

Exhibits 1 through 8  
Complete Set

---

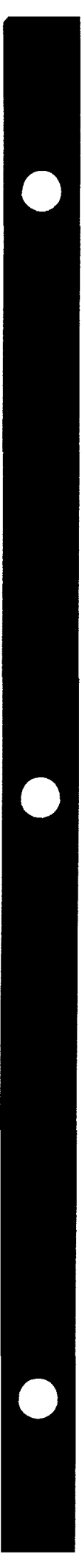
**MERIDIAN OIL INC.**

**CASE 10558**

**SEPTEMBER 17, 1992**



**EXHIBIT 1 |**



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  
TELEFAX (505) 982-2047

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)

August 25, 1992

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

HAND DELIVERED

AUG 1992

Received  
Dept.

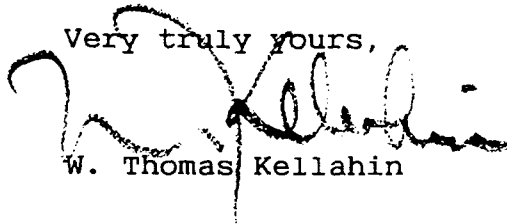
RE: Application of Meridian Oil Inc.  
for Approval of an  
Unorthodox Well Location,  
San Juan County, New Mexico

Dear Mr. Lemay:

On behalf of Meridian Oil Inc., please find enclosed our application for a hearing for the EPNG D Com #301 Well. We request that this case be set for hearing on September 17, 1992 Examiner's Docket.

By copy of this letter, including the application, to all parties listed on Exhibit "B" to the application, 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 or in opposition to the application.

Very truly yours,



W. Thomas Kellahin

WTK/jcl

Enclosure

xc: with Enclosure

Alan Alexander - Farmington, NM

By Certified Mail - Return Receipt Requested

All parties listed on Exhibit B of the Application

appt825.330

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 GAS WELL LOCATION,  
SAN JUAN COUNTY, NEW MEXICO

A P P L I C A T I O N

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 in the Basin Fruitland Coal Gas Pool for its proposed EPNG D Com #301 Well to be drilled at an unorthodox well location 1175 feet FNL and 1115 feet FWL of Section 36, T30N, R8W, NMPM, San Juan County, New Mexico and to be dedicated to a 320 acre spacing unit consisting of the N/2 of Section 36, and in support states:

(1) Meridian Oil Inc. ("Meridian") is the proposed operator of the subject well and is a working interest owner in the N/2 of Section 36.

(2) On March 27, 1990, Meridian completed its EPNG D Com #300 Well at a standard location in the NE/4 of Section 36 and dedicated the N/2 of Section 36 to the well. See Exhibit A, attached.

(3) The EPNG D Com #300 Well was completed open hole with an initial gauge of 88 MCFPD and was then recompleted using a 4 1/2 inch liner, perforated and fractured with sand on May 17, 1990 resulting in an initial gauge of volume of gas too small to measure.

(4) While the entire N/2 of Section 36 is potentially productive, Meridian has been unsuccessful in its attempts to obtain a commercial well in a standard quarter section in this spacing unit.

(5) The S/2 of Section 36 is already dedicated to a Fruitland Coal Gas well located in the SW/4 of Section 36 and Meridian's only remaining alternative is to attempt to locate a well in the NW/4 of Section 36.

(6) Meridian seeks to drill its EPNG D Com #301 Well in the Basin Fruitland Coal Gas Pool at an unorthodox location in the NW/4 being 1175 feet FNL and 1115 feet FWL of Section 36 as a replacement well for the EPNG D Com #300 which will be plugged and abandoned after the replacement well is completed.

(7) The proposed location is unorthodox for the Basin-Fruitland Coal Gas Pool because it is located in the NW/4 of the section rather than the NE/2 or the SW/4 of the section and requires an exception to Rule 7 of the Basin Fruitland Coal Gas Pool Rules (Order R-8768).

(8) The proposed unorthodox location is necessary in order for the applicant to economically recover Basin-Fruitland Coal Gas Pool reserves that are present in the N/2 of Section 36 and to avoid having this acreage drained by offsetting Basin Fruitland Coal Gas wells.

(9) Meridian requests that this matter be docketed for hearing on the Division Examiner docket now scheduled for September 17, 1992.

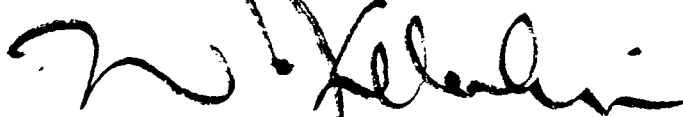
(10) A copy of this application has been sent to all offsetting operators and interested parties who might be affected by this application as identified and set forth on Exhibit B.

WHEREFORE, Meridian requests that this matter be set for hearing on September 17, 1992 before a duly appointed Examiner of the Oil Conservation Division and that after

Application of Meridian Oil, Inc.  
Page 4

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". The signature is written in a cursive style with a large initial "W" and a long, sweeping tail.

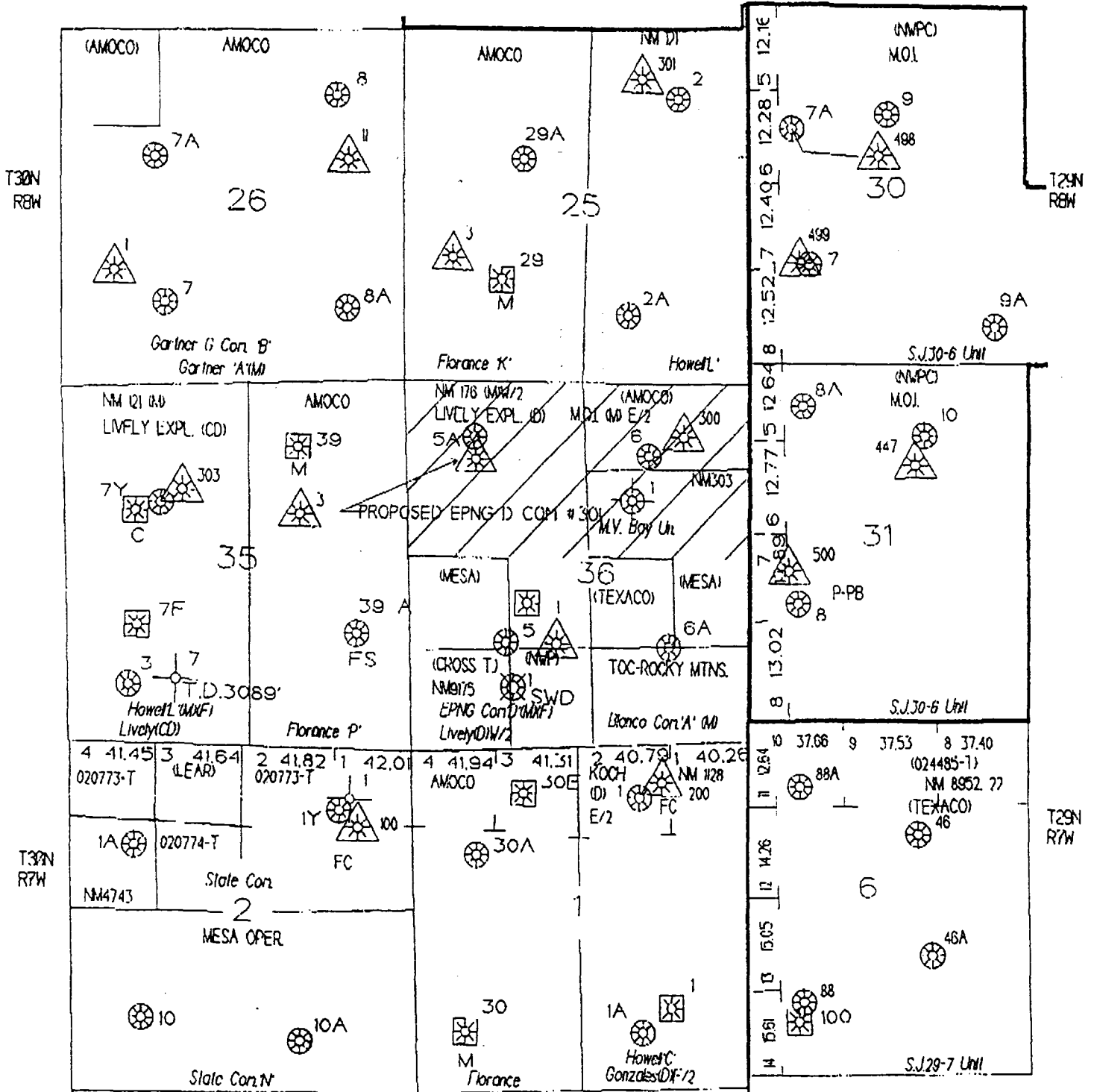
W. Thomas Kellahin  
Kellahin and Kellahin  
P.O. Box 2265  
Santa Fe, New Mexico 87504-2265  
(505) 982-4285  
Attorneys for Applicant

