

MERIDIAN OIL

OIL CONSERVATION DIVISION
RECEIVED

'90 NOV 16 AM 9 10

November 13, 1990

New Mexico Oil Conservation Division
Attn: Mr. Michael E. Stogner
P.O. Box 2088
Santa Fe, New Mexico 87504

RE: Jicarilla 123 C #26
1500' FSL, 1812' FEL (Unit J)
Section 8, T25N, R04W
Basin Fruitland Coal Gas Pool
Rio Arriba County, New Mexico
Unorthodox Coal Gas Well Location

Dear Mr. Stogner:

At the time Meridian Oil submitted the above-referenced unorthodox coal gas well location for your approval, we were aware that two South Blanco Pictured Cliffs gas wells were located in the E/2 320-acre coal dedication. Therefore, in response to your letter dated November 8, 1990 regarding the subject well, the following is submitted:

The primary justification of choosing the Jicarilla 123 C #26 over the Jicarilla 123 C #21 (standard location) was the productivity of the wells. The Jicarilla 123 C #26 has been producing at 1 MCF/D and is uneconomic to operate. Workovers and sales compression of the producing formation were evaluated, but these alternatives could not be economically justified. The Jicarilla 123 C #21 has sustained production of 55 MCF/D and is currently economic to operate. The plug back of the Jicarilla 123 C #21 at this time for the sole purpose of a standardized location would not be considered prudent management by Meridian of existing reserve potential. The continued production of the Jicarilla 123 C #21 and the recompletion of the Jicarilla 123 C #26 is the optimum protection of correlative rights for Meridian, the royalty interest owners and the State of New Mexico. Meridian does not feel the productivity of the coal will vary between the locations. Recompletion of the Jicarilla 123 C #26 will allow us to produce Fruitland Coal reserves without creating economic waste by drilling a new well.

New Mexico Oil Conservation Division
Jicarilla 123 C #26
Page Two

Included is the requested plat of offsetting dedicated units showing completed coal projects and those proposed to date. Although all proposed coal gas well development projects are included, additional projects may be proposed in the future. Because it is less desirable from an economic standpoint to drill new wells in this area, the off pattern development of this unit utilizing the existing subject wellbore represents the most prudent operation for the immediate area.

Should you have any questions, please contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "R. E. Fraley".

Richard E. Fraley
Regional Production Engineer

REF/CJS:tt

attachments

cc: Oil Conservation Division/Aztec
US Bureau of Land Management/Farmington
Peggy A. Bradfield

DATE: NOVEMBER 13, 1990
 NAME: JICARILLA 123 C #26
 FORM: PICTURED CLIFFS

LOCATION
 UNIT: J
 SEC: 08
 TWN: 25
 RNG: 04

T
25
N

LEGEND

- WELLNAME *
- EXISTING FORMATION -
- PRIOR TO RECOMPLETION
- STATUS

<p>[6]</p> <p>JICARILLA 123 C #17 (PC) COMPLETED FRT R/C</p>	<p>[5]</p>	<p>[4]</p>
<p>JICARILLA 123 C #24 (PC) PROPOSED FRT R/C [7]</p> <p>JICARILLA 123 C #12 (PC) PROPOSED FRT R/C</p>	<p>JICARILLA 123 C #25 (PC) PROPOSED FRT R/C [8]</p> <p>JICARILLA 123 C #26 (PC) PROPOSED FRT R/C</p>	<p>[9]</p>
<p>[18]</p>	<p>[17]</p>	<p>[16]</p>



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

MERIDIAN OIL

NOV 11 1990

GARREY CARRUTHERS
GOVERNOR

FARMINGTON, NEW MEXICO
REGULATORY

November 8, 1990

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

Meridian Oil, Inc.
P.O. Box 4289
Farmington, NM 87499-4289

Attention: Peggy Bradfield

RE: *Unorthodox coal gas well location, Jicarilla 123-C Well No. 26, 1500' FSL - 1812' FEL (Unit J); 8-T25N-R4W, NMPM, Basin-Fruitland Coal Gas Pool, Rio Arriba County, New Mexico.*

Dear Ms. Bradfield:

Having received many applications in the past to recomplete existing wells to the Basin-Fruitland Coal Gas Pool at unorthodox coal gas well locations, usually Pictured Cliffs wells, which are off pattern for coal gas development, it appears that additional information may be necessary to properly evaluate future filings in instances when there are two wells in the proposed coal spacing unit producing from the same formation in which the one to be recompleted is off-pattern.

In the immediate instance, the proposed E/2 320-acre coal dedication has two South Blanco Pictured Cliffs Gas wells; the subject Jicarilla 123-C Well No. 26 located in Unit J and the Jicarilla 123-C Well No. 21 located in Unit A at a standard coal gas well location. Why was the No. 26 chosen over the No. 21 well? Also, how does this off-pattern recompletion effect coal development in the immediate area? Please submit any supporting production data, engineering evaluation and related technical data to support your choice of wells for recompletion. Also submit a plat of the offsetting sections showing the coal completions presently planned or currently producing and provide a discussion addressing the proposed off-pattern development.

Should you have any questions, please contact me.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington

Sec. 8 Township No. 25 North of Range No. 4 West

		<p>Meridian Oil Inc. Jicarilla 123-C Well No. 21 805' FNL - 840' FSL Spud: 5/21/76 South Blanco Pictured Cliffs Completion.</p>	
<p>Meridian Oil Inc. Jicarilla 123-C Well No. 25 1500' FNL - 1600' FSL Spud: 4/20/77 South Blanco Pictured Cliffs Comp. <i>All to be converted</i> 1290</p>			
			<p>Meridian Oil Inc. Jicarilla 123-C Well No. 26 1500' FSL - 1812' FSL Spud: 4/27/77 South Blanco Pictured Cliffs Comp. <i>Subject Well</i></p>
<p>Meridian Oil Inc. Jicarilla 123-C Well No. 5 990' FSL - 1500' FNL Spud: 6/14/57 South Blanco Pictured Cliffs Comp.</p>			

Standard
640 ac.
Section



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

GARREY CARRUTHERS
GOVERNOR

November 8, 1990

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SANTA FE, NEW MEXICO 87504
(505) 827-5800

Meridian Oil, Inc.
P.O. Box 4289
Farmington, NM 87499-4289

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Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington