

**MERIDIAN OIL**

**CASE # 10604**

**NOVEMBER 19, 1992**



KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW  
EL PATIO BUILDING  
117 NORTH GUADALUPE

POST OFFICE BOX 2265  
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) 982-4228  
TELEFAX (505) 982-2019

JASON KELLAHIN (RETIRED 1991)

October 27, 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**

Case # 10604

RE: Application of Meridian Oil Inc.  
for Approval of an  
Unorthodox Well Location,  
San Juan County, New Mexico  
Johnston Federal No. 280 Well

Dear Mr. LeMay:

On behalf of Meridian Oil Inc., please find enclosed our application for a hearing for the Johnston Federal No. 280 Well. We request that this case be set for hearing on November 19, 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

To all parties listed on Exhibit "B"  
of the Application

app1023a.330

EXHIBIT 1

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

CASE NO. \_\_\_\_\_

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 Johnston Federal No. 280 Well to be drilled at an unorthodox well location within the NW/4 of Section 33 and not closer than 790 feet to the outer boundary of the spacing unit in Section 33, Township 31 North, Range 9 West, NMPM, San Juan County, New Mexico and to be dedicated to a 315.76-acre spacing unit consisting of the W/2 of Section 33, 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 W/2 of Section 33.

(2) On December 27, 1990, Union Texas Petroleum, Inc. completed its Johnston Federal #28 Well at a

standard location in the SW/4 of Section 33 and dedicated the W/2 of Section 33 to the well. See Exhibit A, attached hereto.

(3) The Johnston Federal #28 Well was completed cased hole with an initial production rate of 35 MCFPD with compression.

(4) While the entire W/2 of Section 33 is potentially productive, Union Texas Petroleum, Inc. was unsuccessful in its attempts to obtain a commercial well in a standard quarter section in this spacing unit. In September, 1991, Meridian Oil Production Inc. purchased Union Texas Petroleum, Inc.'s ownership in this well.

(5) The E/2 of Section 33 is already dedicated to a Fruitland Coal Gas well located in the NE/4 of Section 33 and Meridian's only remaining alternative is to attempt to locate a well in the NW/4 of Section 33.

(6) Meridian seeks to drill its Johnston Federal #280 Well in the Basin Fruitland Coal Gas Pool at an unorthodox location in the NW/4 being no closer than 790 feet to the outer boundaries of the W/2 of Section 33 as a replacement well for the Johnston Federal #28 Well which will either be plugged and abandoned or used as a

pressure observation well 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/4 or the SW/4 of the section, thus requiring an exception to Rule 7 of the Basin Fruitland Case Gas Pool Rules (Order No. 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 W/2 of Section 33 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 November 19, 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 Exhibits B.

WHEREFORE, Meridian requests that this matter be set for hearing on November 19, 1992 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.

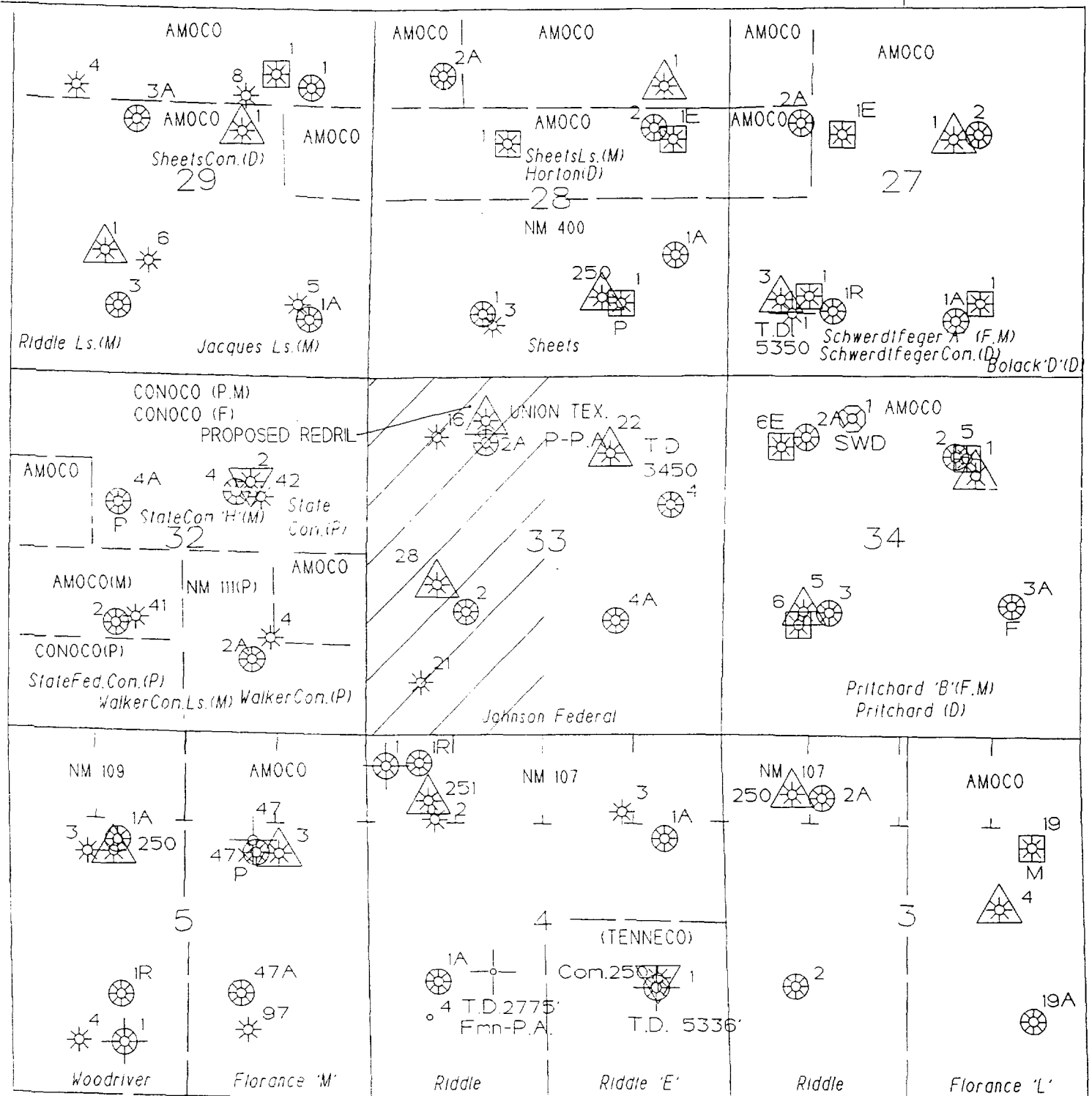
Respectfully submitted,



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

EXHIBIT "A"