appt825.330



# EPNG D COM #301

Township 30 North, Range 8 West  
1175'fml, 1115'fml Section 36



Frutland Coal Spacing

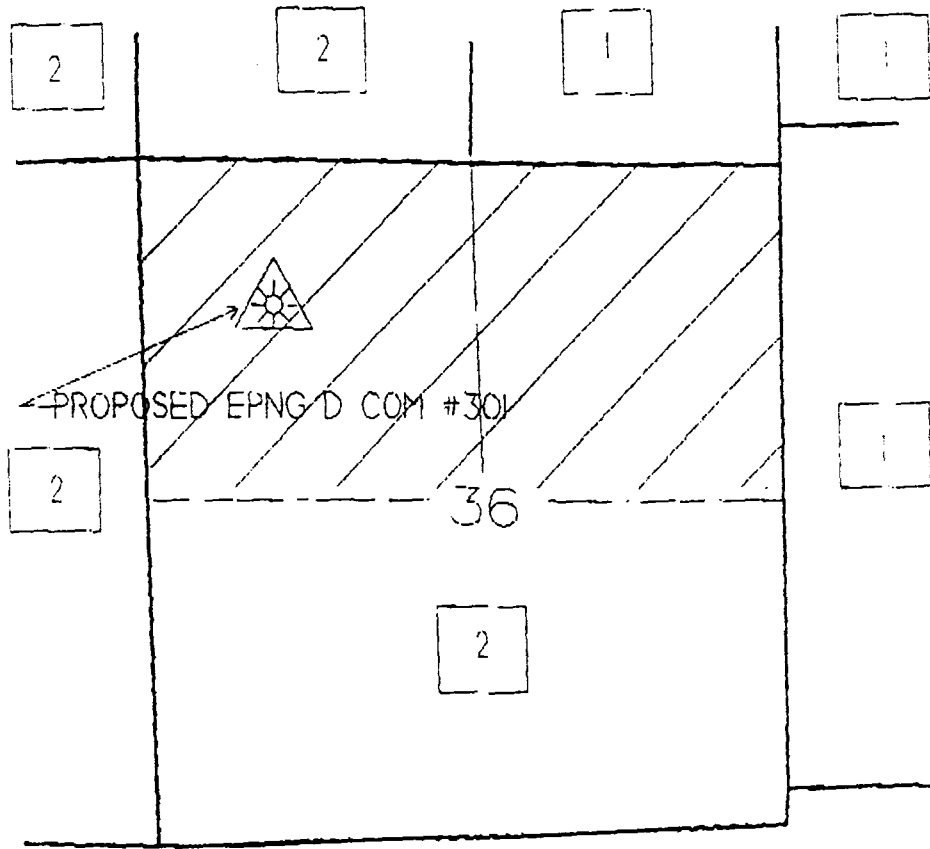
Mesoverde Well

Dakota Well

Frutland Coal Well

MERIDIAN OIL INC.  
OFFSET OPERATOR PLAT

EPNG D COM #301  
Township 30 North, Range 8 West  
1175'fnl.1115'fwl Section 36  
Fruitland Coal Formation



- 1 MERIDIAN OIL INC.

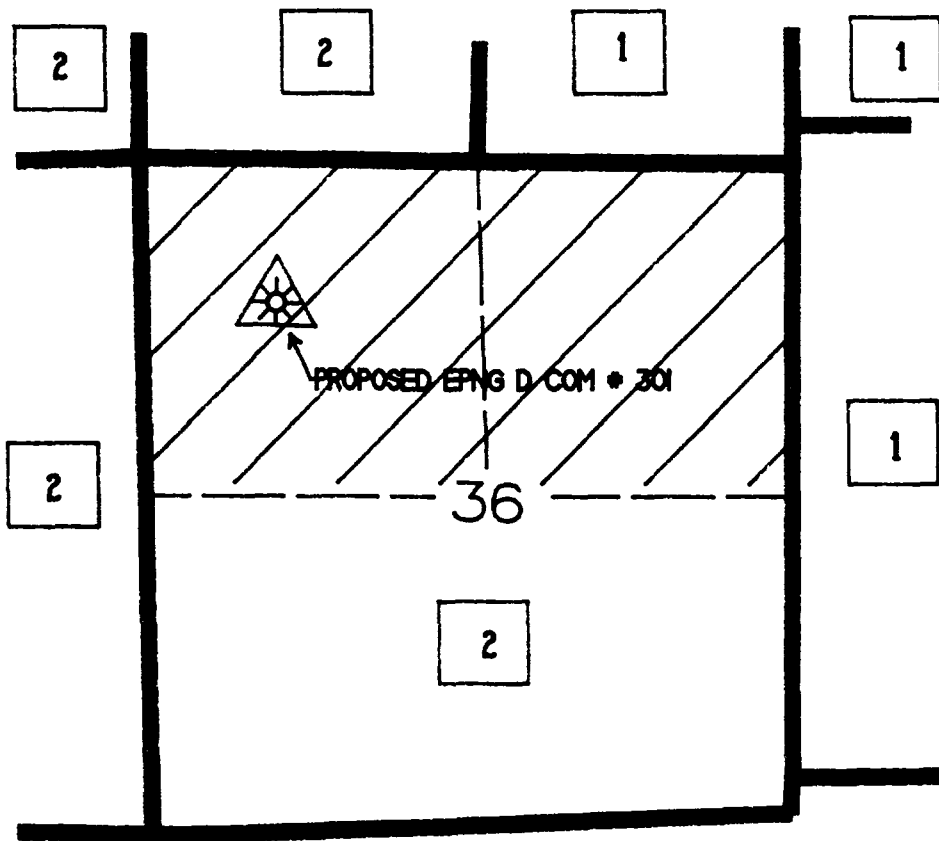
---

- 2 AMOCO PRODUCTION CO.-- P.O. BOX 800.DENVER CO.80202

**EXHIBIT 2**

MERIDIAN OIL INC.  
OFFSET OPERATOR PLAT

EPNG D COM #301  
Township 30 North, Range 8 West  
1175'fnl,1115'fwl Section 36  
Fruitland Coal Formation



1

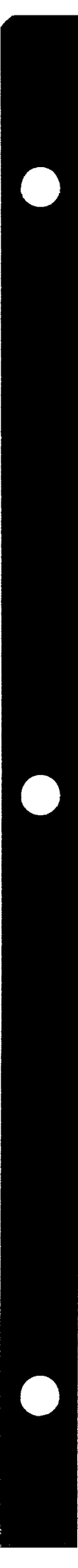
MERIDIAN OIL INC.

