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April 23, 1996

11536

HAND DELIVERED

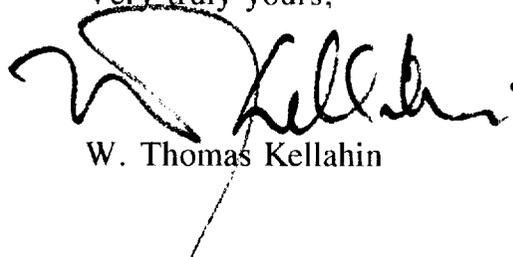
Mr. William J. LeMay, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Allison Unit Com Well No. 146
Application of Meridian Oil Inc.
for an Unorthodox Coal Gas Well Location,
San Juan County, New Mexico

Dear Mr. LeMay:

On behalf of Meridian Oil Inc., please find enclosed our referenced application which we request be set on the Examiner's docket now scheduled for hearing in on May 16, 1996. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: Meridian Oil Inc.
Attn: Alan Alexander

Proposed notification/advertisement for OCD docket

Case 11536 : Application of Meridian Oil Inc. for an unorthodox coal-gas well location, San Juan County New Mexico. Applicant seeks approval to drill its proposed Allison Unit Com Well No. 146 at an unorthodox coal-gas well location ("off-pattern") 1000 feet from the north line and 1265 feet from the west line of Section 23, Township 32 North, Range 7 West, to be dedicated to a standard 320-acre gas spacing unit consisting of the W/2 of said Section 23 and to be dedicated to any and all coal-gas production within the limits of the Basin Fruitland Coal Gas Pool, Said well is located approximately 4 miles southeast of the intersection of State Highway 511 with border between the State of Colorado and the State of New Mexico.

**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 COAL GAS WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO**

CASE NO. 11536

APPLICATION

Comes now MERIDIAN OIL INC., by and through its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox well location ("OFF-PATTERN") in the Basin Fruitland Coal Gas Pool for its proposed Allison Unit Com Well No. 146 to be drilled at an unorthodox well location 1000 feet FNL and 1265 feet FWL of Section 23, T32N, R7W, NMPM, San Juan County, New Mexico, and to be dedicated to a 320 acre spacing unit consisting of the W/2 of Section 23, and in support states:

Application of Meridian Oil Inc.

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(1) Meridian Oil Inc. is the proposed operator of the subject well and is the current operator of the Allison Unit.

(2) Meridian Oil Inc. seeks to drill its Allison Unit Com Well No. 146 in the Basin Fruitland Coal Gas Pool at an unorthodox location in the NW/4 of Section 23 at a location 1000 feet FNL and 1265 feet FWL (Unit D) of Section 23, T32N, R7W, NMPM, Rio Arriba County, New Mexico. See Exhibit "A" attached

(3) The proposed location is standard as to the footage requirements but is unorthodox in that it is "off-pattern" for the Basin-Fruitland Coal Gas Pool because it is located in the NW/4 of the section rather than either the NE/4 or the SW/4 of the section.

(4) There is currently a Fruitland Coal Gas well at a an unorthodox ("off-pattern") location in the SE/4 of Section 23, T32N, R7W, being the Allison Unit Well No. 108, located 841 feet FSL and 790 feet FEL of said section.

(5) An off-pattern NW/4 location is requested in order to be in closer proximity to the de-watered area of the Allison Fruitland Coal Pool and to utilize the CO2 Enhanced Recovery Project being conducted in the Allison Unit.

(6) As a result of these production considerations, Meridian Oil Inc. requests a drilling location in the NW/4 of said Section 23.

(7) The proposed spacing unit consisting of the W/2 of said Section 23 is located so the NW/4 is within the Meridian operated Allison Unit and the SW/4 is within the Phillips Petroleum Company operated San Juan 32-7 Unit.

Application of Meridian Oil Inc.

