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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)

November 4, 1993

HAND DELIVERED

Mr. William J. LeMay  
Oil Conservation Division  
State Land Office Building  
310 Old Santa Fe Trail, 2nd Floor  
Santa Fe, New Mexico 87501

4 1993

Re: Application of Meridian Oil, Inc.'s  
for an Unorthodox Coal Gas Well  
Location, Basin Fruitland Coal Gas Pool,  
San Juan County, New Mexico

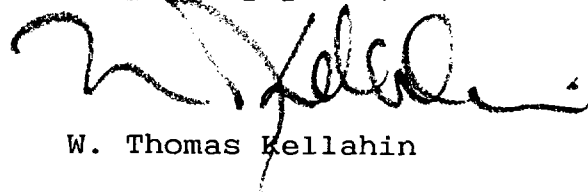
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Dear Mr. LeMay:

On behalf of Meridian Oil, Inc., please find enclosed our referenced application which we request be set for hearing on the next available Examiner's docket now scheduled for December 2, 1993.

Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

WTK/mg  
Enclosure

cc: Meridian Oil, Inc.  
Attn: John W. Zent

PROPOSED ADVERTISEMENT

CASE 10880 Application of Meridian Oil, Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant seeks authority to drill its Huerfano Unit Well No. 504 at an unorthodox ("off-pattern") coal gas well location 1740 feet FEL and 1495 feet FSL (Unit J) of Section 22, T26N, R9W, NMPM, San Juan County, New Mexico, and to be dedicated to a standard 320-acre spacing unit consisting of the S/2 of said Section 22. Said location is approximately 7 miles north-northeast from the Blanco Trading Post, 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. 10880

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 ("OFF-PATTERN") in the Basin Fruitland Coal Gas Pool for its proposed Huerfano Unit Well No 504 to be drilled at an unorthodox well location 1740 feet FEL and 1495 feet FSL of Section 22, T26N, R9W, NMPM, San Juan County, New Mexico, and to be dedicated to a 320 acre spacing unit consisting of the S/2 of Section 22, and in support states:

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

(2) Meridian Oil, Inc. seeks to drill its Huerfano Unit Well No 504 in the Basin Fruitland Coal Gas Pool at an unorthodox location in the SE/4 being 1740 feet FEL and 1495 feet FSL (Unit J) of Section 22, T26N, R9W, NMPM, San Juan County, New Mexico.

(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 SE/4 of the section rather than 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 NW/4 of Section 22, T26N, R9W, being the Huerfano Unit Well No. 138, located 800 feet FNL and 800 feet FWL of said section.

(5) An off-pattern SE/4 location will more effectively balance the well pattern in Section 22, than a standard location in the SW/4.

(6) As a result of production considerations, Meridian Oil, Inc. requests a drilling location in the SE/4 of said Section 22.

(7) The proposed spacing unit consisting of the S/2 of said Section 22 is within the Huerfano Unit and is surrounded entirely by unite acreage.

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

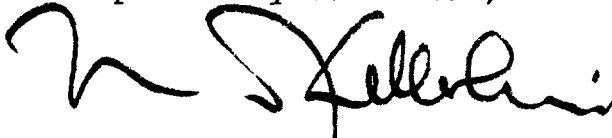
(9) Meridian Oil, Inc. requests that this matter be docketed for hearing on the Division Examiner docket now scheduled for December 2, 1993.

Application of Meridian Oil Inc.  
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(10) Meridian Oil, Inc. is the operator of all adjoining and offsetting coal gas spacing units and therefore there is no operator entitled to notice of this case.

WHEREFORE, Meridian Oil, Inc. requests that this matter be set for hearing on December 2, 1993 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  
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