2

AMOCO PRODUCTION CO. P.O. 0 800 DENER CO.800



**EXHIBIT 3** |

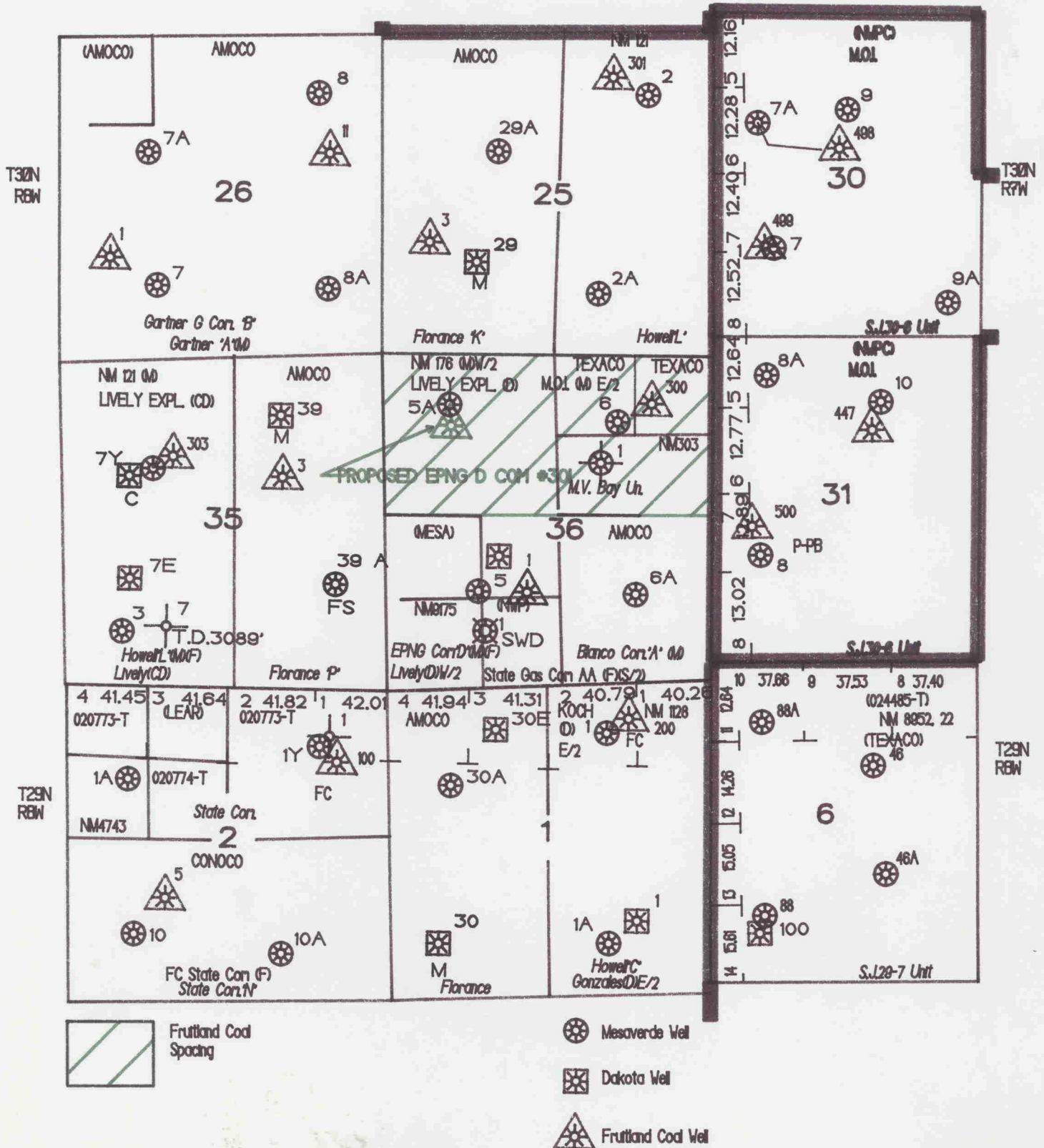


# MERIIDAN OIL INC.

## EPNG D COM #301

### Township 30 North, Range 8 West

### 1175'fnl,1115'fwl Section 36

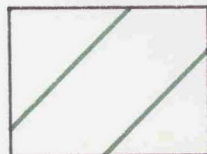
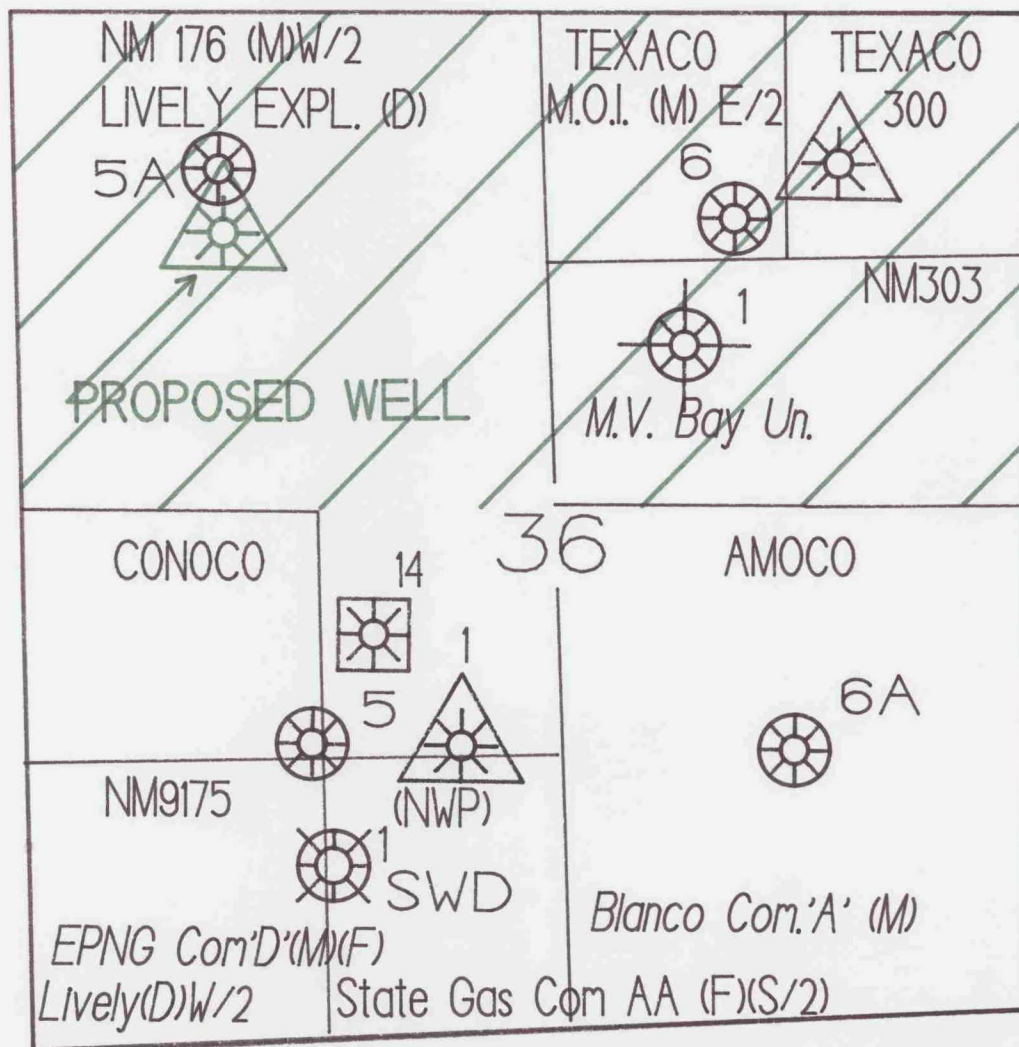


# MERIDIAN OIL INC.

## EPNG D COM #301

Township 30 North, Range 8 West

1175'fnl, 1115'fwl Section 36



Fruittland Coal Spacing



Mesaverde Well



Dakota Well

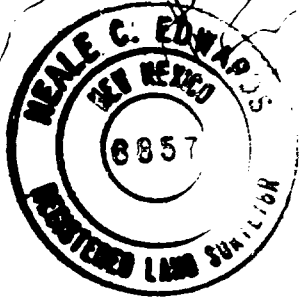
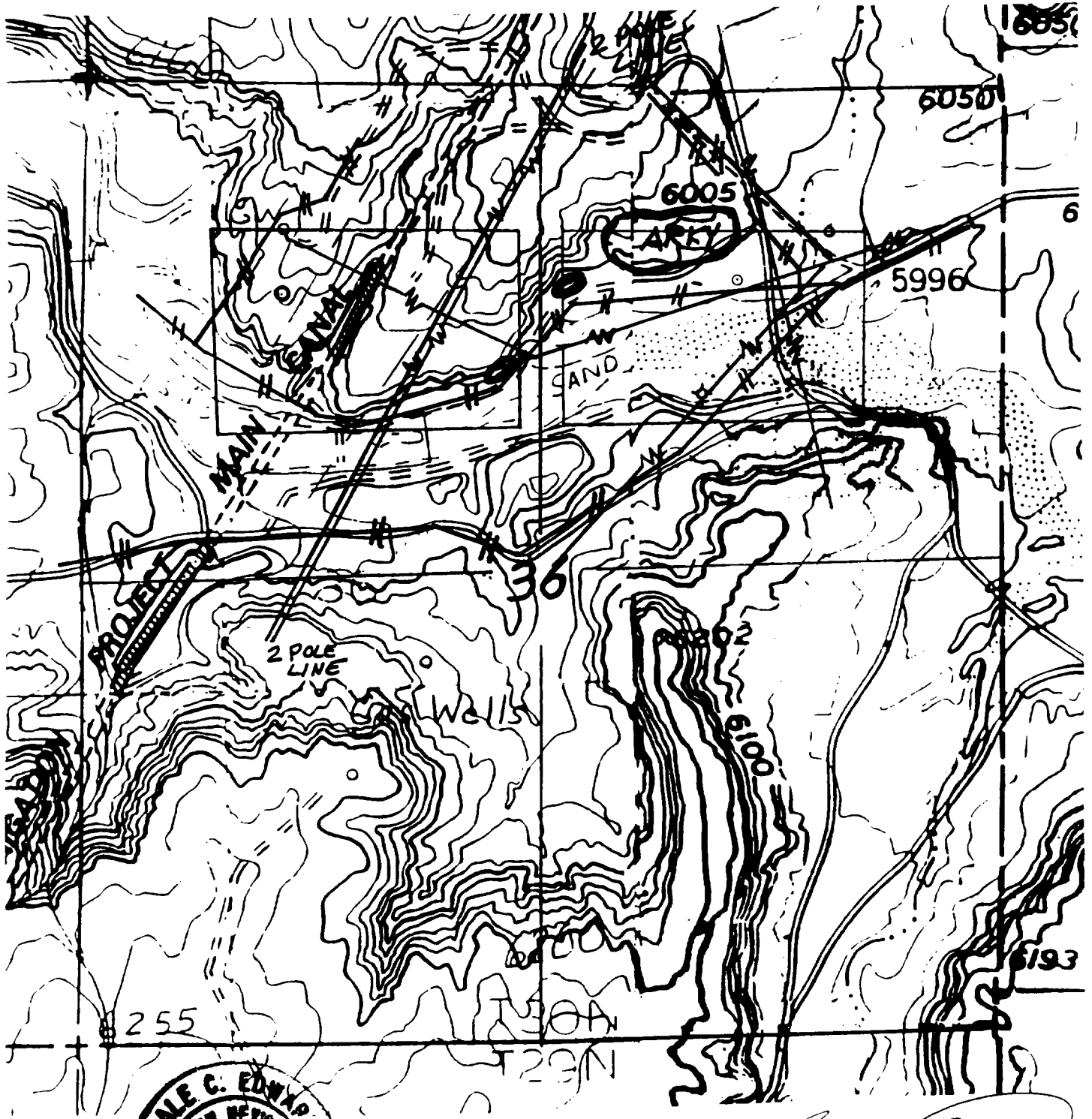