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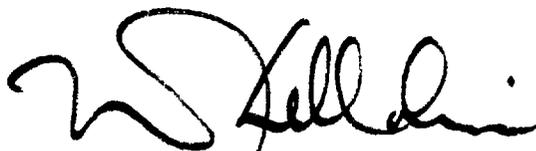
(8) No correlative rights will be impaired by approving this application.

(9) Meridian Oil Inc. requests that this matter be docketed for hearing on the Division Examiner docket now scheduled for May 16, 1994.

(10) Meridian Oil Inc. and Phillips Petroleum Company are the operators of all adjoining and offsetting coal gas spacing units and therefore notice of this case is being sent to Phillips Petroleum Company. See Exhibit "B" attached.

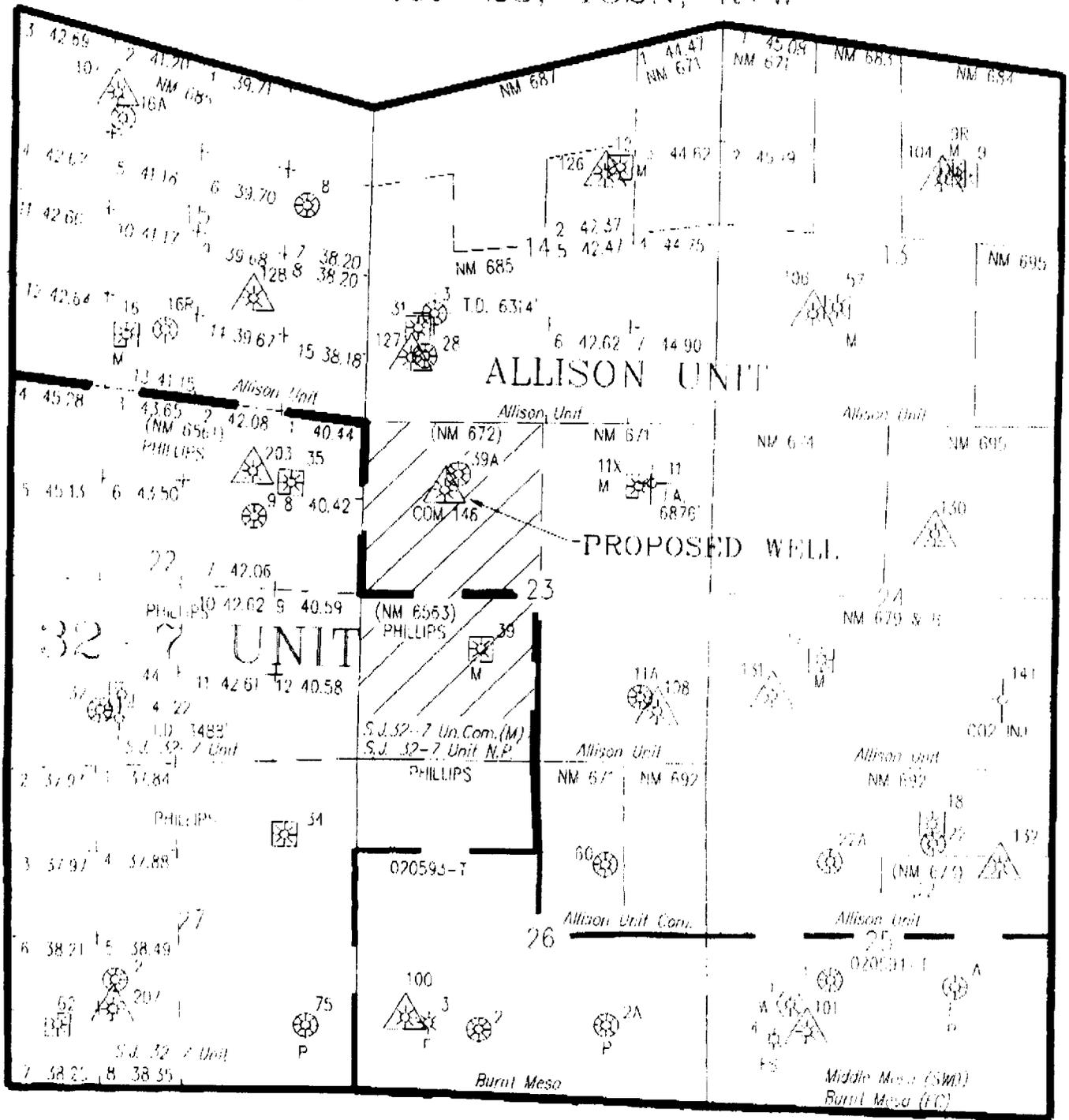
WHEREFORE, Meridian Oil Inc. requests that this matter be set for hearing on May 16, 1996 before a duly appointed Examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