JOHNSTON FEDERAL # 280  
NE/4NW/4 SECTION 33-31N-9W



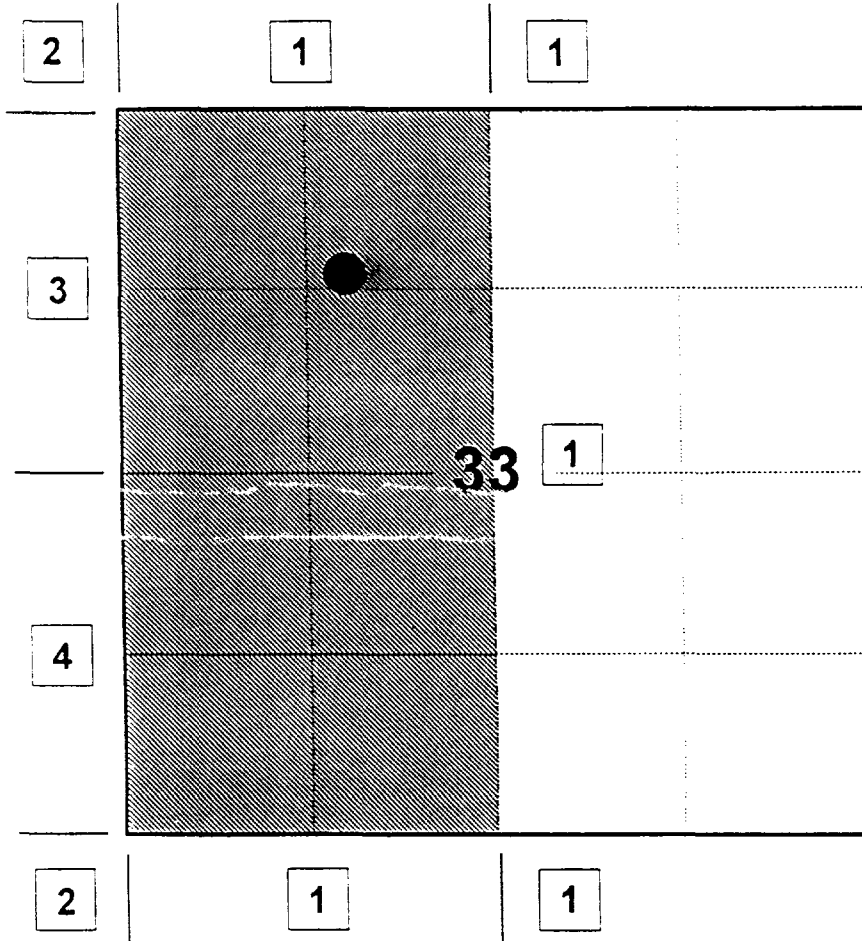
# MERIDIAN OIL INC

OFFSET OPERATOR \ OWNER PLAT

JOHNSTON FEDERAL #280

Unorthodox Well Location

Township 31 North, Range 09 West



1) Meridian Oil Inc

2) Amoco Production Company

PO Box 800, Denver, CO 80201

3) Conoco, Inc.

PO Box 951062, Dallas, TX 75395-1062

4) Koch Exploration Company

PO Box 2256, Wichita, Kansas 67201-2256

Meridian Oil Inc

Conoco, Inc.