Fruittland Coal Well

MERIDIAN OIL INC.

EPNG D Com #301  
1175'FNL, 1115'FWL,  
Section 36, T30N, R8W, NMPM,  
San Juan County, NM

—W— EXISTING POWER-LINE  
—H— EXISTING PIPE-LINE



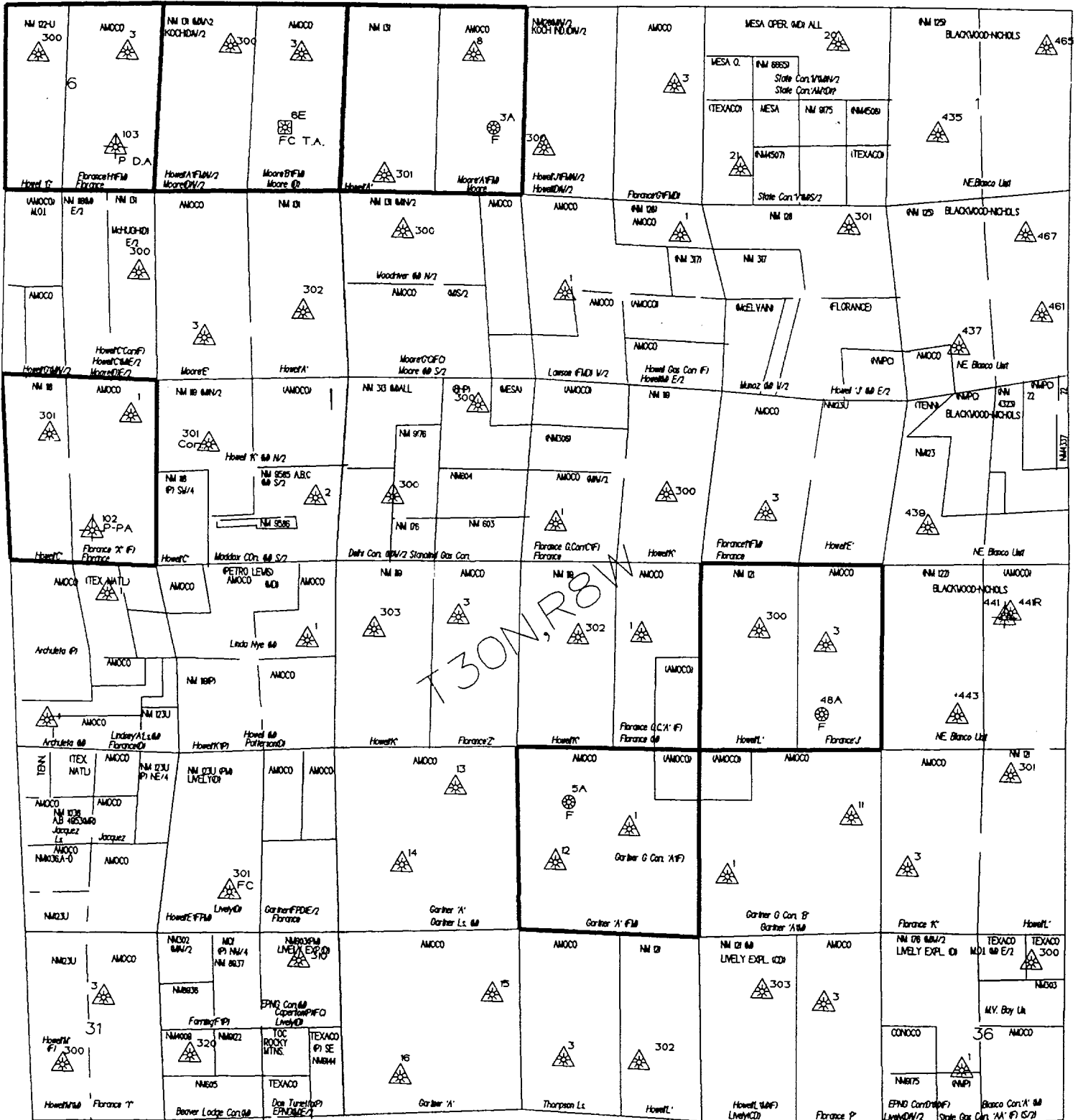
Prepared by:

*Neale C. Edwards*  
Neale C. Edwards  
NMRLS 6857



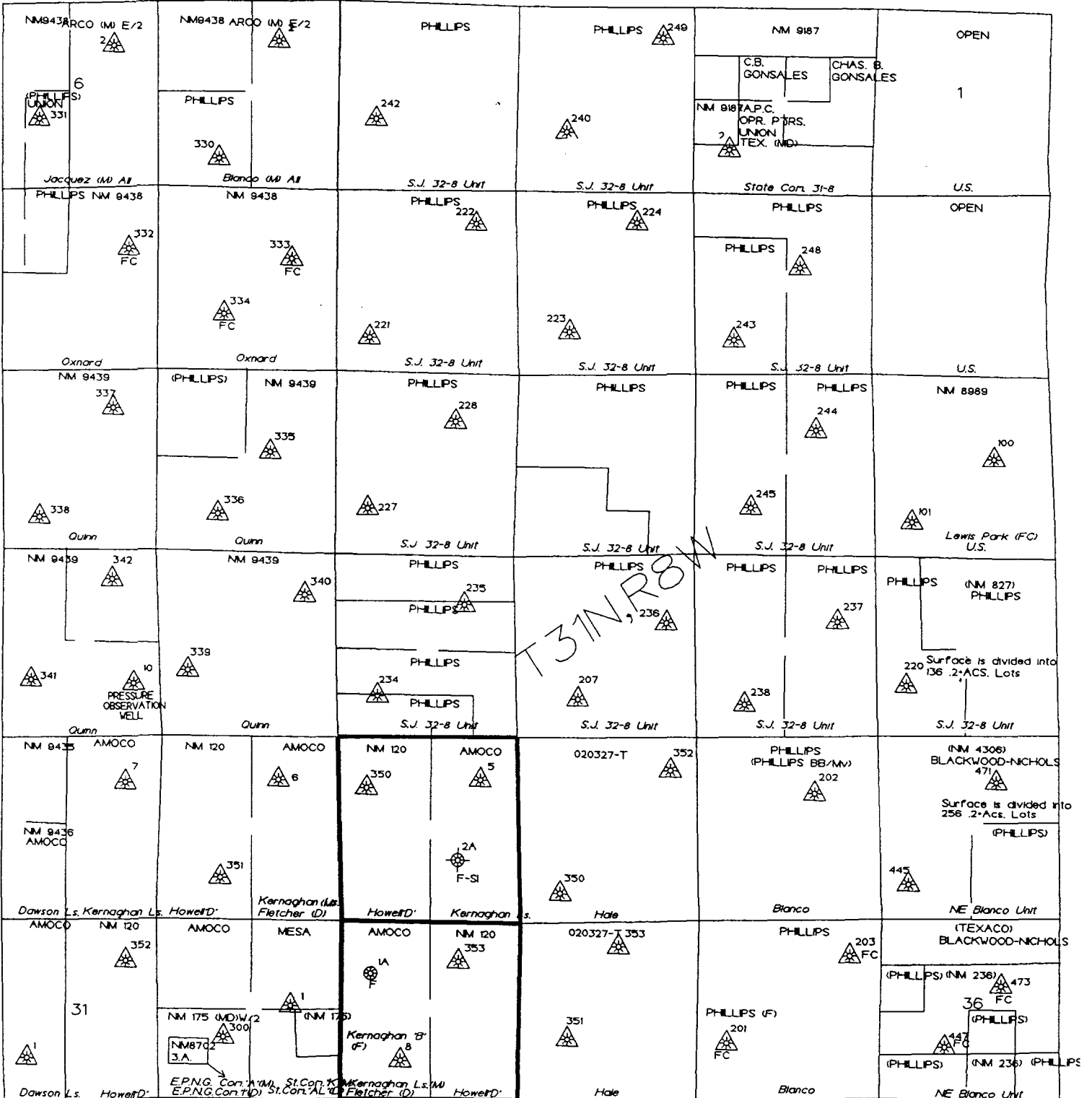
# MERIDIAN OIL INC.