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

ALLISON UNIT COM # 146
 1000' FNL, 1265' FWL
 SECTION 23, T32N, R7W



- FRUITLAND SAND
- MESAVERDE
- FRUITLAND COAL
- DAKOTA
- PICTURED CLIFFS
- GALLUP
- PROPOSED DRILLBLOCK

Exhibit "A"

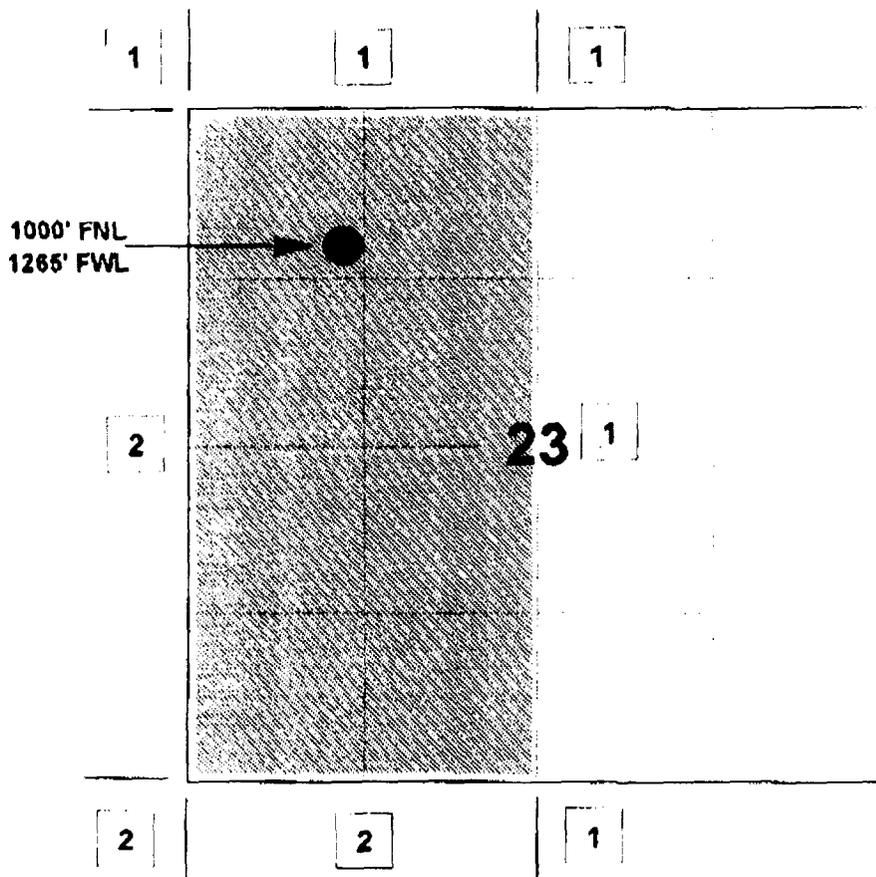
MERIDIAN OIL INC

ALLISON UNIT COM #146

OFFSET OPERATOR \ OWNER PLAT

Off-Pattern Fruitland Coal Well Location

Township 32 North, Range 7 West



1) Meridian Oil Inc

1) Phillip Petroleum Company

5525 Hwy. 64, NBU 3004, Farmington, NM 87401
