

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. 10885
ORDER NO. R-10041

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 16, 1993, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 22nd day of December, 1993 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Meridian Oil, Inc., seeks authority to drill its Ute Well No. 24 at an unorthodox gas well location 1595 feet from the North line and 1250 feet from the West line (Unit E) of Section 20, Township 32 North, Range 14 West, NMPM, San Juan County, New Mexico.
- (3) The well is to be located in the Barker Creek (Paradox-Pennsylvanian) Gas Pool. Pool rules require 640-acre spacing with well locations not closer than 330 feet to the center and 1650 feet from the boundary of each section.
- (4) The primary target for completion is the Desert Creek portion of the Paradox-Pennsylvanian formation.
- (5) The proposed location was selected for geologic reasons. Applicant's witness used structure and isopach maps to show that the well should encounter approximately twenty-five feet of net pay at the proposed location compared to fifteen feet at the best orthodox location.

(6) The witness also testified that the proposed well is expected to cost \$1.2 million and recover three to four BCF of gas.

(7) According to the testimony by the witness, a well at an orthodox location in Section 20 would be uneconomical.

(8) The Ute Mountain Ute Tribe is the owner of all royalty interest in the pool and Meridian is the only operator, according to the applicant's witness. Exhibits were submitted to show that proper notice was mailed to the Ute Tribe.

(9) No interest owner appeared at the hearing in opposition to the application.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the hydrocarbons in the affected pool and will prevent waste and protect correlative rights.

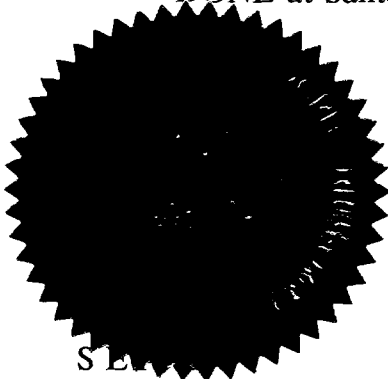
IT IS THEREFORE ORDERED THAT:

(1) The applicant, Meridian Oil, Inc., is hereby authorized to drill its Ute Well No. 24 at an unorthodox gas well location 1595 feet from the North line and 1250 feet from the West line (Unit E) of Section 20, Township 32 North, Range 14 West, NMPM, in the Barker Creek (Paradox-Pennsylvanian) Gas Pool, San Juan County, New Mexico.

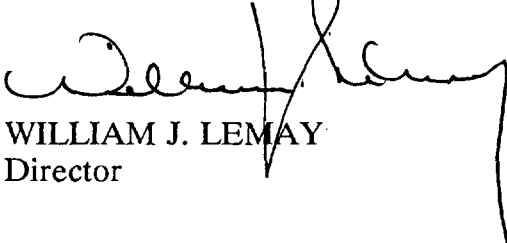
(2) All of said Section 20 shall be dedicated to the well to form a standard 640-acre gas spacing and proration unit.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director