## OFF PATTERN LOCATIONS BASIN FRUITLAND COAL T30NR8W



# MERIDIAN OIL INC

## OFF PATTERN LOCATIONS BASIN FRUITLAND COAL T31NR8W





**EXHIBIT 4**

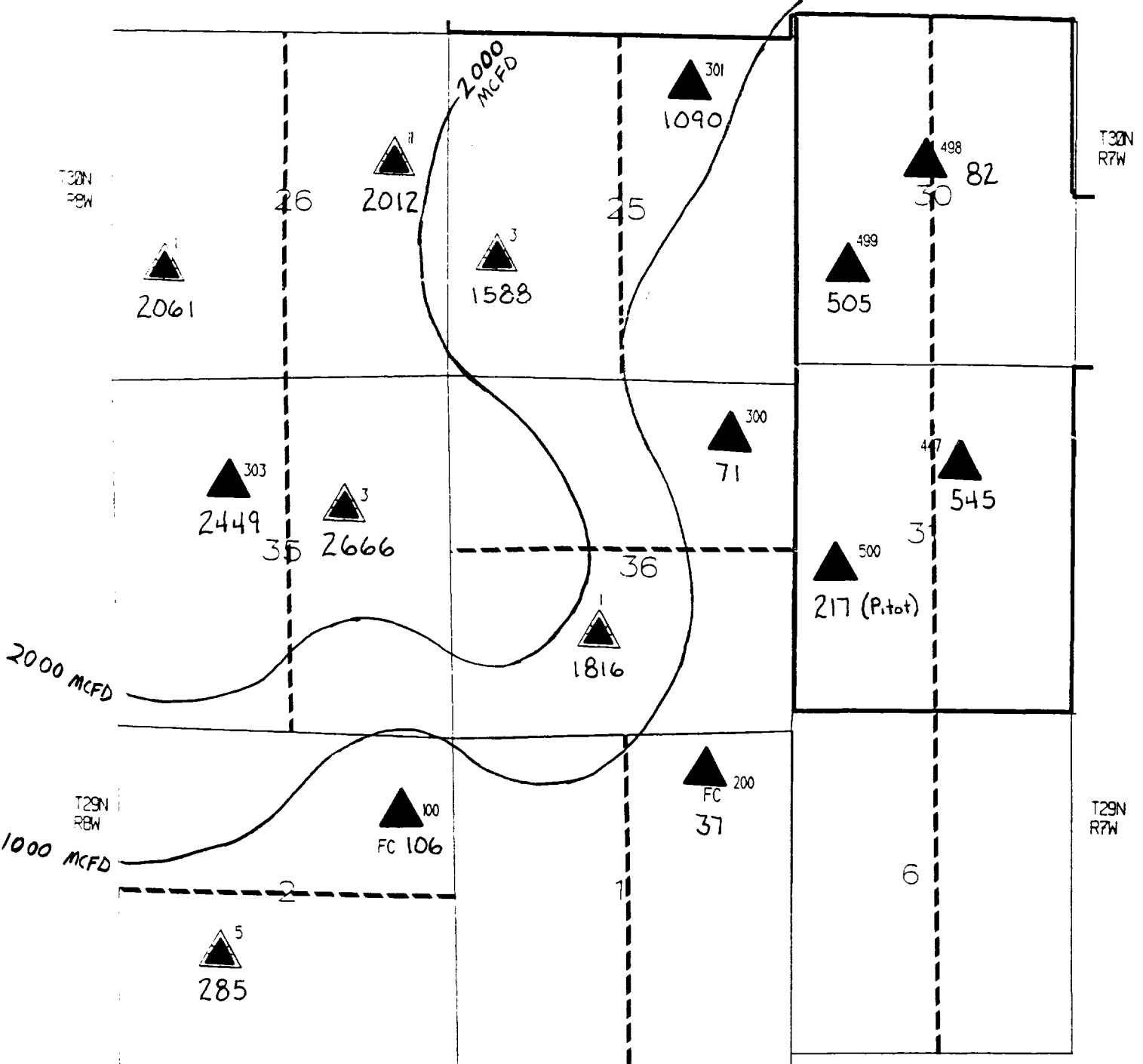


# MERIDIAN OIL INC.

## EPNG D COM #301

Township 30 North, Range 8 West

1175'fml, 1115'fwr Section 36



PRODUCTION RATE (MCFPD)

- ▲ NON MOI OPERATED
- ▲ MOI OPERATED
- △ Future Completion

1990-1999

1990-1999

GAS

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
10										
100										
1000										
10000										

MVA

• WATER  
\* GAS

10000

1000

100

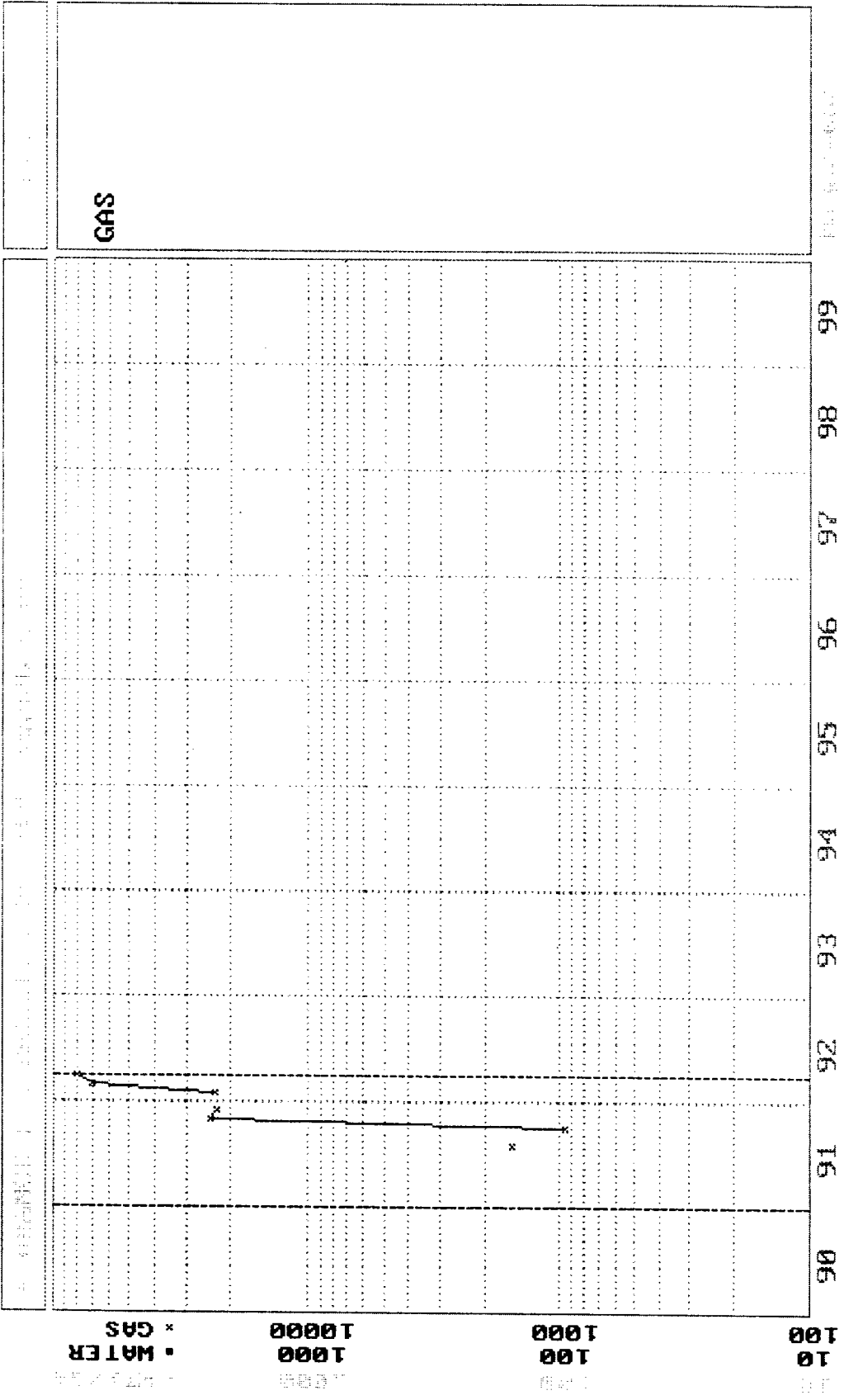
90 91 92 93 94 95 96 97 98 99

UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
WATER RESOURCES DIVISION  
GAS