Amoco Production Company



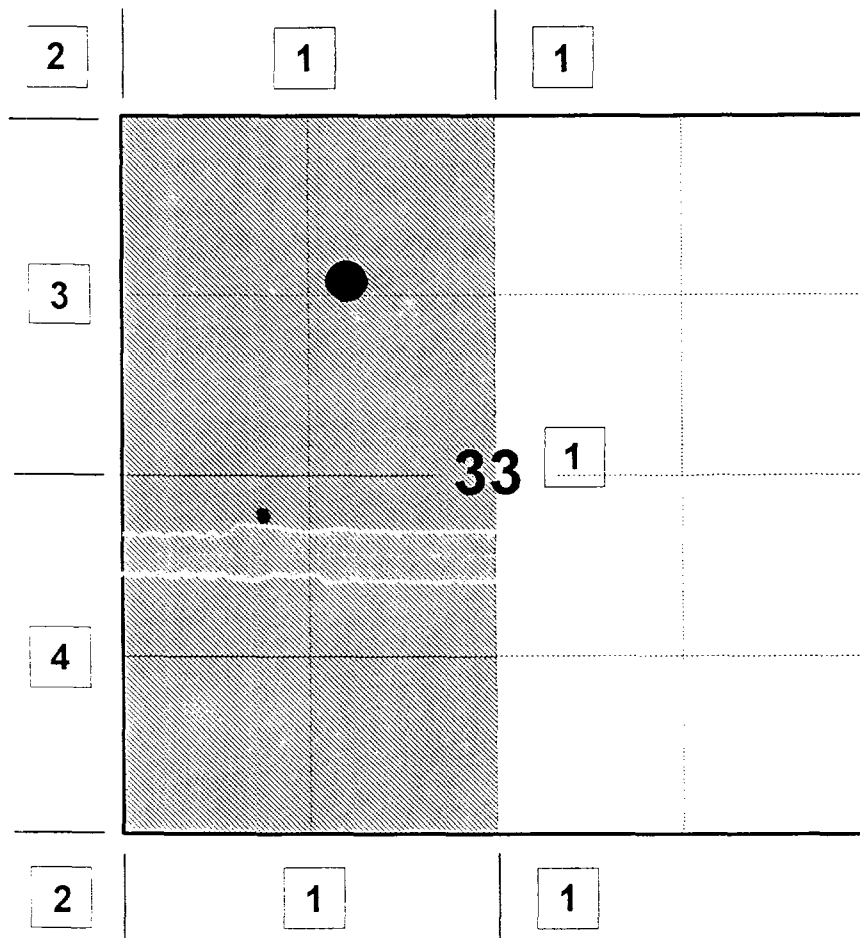
# MERIDIAN OIL INC

OFFSET OPERATOR \ OWNER PLAT

JOHNSTON FEDERAL #280

Unorthodox Well Location

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1) Meridian Oil Inc

2) Amoco Production Company PO Box 800, Denver, CO 80201

3) Conoco, Inc. PO Box 951062, Dallas, TX 75395-1062

4) Koch Exploration Company PO Box 2256, Wichita, Kansas 67201-2256

Meridian Oil Inc

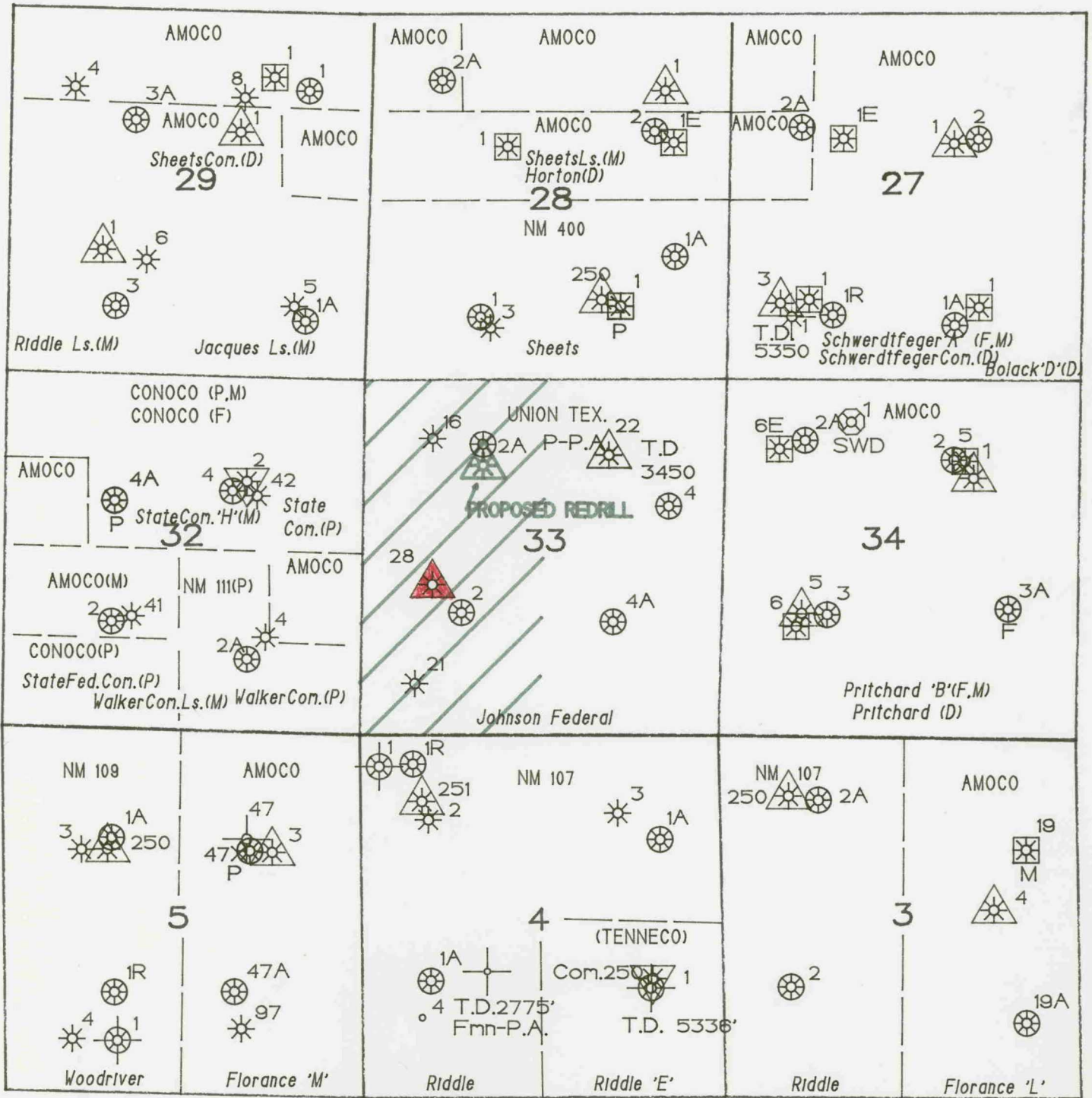
Conoco, Inc.

