

Dear Mr. Kellahin:

In reviewing the subject applications to be set for hearing on the August 22, 1990 docket, it appears that this matter can be considered administratively and does not require hearing for resolution. I am therefore returning the subject request for hearing to you since it is deemed unnecessary at this time.

Please submit the required information for administrative review pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool, as promulgated by Division Order No. R-8768, and pursuant to Memorandum 1-90, attached.

Should you have any questions concerning this matter, please contact me.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/ag

cc: Oil Conservation Division - Aztec
William J. LeMay, Director

Meridian Oil, Inc. - Farmington
US Bureau of Land Management - Farmington



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

GARREY CARRUTHERS
GOVERNOR

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

No. 1-90

MEMORANDUM

TO: All Operators
FROM: William J. LeMay, Director *WJL*
SUBJECT: Administrative Applications for Unorthodox Locations
DATE: March 21, 1990

Division Memorandum No. 3-89, dated March 24, 1989, advised the industry that the OCD would no longer automatically approve unopposed unorthodox location applications. Unorthodox locations can be approved administratively in accordance with the Rules and Regulations or applicable special pool rules if surface conditions truly prevent the use of a legal location and if directional drilling to a legal location is not feasible.

Topographic conditions which will be considered to justify an unorthodox location include such traditional factors as terrain features (steep slopes, arroyos, etc.) which make drilling impractical. In addition, approval may be given to avoid archeological sites which may not be disturbed without substantial mitigation, incompatible surface uses such as buildings, recreation areas, etc. Applications should fully document the reason an unorthodox location is required.

The attached guidelines state the minimum information which should be submitted with applications for administrative approval of unorthodox locations. Failure to provide the necessary information will probably result in processing delays.

If the surface of the proration unit or proposed drill site is controlled by a Federal Surface Management Agency, a copy of the application must be sent to the appropriate agency office.

If there are legal locations within the proration unit which are drillable, but the operator chooses not to drill those locations for geological reasons the application cannot be approved administratively and a hearing will be required.

NEW MEXICO OIL CONSERVATION DIVISION

**SUBMITTAL GUIDELINES FOR ADMINISTRATIVE APPROVAL
OF NON-STANDARD LOCATION APPLICATIONS**

- I. If the well is located on Federal or Indian Lands, the Federal Surface Management Agency must be notified and an on-site inspection conducted prior to filing the application. If an Application for Permit to drill or a Notice of Staking has been prepared, a copy must be submitted.
- II. Completed C-102 showing the well location, proration unit, leases within the unit and other required information.
- III. Land plat showing offset operators and working interest owners and any offsetting wells producing from the same pool or formation.
 - A. This information may be shown on the topo map if it does not impair the readability of the map.
 - B. The operator should certify that the information is current and correct.
- IV. Original or clear copy of topographic map, preferably 7.5 minute quad, showing contours and other mapped features impacting the location, with the following information marked thereon (In order to be able to adequately show all of the necessary surface conditions it may be necessary to enlarge the relevant portion of the topo map to provide room for detail):
 - A. The proposed well location and proration unit;
 - B. An outline of the orthodox drilling windows as provided in the applicable rules for the subject application;
 - C. The location of any wells to any formation within the area of the proration unit and a statement as to whether an existing pad can be used to drill the proposed well;
- V. An enlargement of the topo map showing the subject area with the applicable additional information:
 - A. Terrain features not shown on the map which make an orthodox location unusable;
 - B. Proposed access roads and pipelines if they affect the location selection;
 - C. The location of any surface uses which prevent use of a legal location;

- D. The location of any archeological sites identified in the archeological survey;
- E. The location and nature of any other surface conditions which prevent the use of an orthodox location.
- VI. If archeological sites are a reason for the unorthodox location request, a copy of the archeological survey, or a summary, identifying sites which cannot be disturbed or which must have any disturbance mitigated. In addition, the location of such areas should be marked on the enlarged topo so they can be clearly identified.
- VII. A narrative report of any on-site inspection of the potential locations. If such on-site has resulted in elimination of legal locations due to surface conditions, such information should also be noted on the enlarged topo.
- VIII. A statement of why directional drilling to reach a legal bottom-hole location is not feasible.
- IX. An affidavit that notice has been sent to all parties entitled thereto, under the Divisions Rules and Regulations with return receipt cards showing date of receipt of notice.

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN
OF COUNSEL

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

July 31, 1990

HAND DELIVERED

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

Re: Meridian Oil Inc., for
Unorthodox Location, San
Juan 30-6 Unit Well No. 498
Basin Fruitland Coal Gas Pool,
Rio Arriba County, New Mexico

RECEIVED

JUL 31 1990
OIL CONSERVATION DIV.
SANTA FE

Dear Mr. LeMay:

Enclosed please find the original and one copy of Meridian Oil Inc.'s application on behalf of El Paso Natural Gas Company, for approval of an unorthodox location in the Basin Fruitland Coal Gas Pool, Rio Arriba County, New Mexico. Please set this application for hearing on the examiner docket on August 22, 1990.

By copy of this letter and Application to all parties, we are notifying them by certified mail, return-receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of in opposition to the Application.

Sincerely,


W. Thomas Kellahin

WTK/tic
Encl.

xc: Mr. Alan Alexander
Meridian Oil Inc.
P. O. Box 4289
Farmington, New Mexico 87499-4289

Certified mail return-receipt
Blackwood and Nichols Co., LTD

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

IN THE MATTER OF THE APPLICATION
OF MERIDIAN OIL INC, FOR APPROVAL
OF AN UNORTHODOX LOCATION, BASIN
FRUITLAND COAL GAS POOL, RIO ARRIBA
COUNTY, NEW MEXICO

Case No. _____

A P P L I C A T I O N

COMES NOW Meridian Oil Inc., by and through its attorneys, KELLAHIN, KELLAHIN & AUBREY, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox Basin Fruitland Coal gas well location for its San Juan 30-6 Unit No. 449 Well, 2185 feet FNL and 2295 feet FEL, (SW/4 NE/4) of Section 30, T30N, R7W, Rio Arriba County, New Mexico.

1. Applicant is the operator of the above-described proration and spacing unit which is part of the San Juan 30-6 Unit.
2. Applicant proposes to form a standard proration and spacing unit consisting of the E/2 of Section 30, in accordance with the rules governing the Basin Fruitland Coal Pool.

3. Due to archaeological considerations, Applicant proposes to drill its San Juan 30-6 Unit No. 449 Well at an unorthodox gas well location 2185 feet FNL and 2295 feet FEL (SW/4 NE/4) of Section 30, T30N, R7W, Rio Arriba County, New Mexico.

4. Attached as Exhibit A is a plat showing the described acreage and the proposed well location.

5. Pursuant to Division rules, a copy of this application was mailed by certified mail, return-receipt requested, to all parties listed on Exhibit "A" notifying them of the hearing set for August 22, 1990.

WHEREFORE, Applicant requests that after notice and hearing, the application be granted.

KELLAHIN, KELLAHIN & AUBREY



W. Thomas Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

Attorneys for Meridian Oil Inc.