Year	100	1000	10000	* WATER	* GAS
90					
91					
92					
93					
94					
95					
96					
97					
98					
99					

100 1000 10000 \* WATER \* GAS 90 91 92 93 94 95 96 97 98 99

100 1000 10000 \* WATER \* GAS



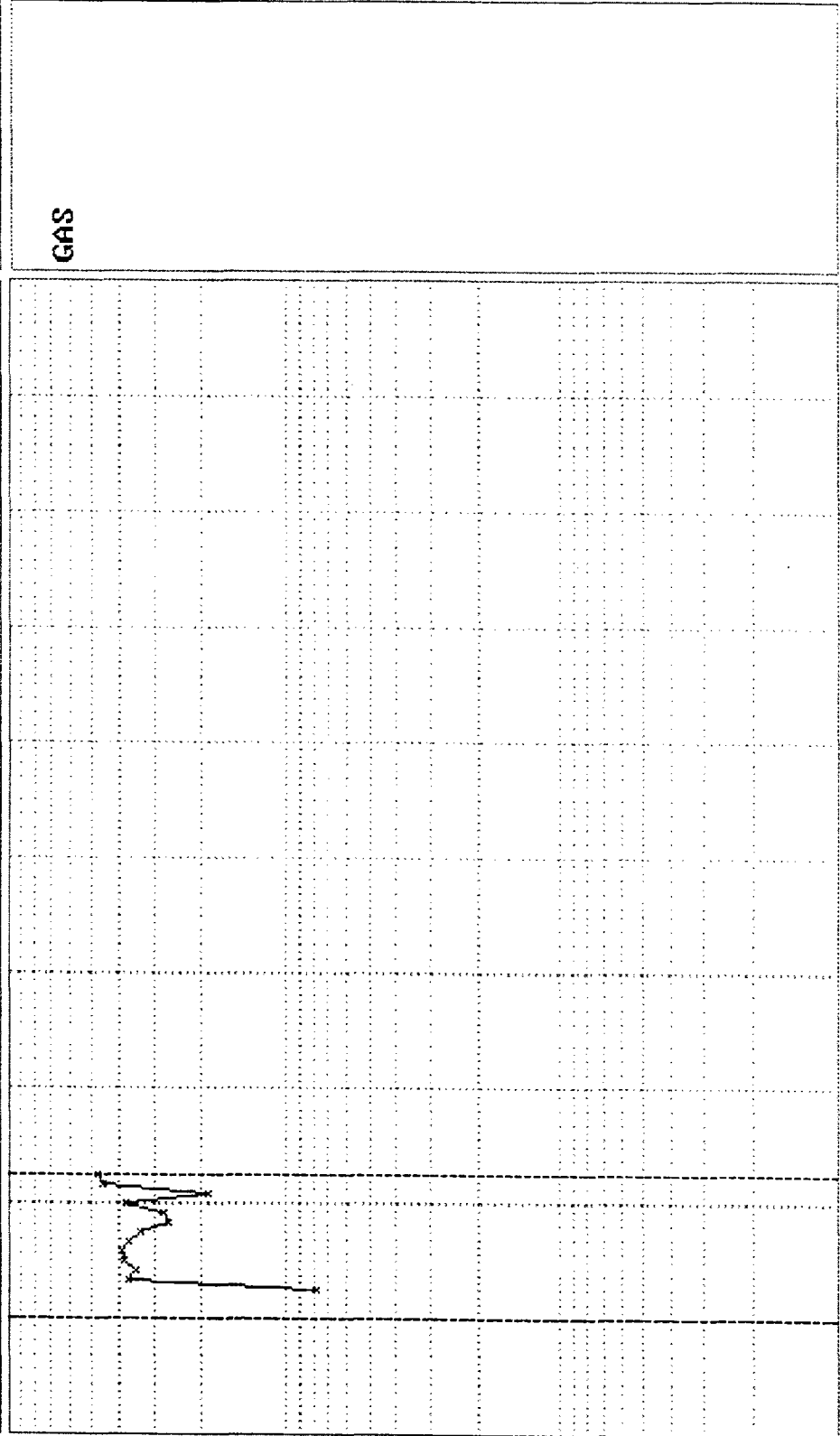
1000  
100  
10

90 91 92 93 94 95 96 97 98 99

GAS

EXPENSES

EXPENSES



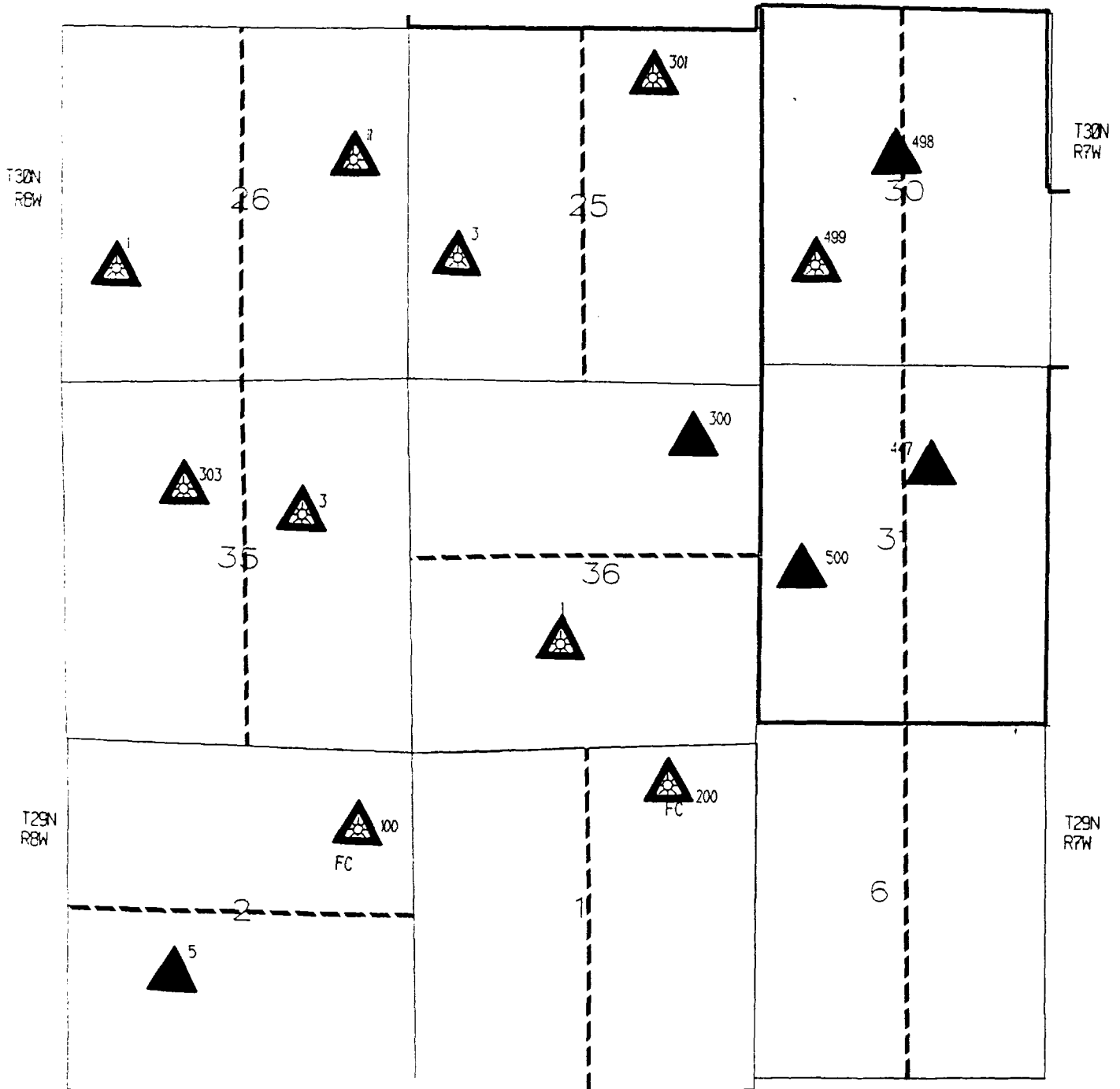
10000  
1000  
100  
10  
x GAS  
• WATER