Amoco Production Company

EXHIBIT 2

# JOHNSTON FEDERAL # 280

1740'FWL. 1255'FNL  
SECTION 33-31N-9W



FRUITLAND COAL  
SPACING UNIT



PICTURED CLIFFS WELL



MESAVERDE WELL



FRUITLAND COAL WELL

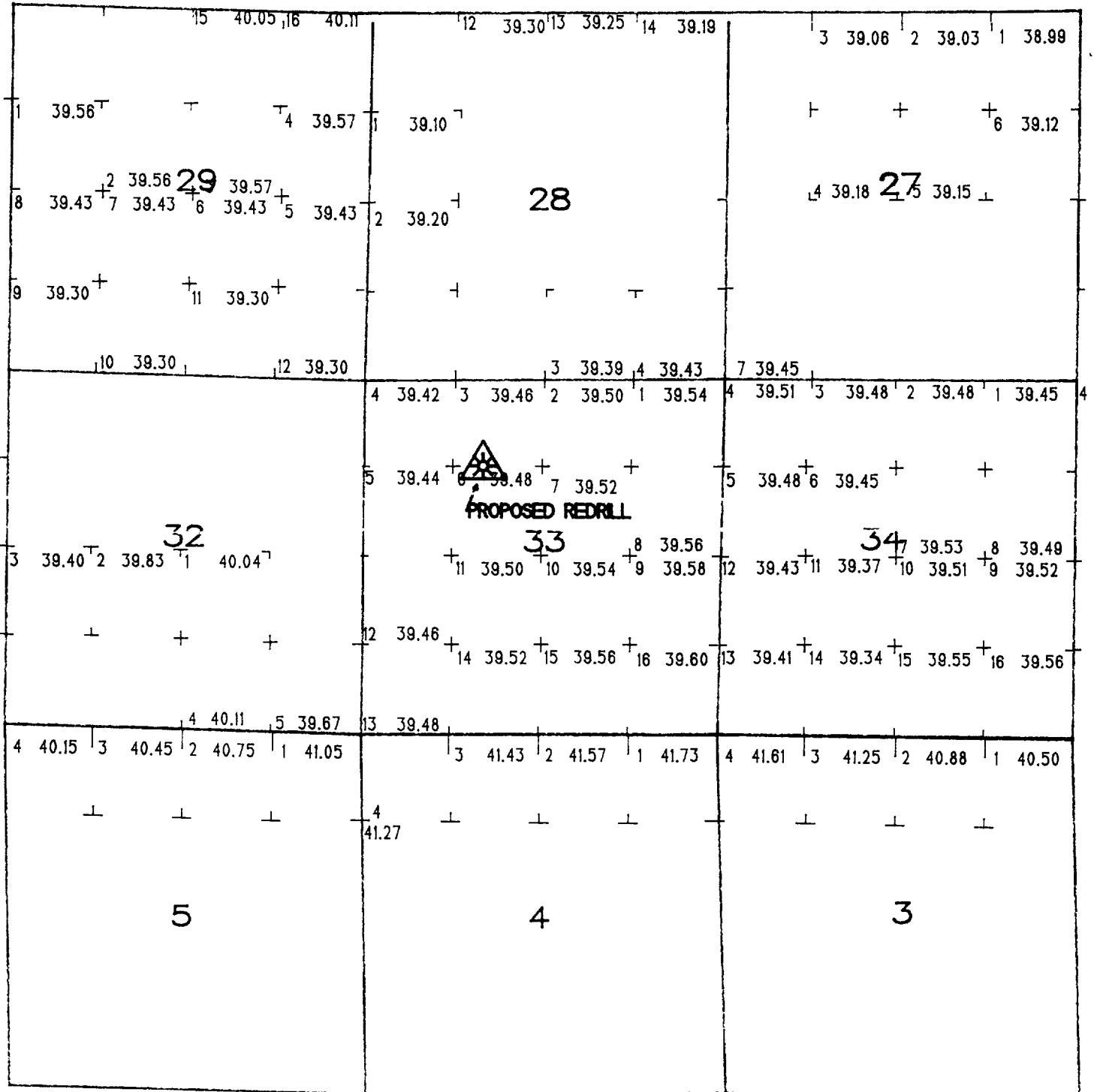


DAKOTA WELL

# JOHNSTON FEDERAL # 280

## 1740'FWL. 1255'FNL

### SECTION 33-3IN-9W



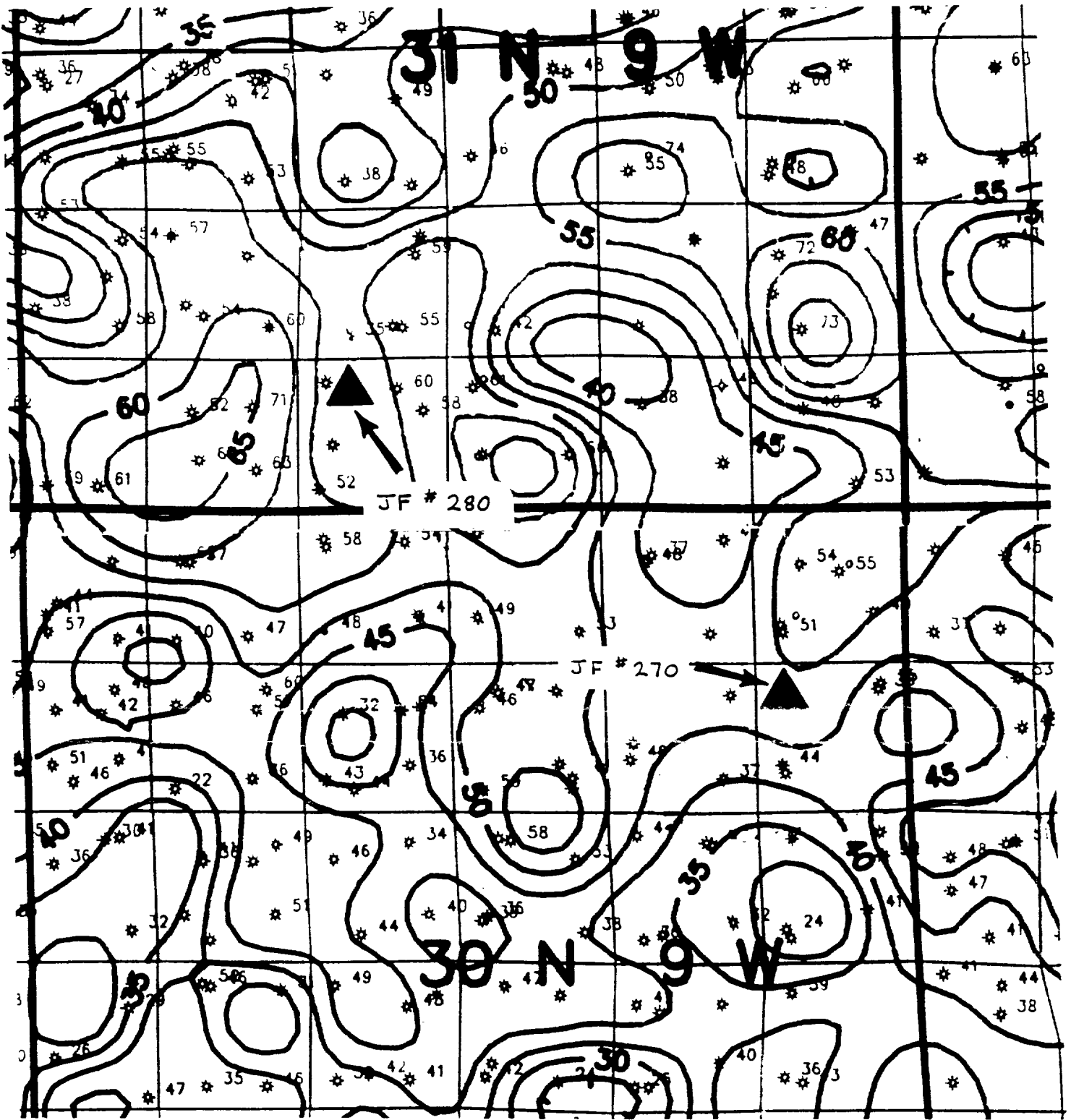


EXHIBIT 4

ISOPACH  
FRUITLAND COAL  
C1 = 5'

