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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)

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October 26, 1992

RECEIVED

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
P. O. Box 2088
Santa Fe, New Mexico 87501

OCT 27 1992

OIL CONSERVATION DIVISION

HAND DELIVERED

Re: Application of Meridian Oil Inc.
for Compulsory Pooling
San Juan County, New Mexico
Angle Peak "B" #14 Well

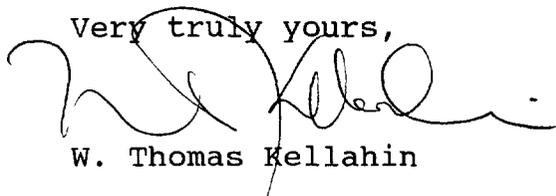
10605

Dear Mr. LeMay:

On behalf of Meridian Oil Inc., please find enclosed our application for compulsory pooling which we request be set for hearing on the next available Examiner's docket now scheduled for November 19, 1992.

By copy of this letter, including the application, to all affected 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 or in opposition to the application.

Very truly yours,



W. Thomas Kellahin

WTK/jcl

Enclosure

xc: Mr. Alan Alexander (Meridian-Farmington)

BY CERTIFIED MAIL-RETURN RECEIPT REQUESTED

All parties listed in Exhibit A of the Application

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

IN THE MATTER OF:

CASE NO. 10605

THE APPLICATION OF MERIDIAN OIL
INC. FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.

RECEIVED

OCT 27 1992

A P P L I C A T I O N

OIL CONSERVATION DIVISION

Comes now MERIDIAN OIL INC., by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests in the Basin Fruitland Coal Gas Pool underlying the E/2 of Section 13, Township 28 North, Range 11 West, NMPM, San Juan County, New Mexico, forming a standard 320-acre spacing and proration unit for the Basin Fruitland Coal Gas Pool. Said unit is to be dedicated to Meridian's Angle Peak "B" #14 Well which will be recompleted from the Fulcher Kutz-Pictured Cliffs Gas Pool into the Basin Fruitland Coal Gas Pool at its existing standard location within the NE/4 of said Section 13. Applicant further proposes that it be designated the operator. In support Applicant states:

Application of Meridian Oil, Inc.

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1. Applicant, Meridian Oil Inc., has a 100% working interest ownership in the oil and gas minerals underlying the NE/4 of Section 13, T28N, R11W, NMPM, San Juan County, New Mexico.

2. Applicant owns and operates the Angle Peak "B" #14 Well which is completed in the Fulcher Kutz-Pictured Cliffs Gas Pool and to which is dedicated a standard 160-acre spacing and proration unit consisting of the NE/4 of said Section 13.

3. Applicant proposes to recomplete its Angle Peak "B" #14 Well from the Fulcher-Kutz Pictured Cliffs Gas Pool by setting a bridge plug, isolating the Pictured Cliffs formation and adding new perforations into the Fruitland Coal Gas Pool to test for production from that pool.

4. Applicant proposes to dedicate the well to a standard 320-acre spacing unit consisting of the E/2 of said Section 13 for any production from the Fruitland Coal Gas Pool.

5. Applicant has contacted all of the owners in the SE/4 of said Section 13 in an effort to reach a voluntary agreement concerning the commitment of those

respective interests to the subject well. See Exhibit "A" attached hereto, for list of said owners.

6. Applicant has proposed the subject well to all parties but, as of the date of this application, has not be able to obtain a voluntary agreement from either Vanderslice Petroleum Corporation or Bettye Jean Salmon.

7. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Applicant needs an order of the Division pooling the mineral interests involved in order to protect correlative rights and prevent waste.

8. Pursuant to the Division's notice requirements, Applicant has notified those parties identified in Exhibit A of this application for compulsory pooling and the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for November 19, 1992.

WHEREFORE, Meridian Oil Inc., as applicant, requests that this application be set for hearing on November 19, 1992 before the Division's duly appointed examiner, and

that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in this spacing unit for the recompleting of the subject well upon terms and conditions which include that:

(1) Meridian be named operator;

(2) The order make provisions for applicant and all working interest owners to participate in the costs of recompleting, equipping and operating the well;

(3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the recompleting, equipping and operating the well, including a risk factor penalty to be determined by the Division;

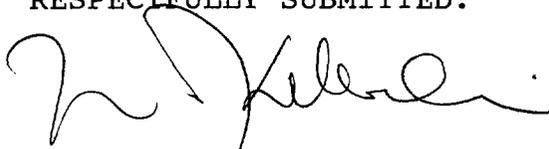
(4) The adoption of COPAS accounting procedures to apply to this well and its spacing unit;

(5) The adoption of appropriate provisions set forth in the A.A.P.L. Form 610 Joint Operating Agreement-1982;
and

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(6) For such other and further relief as may be
proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285
ATTORNEYS FOR APPLICANT

EXHIBIT "A"

Attached to and made a part of that certain Operating Agreement dated July 17, 1992, between Meridian Oil Inc., as Operator, and Non-Operators.

I. LANDS SUBJECT TO OPERATING AGREEMENT:

Township 28 North, Range 11 West

Section 13: E/2

II. RESTRICTIONS, IF ANY, AS TO DEPTHS OR FORMATIONS:

Limited in depth from the surface to the base of the Pictured Cliffs formation. Pictured Cliffs formation shall cover the NE/4 and Fruitland Coal the E/2 of Section 13, T28N-R11W.

III. ADDRESSES AND PERCENTAGES OR FRACTIONAL INTERESTS OF PARTIES TO THIS AGREEMENT:

FRUITLAND COAL FORMATION (E/2)

Meridian Oil Inc. c/o Land Department P.O. Box 4289 Farmington, New Mexico 87499-4289	OPERATOR 50.00%
Chaparral Oil & Gas Company P.O. Box B Aztec, New Mexico 87410	20.00%
Vanderslice Petroleum Corporation 14335 Regency Place Dallas, Texas 75240	10.00%
James U. Cantrell, et ux 5505 Villa View Drive Farmington, New Mexico	10.00%
Joe C. Salmon 5708 Fawn Drive Farmington, New Mexico 87401	5.50%
Bettye Jean Salmon 3604 Melrose Drive Farmington, New Mexico 87401	<u>4.50%</u>
TOTAL	100.00%

PICTURED CLIFFS FORMATION (NE/4)

Meridian Oil Inc. c/o Land Department P.O. Box 4289 Farmington, New Mexico 87499-4289	100.00%
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