EXPENSES






**EXHIBIT 5**

MERIDIAN OIL INC.  
 EPNG D COM #301  
 Township 30 North, Range 8 West  
 1175'fml,1115'fwl Section 36



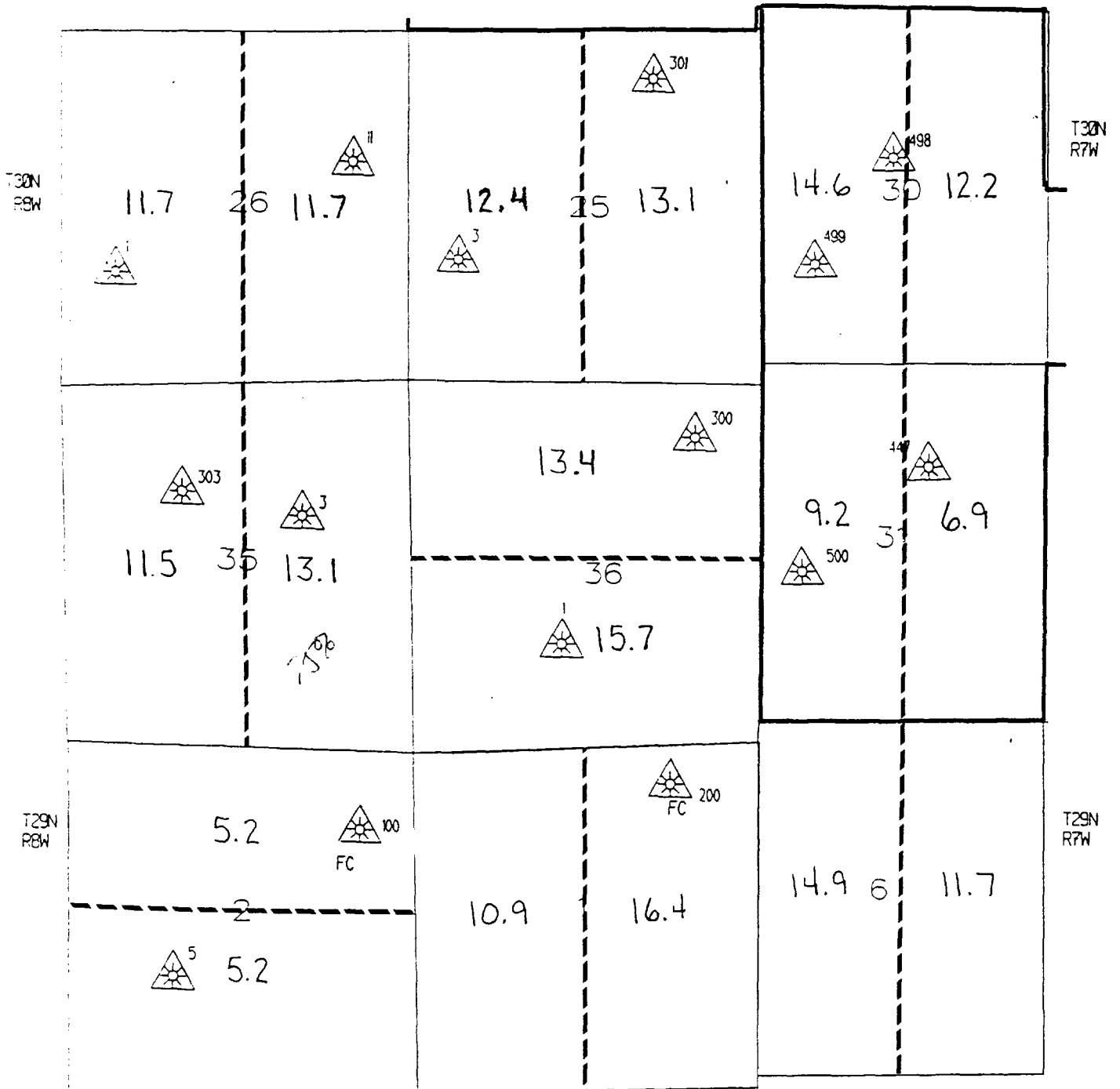
COMPLETION TECHNIQUES

-  STIMULATED COMPLETION
-  NATURAL COMPLETION
-  FURTHER COMPLETION

**EXHIBIT 6**



MERIDIAN OIL INC.  
 EPNG D COM #301  
 Township 30 North, Range 8 West  
 1175'fml, 1115'fwl Section 36



GAS IN PLACE (BCF)