GLJ 11/92

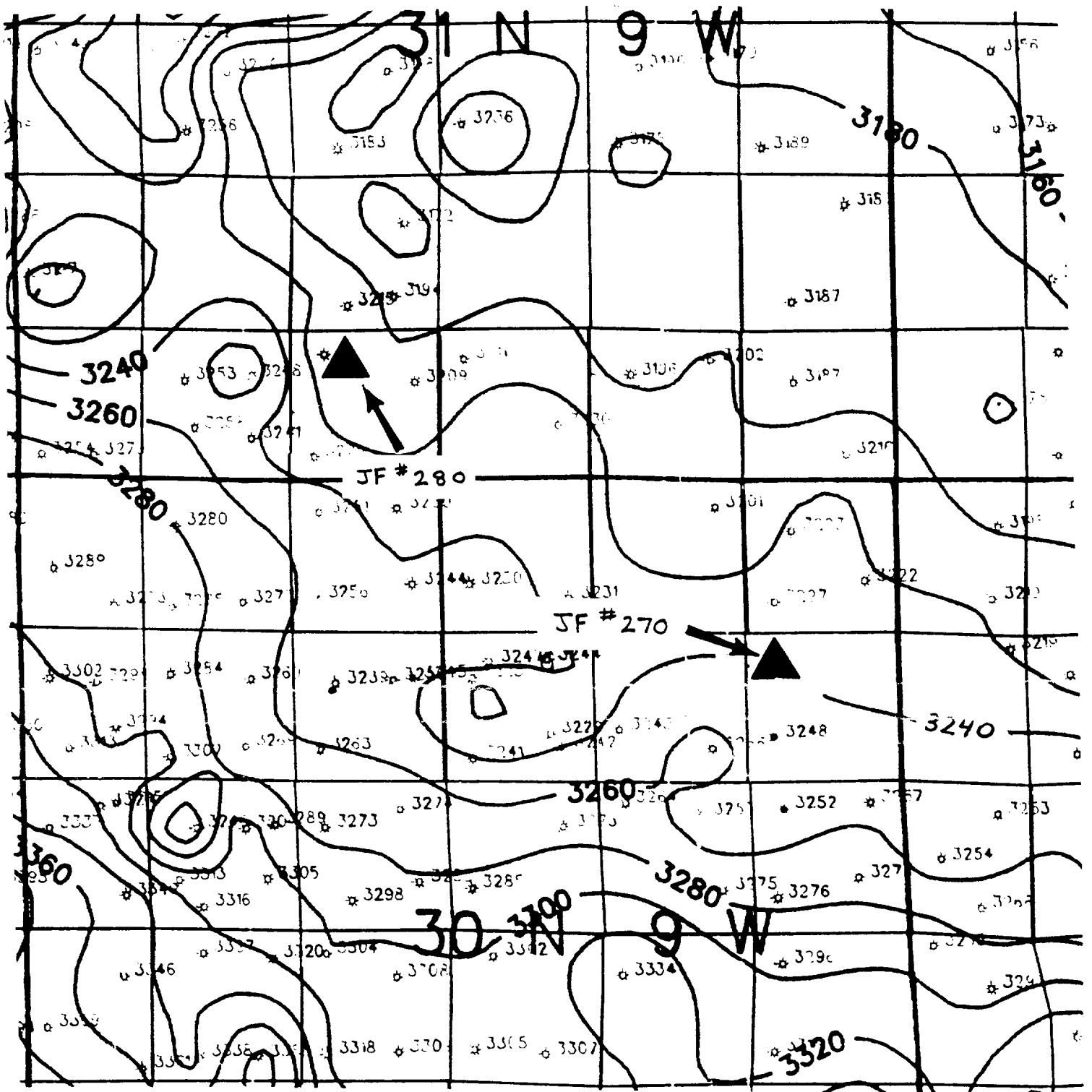
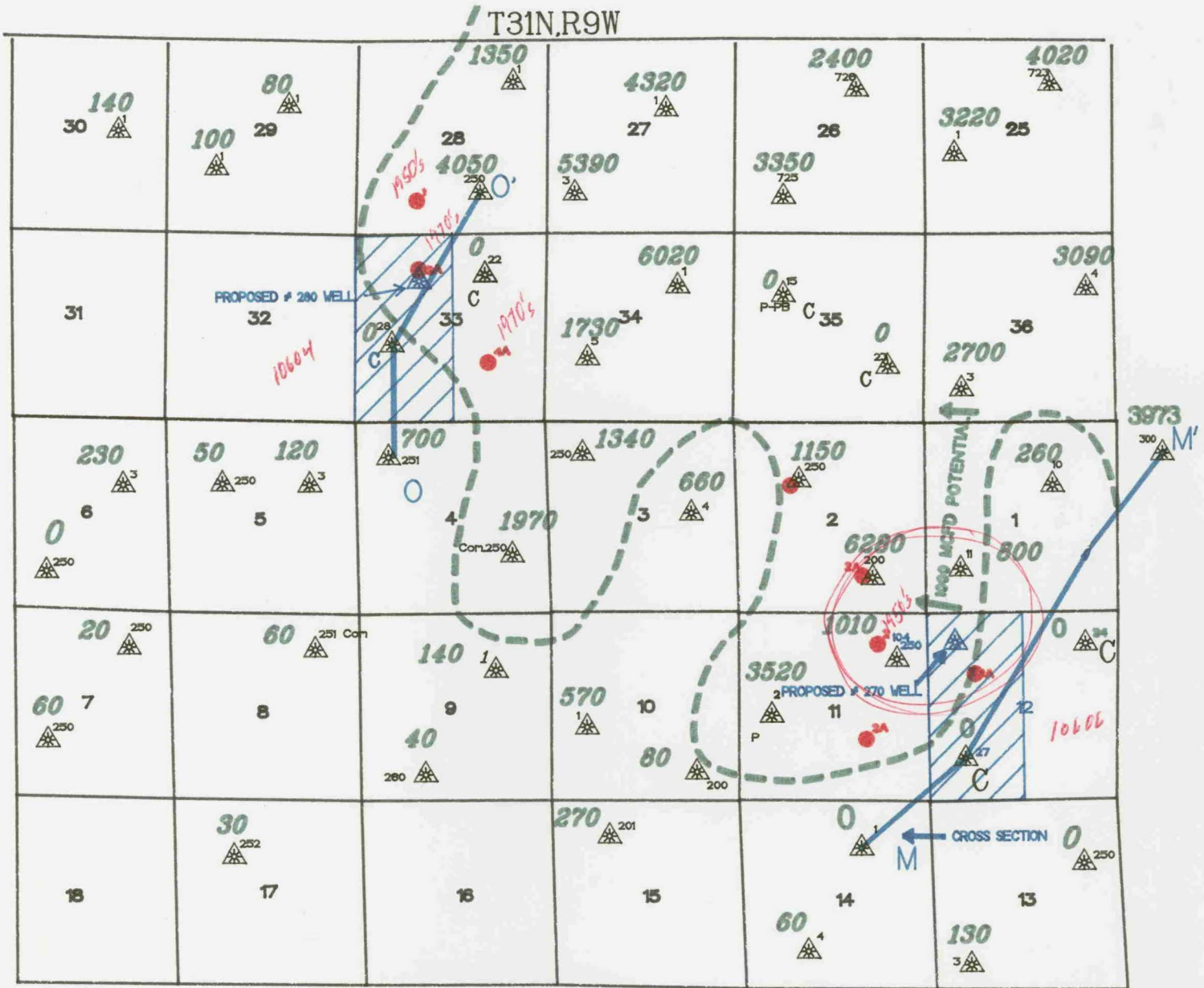


EXHIBIT 5

STRUCTURE  
 BASE OF FRUITLAND COAL  
 CI = 20'  
 GLJ 11/92

**PRODUCTION MAP  
JOHNSTON FEDERAL WELL PROPOSALS  
FRUITLAND COAL FORMATION**



T30N.R9W



FRUITLAND COAL SPACING UNITS

1020 = CURRENT PRODUCTION RATE *1 daily rate*

725 = WELL NUMBER

C = CASED HOLE COMPLETION

● = GAS KICKS WHILE DRILLING *any wells on the west side of line.*

FRUITLAND COAL

EXHIBIT 6

*Green line - productivity rates / or potential.*

**MERIDIAN OIL**

*35 in pattern (12)*

(SW) 0

JOHNSTON  
FEDERAL  
#280  
LOCATION

0' (NE)

STRUCTURAL  
X-SECT

**COMPENSATED DENSITY  
DUAL SPACED NEUTRON  
LOG**

COMPANY EL PASO NATURAL GAS CORP  
WELL RIDOLE E NO 2  
FIELD BLANCO PICTURED CLIFFS  
COUNTY SAN JUAN

DATE 12/08/90 TIME 19:22

STOP: 2913 FT

DATE: 12/08/90 TIME: 19:22

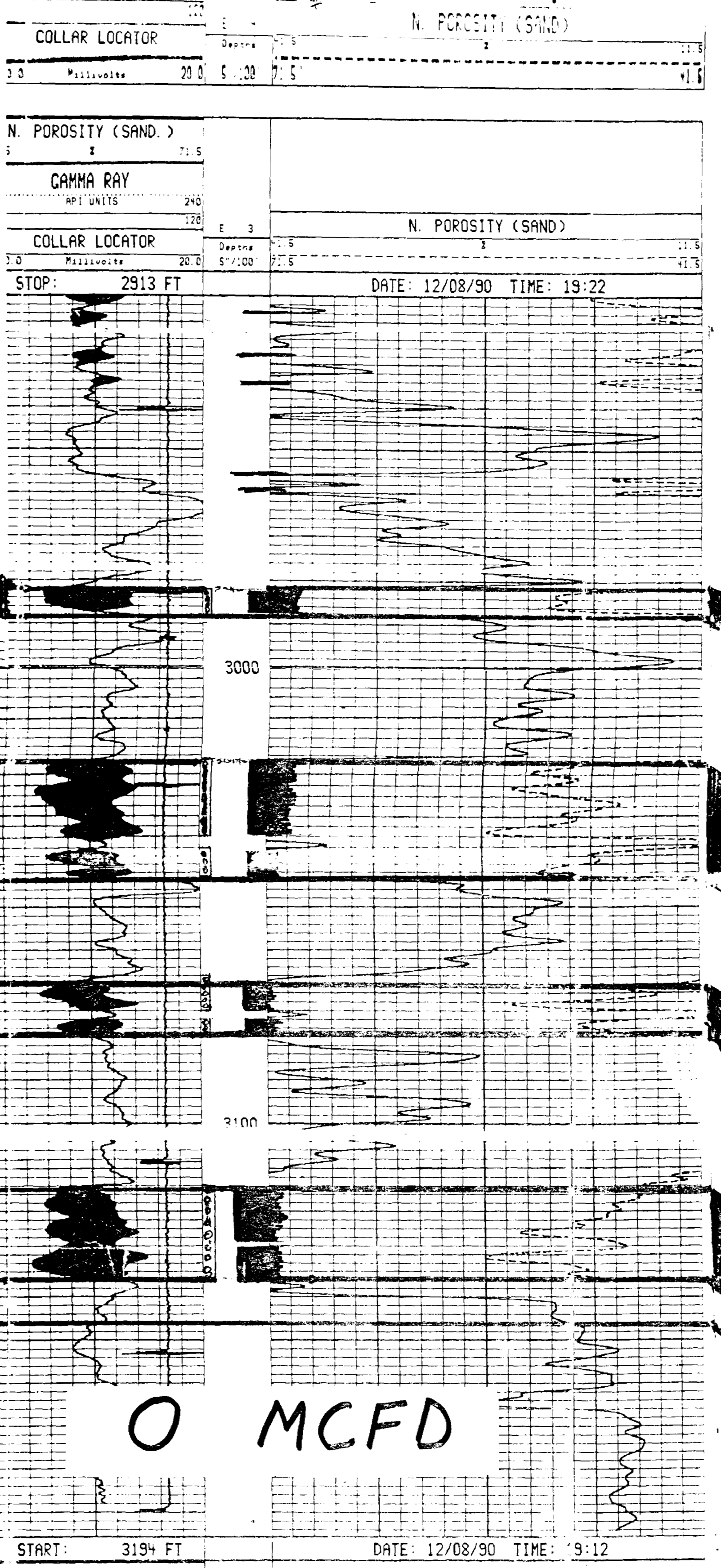
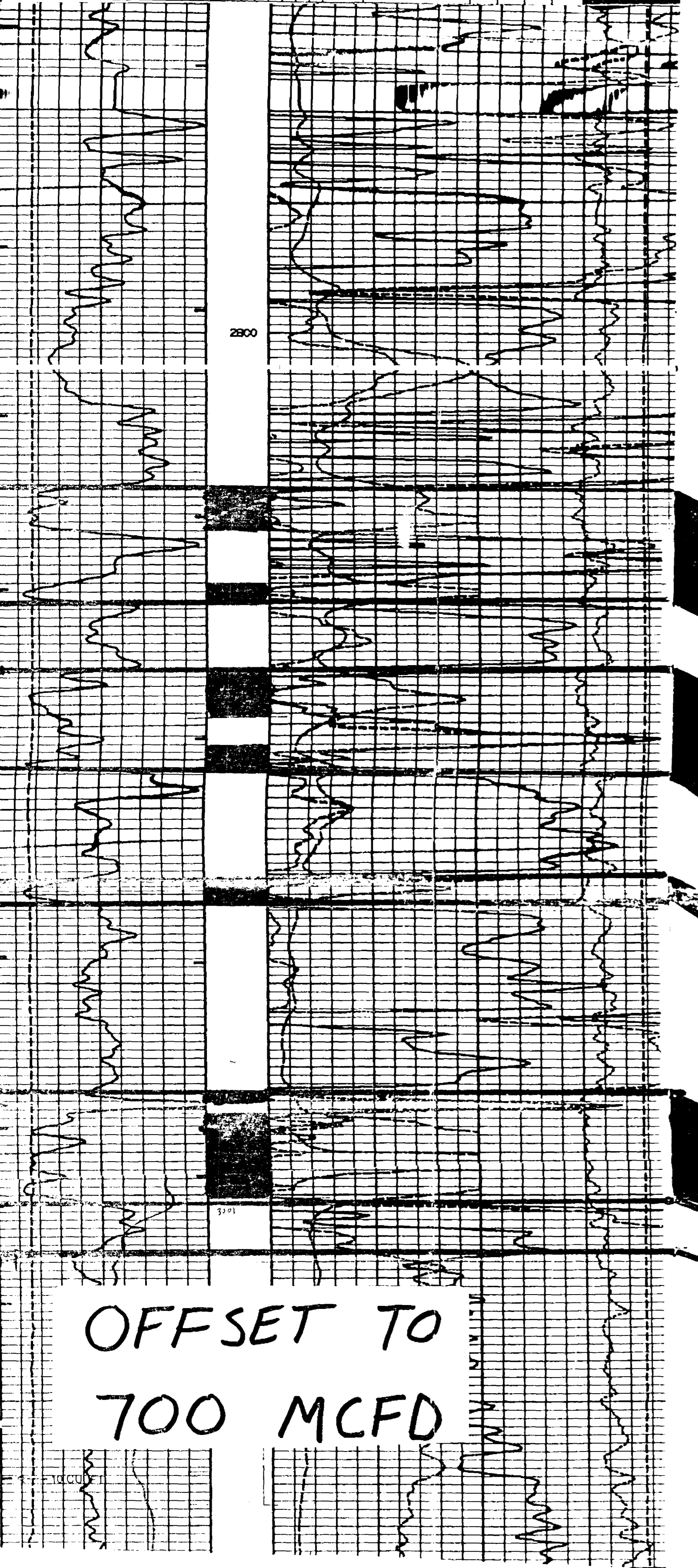
**PETRO WIRELINE  
COMPENSATED  
NEUTRON LOG**