# MERIDIAN OIL INC.

## EPNG D COM #301

Township 30 North, Range 8 West

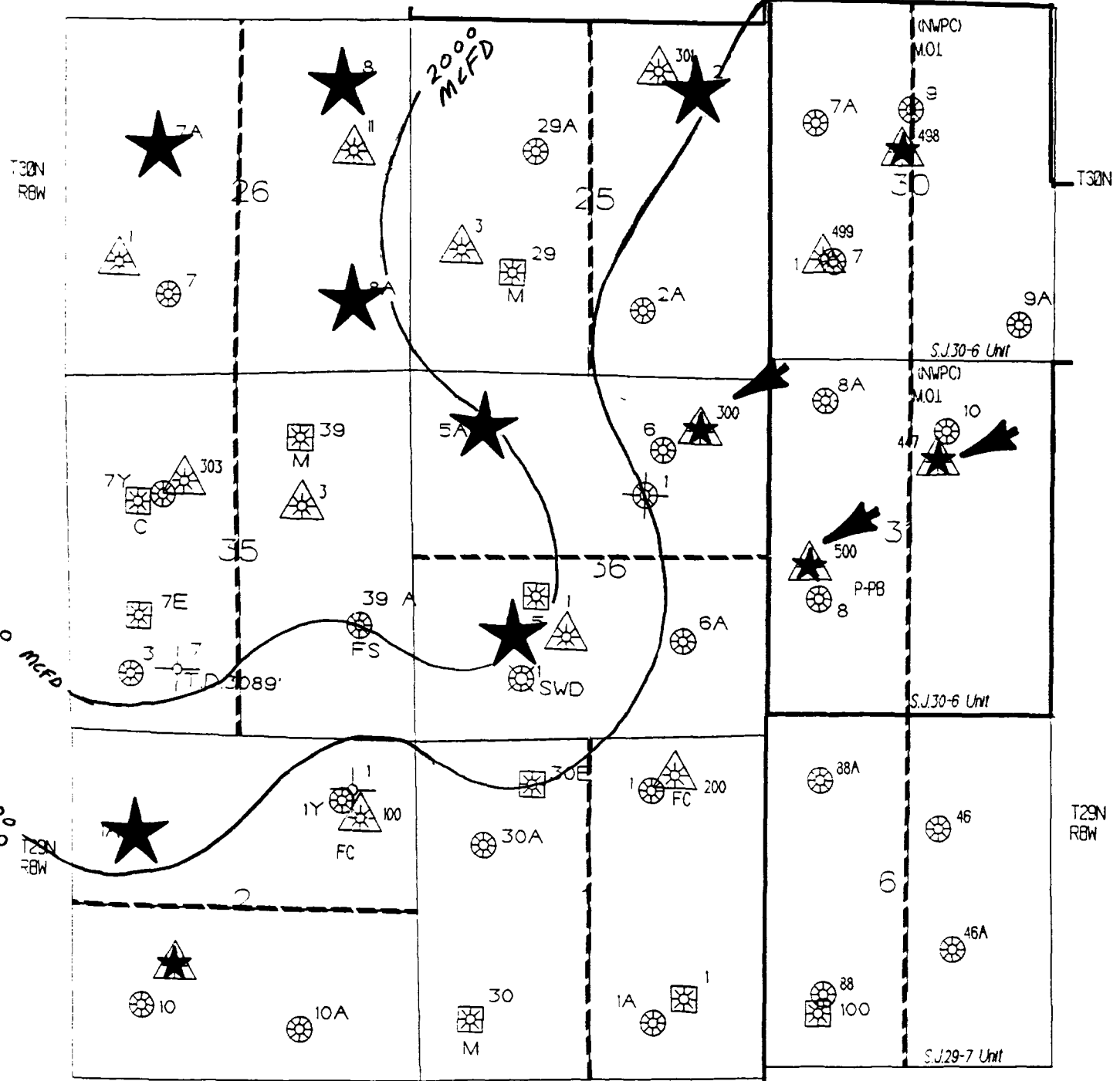
1175'fml, 1115'fwi Section 36




1000 MCFD




2000 MCFD

2000 MCFD

1000 MCFD

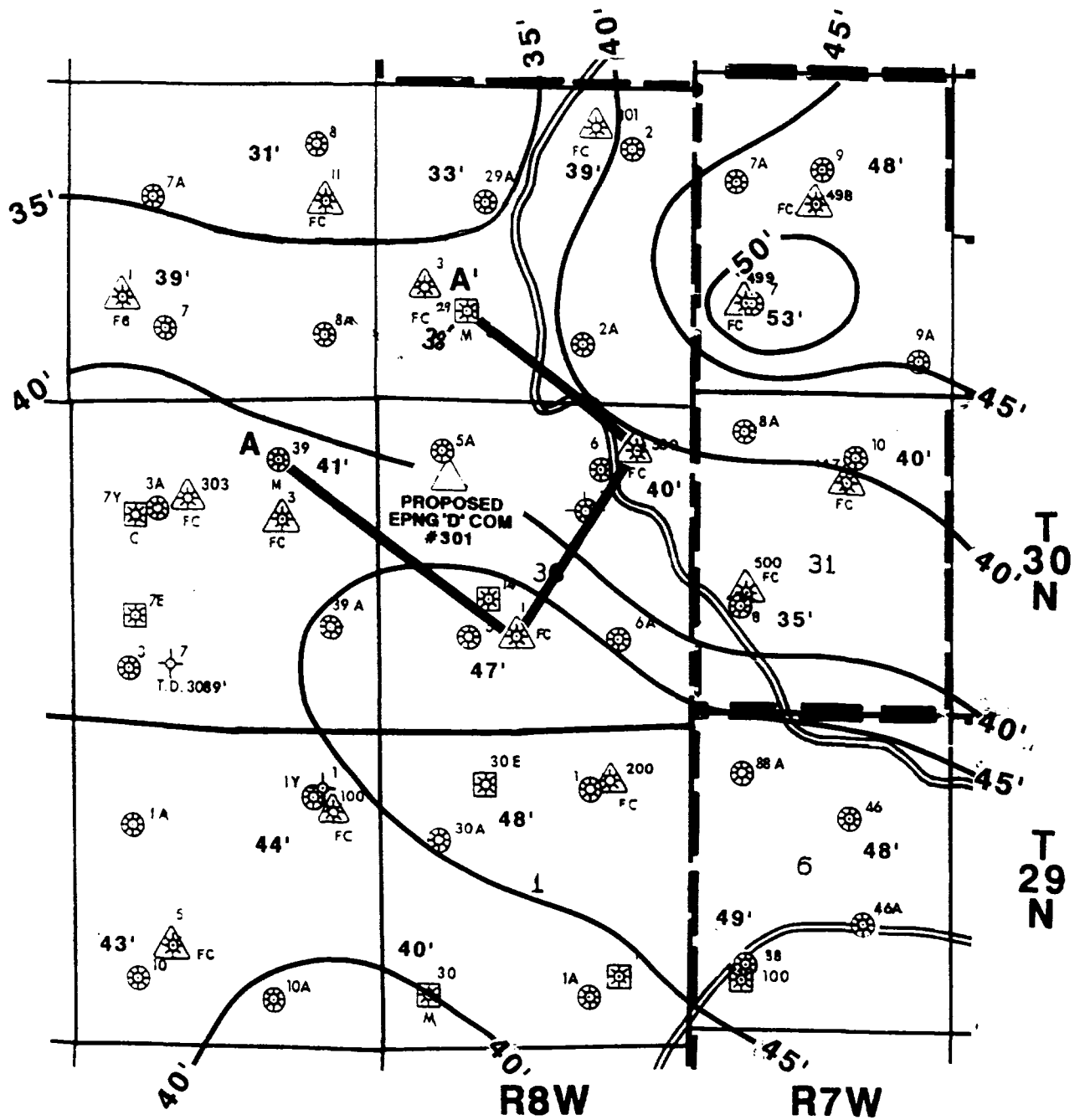


-  WELLS WHICH DISPLAYED GAS INFLUX WHILE DRILLING FRUITLAND COAL
-  WELLS WHICH REQUIRED STIMULATION
-  HIGH TREATING PRESSURES

-  Mesaverde Well
-  Dakota Well
-  Fruitland Coal Well

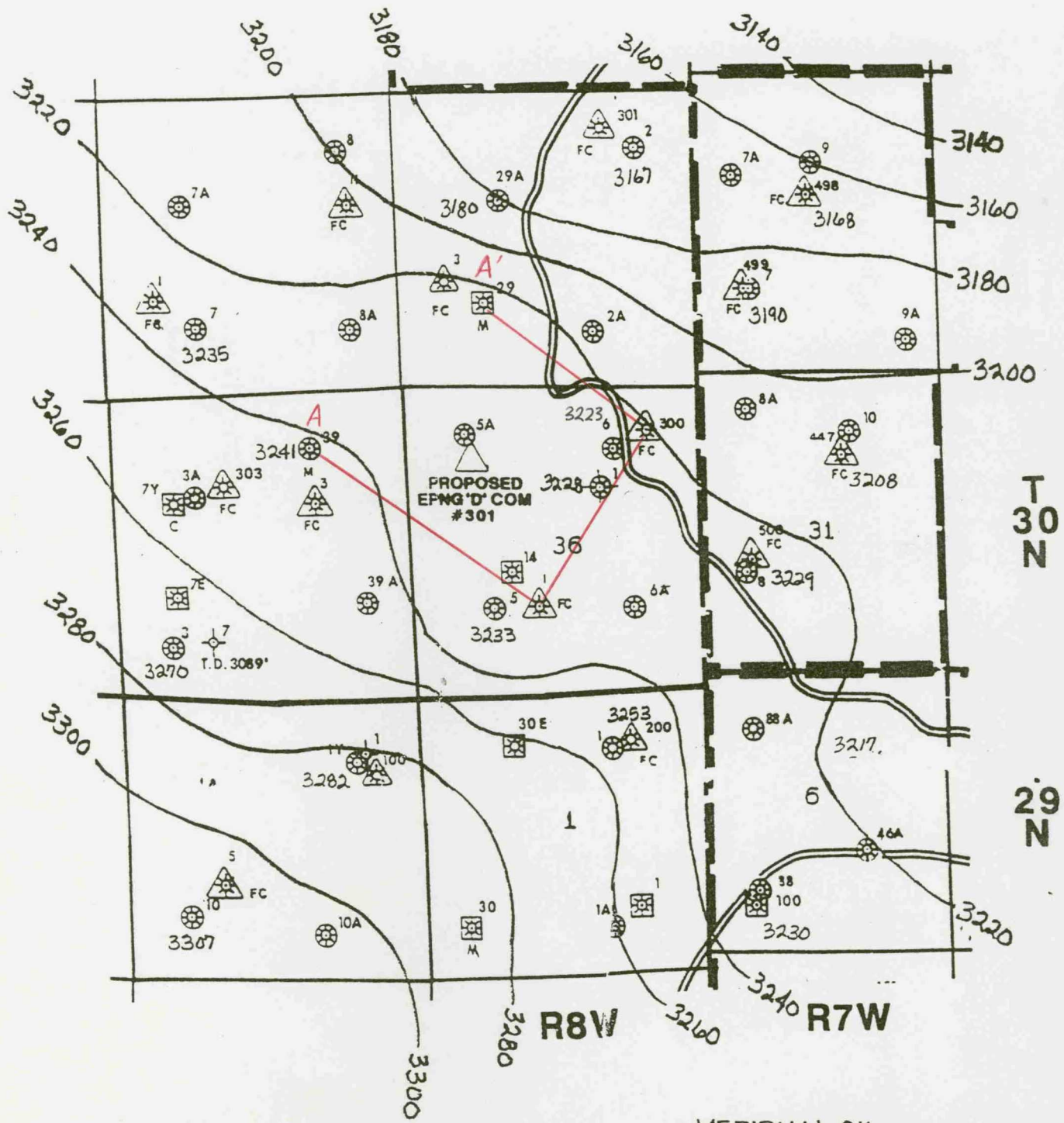
**EXHIBIT 7**





**MERIDIAN OIL  
CASE  
EXHIBIT**

**ISOPACH  
NET COAL - FRUITLAND FM.  
CI=5'**



T 30 N

29 N

R8W

R7W

MERIDIAN OIL  
CASE  
EXHIBIT  
EPNG 'D' COM #301

STRUCTURE  
BASE OF FRUITLAND COAL  
C1 = 20'