COMPANY UNION TEXAS PETROLEUM  
WELL JOHNSTON FEDERAL #280  
FIELD BASIN FRUITLAND COAL  
COUNTY SAN JUAN  
STATE N.M.

DATE 12/08/90 TIME 19:22

STOP: 2913 FT

DATE: 12/08/90 TIME: 19:22



Raven Ridge Resources  
P.O. Box 55187 - Grand Junction, CO 81505 - (303) 245-4025

COMPANY MERIDIAN OIL INC. LOCATION S 28 T31N - R9W  
WELL SHEETS #250 ELEVATION GL 6168' DF 6181'

FIELD UNDESIGNATED FRUITLAND  
DRILLING FLUIDS H<sub>2</sub>O To 2993' TD

COUNTY SAN JUAN  
STATE NEW MEXICO

DEPTH LOGGED 2785' To 2993' TD  
DATE LOGGED AUGUST 2, 1989 To AUGUST 3, 1989

GEOLOGISTS: RANDY LARSON

**LITHOLOGY**

SHALE	BONEY COAL
SANDSTONE	BRECCIA COAL
LIMESTONE	DULL COAL
DOLOMITE	SILTSTONE
CHERT	ANHY-GYP

**OIL SHOW**

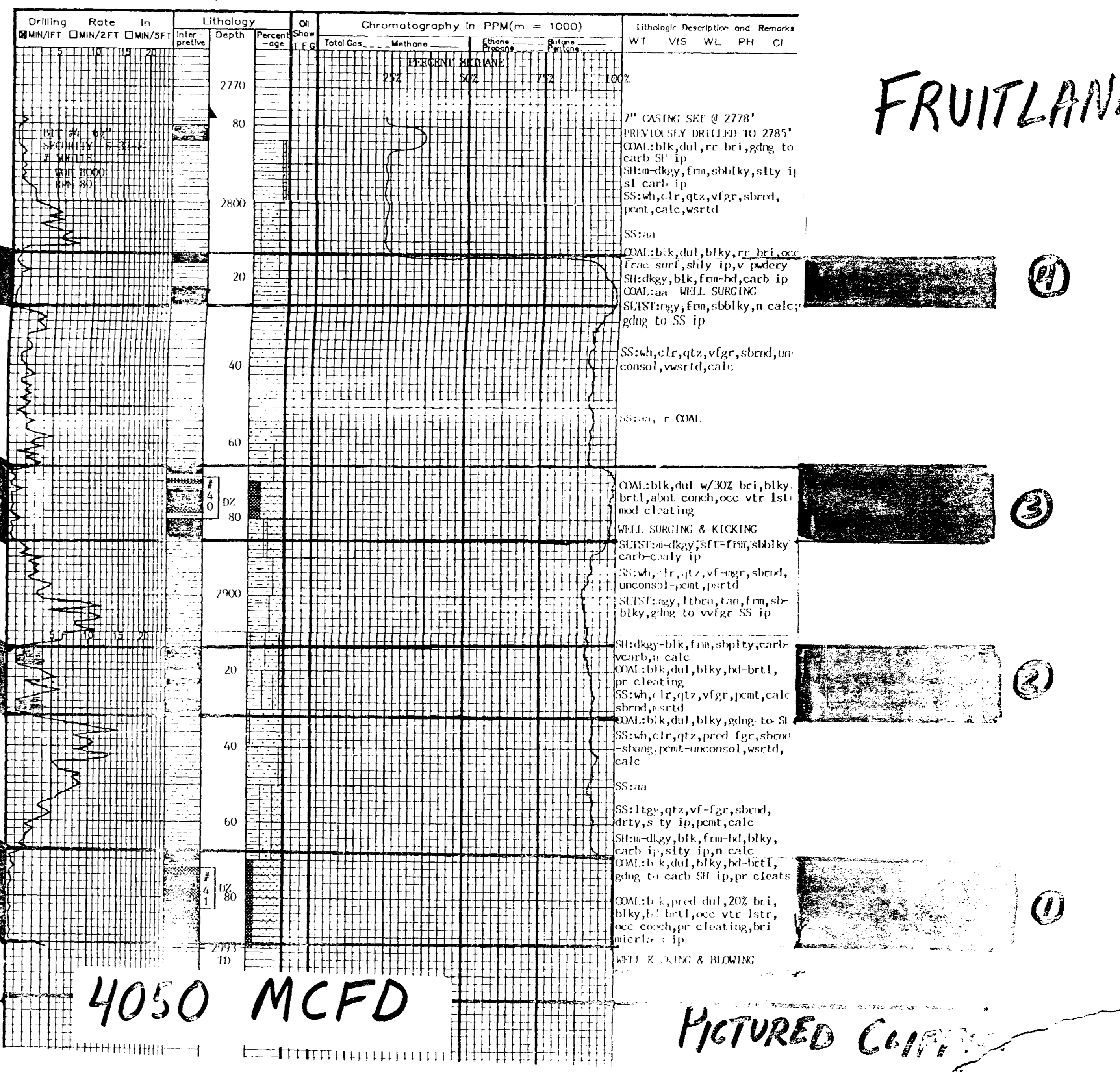
TRACE  
FAIR  
GOOD

**CORE NO**  
DST NO  
DEVIATION

**CG CONNECTION GAS**  
DTG DOWN TIME GAS  
DZ-DESCRIPTION ZONE

DATUM (+3450')

FRUITLAND



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. 10604

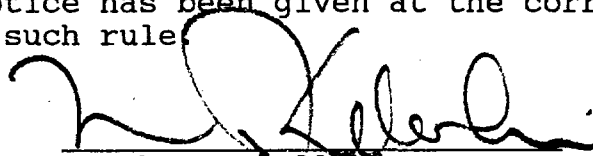
APPLICATION OF MERIDIAN OIL INC.  
FOR APPROVAL OF AN UNORTHODOX COAL  
GAS WELL LOCATION, SAN JUAN COUNTY,  
NEW MEXICO

CERTIFICATE OF MAILING

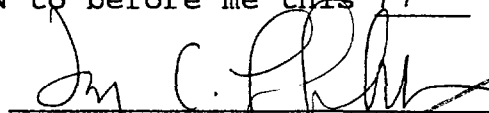
AND

COMPLIANCE WITH ORDER R-8054

W. THOMAS KELLAHIN, attorney in fact and authorized representative of MERIDIAN OIL INC., states that the notice provisions of Division Rule 1207 (Order R-8054) have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested parties entitled to receive notice, that on OCTOBER 27, 1992, I caused to be mailed by certified mail return-receipt requested notice of this hearing and a copy of the application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for NOVEMBER 19, 1992 to the parties shown in the application as evidenced by the attached copies of return receipt cards, and that pursuant to Division Rule 1207, notice has been given at the correct addresses provided by such rule.

  
W. Thomas Kellahin

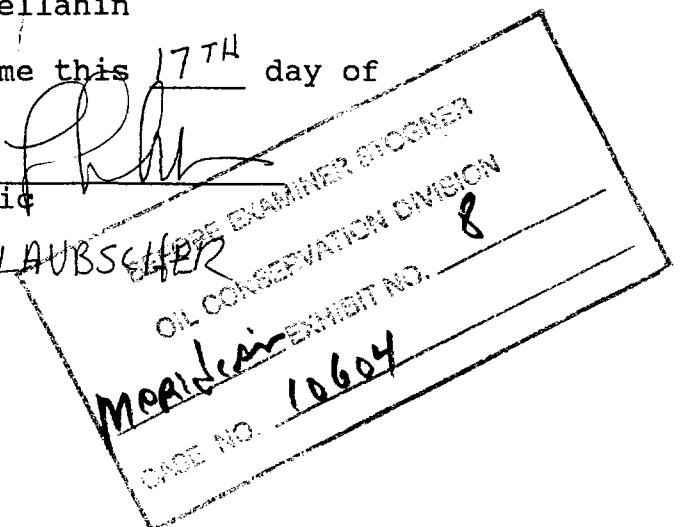
SUBSCRIBED AND SWORN to before me this 17<sup>TH</sup> day of  
NOVEMBER, 1992.

  
Notary Public

My Commission Expires:

10/7/95

JAY C. LAUBSCHER





**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3 and 4.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
  - 2.  Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Conoco, Inc  
P.O. Box 951062  
Dallas, TX 75395-1062

4a. Article Number  
P676 666 472

- 4b. Service Type
- Registered
  - Certified
  - Express Mail
  - Insured
  - COD
  - Return Receipt for Merchandise

7. Date of Delivery  
11/4/92

5. Signature (Addressee)  
*John Johns*

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, November 1990 U.S.G.P.O. 1990-27-035 **DOMESTIC RETURN RECEIPT**  
MIND JOHN 3280

**SENDER:** Complete items 1 and 2 when additional services are desired and complete items 3 and 4.  
Print an address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fee and check box(es) for additional service(s) requested.  
1.  Show to whom delivered, date and addressee's address. 2.  Restricted Delivery (Extra charge)

3. Article Addressed to:

Koch Exploration Company  
P.O. Box 22556  
Wichita, KS 67201-2256

4. Article Number  
P676 666 172
- Type of Service:
- Registered
  - Certified
  - Express Mail
  - Insured
  - COD
  - Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature (Addressee)  
X

8. Addressee's Address (ONLY if requested and fee paid)

6. Signature (Agent)  
X *John*

7. Date of Delivery  
OCT 30 1992

PS Form 3811, Apr 1989 U.S.G.P.O. 1989-238-815 **DOMESTIC RETURN RECEIPT**  
JOHN 230 MEXID

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3 and 4.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
  - 2.  Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Amoco Production Company  
P.O. Box 800  
Denver, CO 80201

4a. Article Number  
P676 666 149

- 4b. Service Type
- Registered
  - Certified
  - Express Mail
  - Insured
  - COD
  - Return Receipt for Merchandise

7. Date of Delivery  
10/29/92

5. Signature (Addressee)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)  
*John*

PS Form 3811, November 1990 U.S.G.P.O. 1990-27-035 **DOMESTIC RETURN RECEIPT**  
MIND JOHN 230

ILLEGIBLE