

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

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

June 28, 1994

HAND DELIVERED

11039

Mr. Michael E. Stogner  
Chief Hearing Examiner  
Oil Conservation Division  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

JUN 28 1994

Re: Fifield Well No. 2  
Section 5-T29N,R11W  
Application of Meridian Oil Inc.  
for an unorthodox coal gas well  
location and downhole commingling,  
San Juan County, New Mexico

Dear Mr. Stogner:

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 July 21, 1994.

By copy of this letter and application, sent certified mail, we are notifying all interested parties of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

Mr. Michael E. Stogner  
June 28, 1994  
Page 2

Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, July 15, 1994, with a copy delivered to the undersigned.

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

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

W. Thomas Kellahin

cc: Meridian Oil Inc. and  
**By Certified Mail - Return Receipt**  
All Interested Parties

JUL 28 1991

### PROPOSED ADVERTISEMENT

Case 11039 Application of Meridian Oil Inc. for an unorthodox gas well location and downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle Aztec-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its Fifield Well No. 2, an existing Pictured Cliffs formation well, located 1650 feet FSL and 1090 feet FEL, (Unit I) Section 5, T29N, R11W, NMPM, San Juan County, New Mexico. Said well would be an "off-pattern" unorthodox coal gas well and would be dedicated to a standard 320-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being E/2 of Section 5 and to a standard 160-acre gas spacing unit for the Aztec-Pictured Cliffs Gas Pool being the SE/4 of Section 5. The well is located approximately 3.5 miles northwest from Bloomfield, New Mexico.

**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:

11/10/04

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

CASE: 11039

**APPLICATION**

Comes now MERIDIAN OIL INC., ("Meridian") by and through its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division for approval to downhole commingle Aztec-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its Fifield Well No. 2, an existing Pictured Cliffs formation well, located 1650 feet FSL and 1090 feet FEL, (Unit I) Section 5, T29N, R11W, NMPM, San Juan County, New Mexico. Said well would be an "off-pattern" unorthodox coal gas well and would be dedicated to a standard 305.92-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being E/2 of Section 5 and to a standard 160-acre gas spacing unit for the Aztec-Pictured Cliffs Gas Pool being the SE/4 of Section 5.

In support of its application, Meridian states:

(1) Meridian is the operator for the Fifield Well No. 2, an existing Pictured Cliffs producing well, located 1650 feet FSL and 1090 feet FEL (Unit I), Section 5, T29N, R11W, NMPM, San Juan County, New Mexico as shown on Exhibit "A" attached.

(2) Said location is an unorthodox gas well location for the Basin-Fruitland Coal Gas Pool being located in the SE/4 rather than either the NE/4 or SW/4.

(3) The Well is to be recompleted so that production from the Basin-Fruitland Coal Gas Pool and the Aztec-Pictured Cliffs Gas Pool can be downhole commingled in the wellbore.

(4) The E/2 of Section 5, being 305.92 acres, is currently approved as a non-standard coal gas well spacing and proration unit dedicated to the Fifield Com Well No. 800 which is a Basin-Fruitland Coal Gas Pool well located in Unit H which will be plugged and abandoned upon the recompletion of the Fifield Well No. 2

(5) The SE/4 of Section 5, being 160 acres, is to be dedicated to any production from the Aztec-Pictured Cliffs Gas Pool which is spaced on 160-acre gas spacing units.

(6) The ownership is not common between these two spacing units.

(7) In accordance with Division Rule 303-C-1.(b), the Applicant states and will demonstrate at hearing:

1. That the Basin Fruitland Coal Gas Pool production in this well is expected to be marginal and production cannot be economically justified unless it is done so by downhole commingling that production with Pictured Cliffs Gas Pool production in this well.

2. That there will be no crossflow between the two zones commingled.

3. That the value of the commingled production will not be less than the sum of the values of the individual production.

4. It is expected that the bottom hole pressure of the lower pressure zone is not less than 50 percent of the bottom hole pressure of the higher pressure zone adjusted to a common datum.

(8) In order to reduce the costs involved, Meridian seeks to add the Fruitland Coal Gas formation to this well rather than drill a new coal gas well.

(9) Due to the nature of the Basin-Fruitland Coal Gas production, straight allocation of gas volumes from both zones is not appropriate. Meridian therefore seeks the adoption of a monthly allocation formula to be presented at the time of the hearing.


(10) Applicant requests that this matter be docketed for hearing on the Division's Examiner docket now scheduled for July 21, 1994.

(11) Copy of this application has been sent to all offsetting operators to the two spacing units as set forth on Exhibits B and C.

(12) A copy of this application has been sent to all owners of production within the spacing unit who may be affected by downhole commingling as shown on Exhibits "D" and "E."

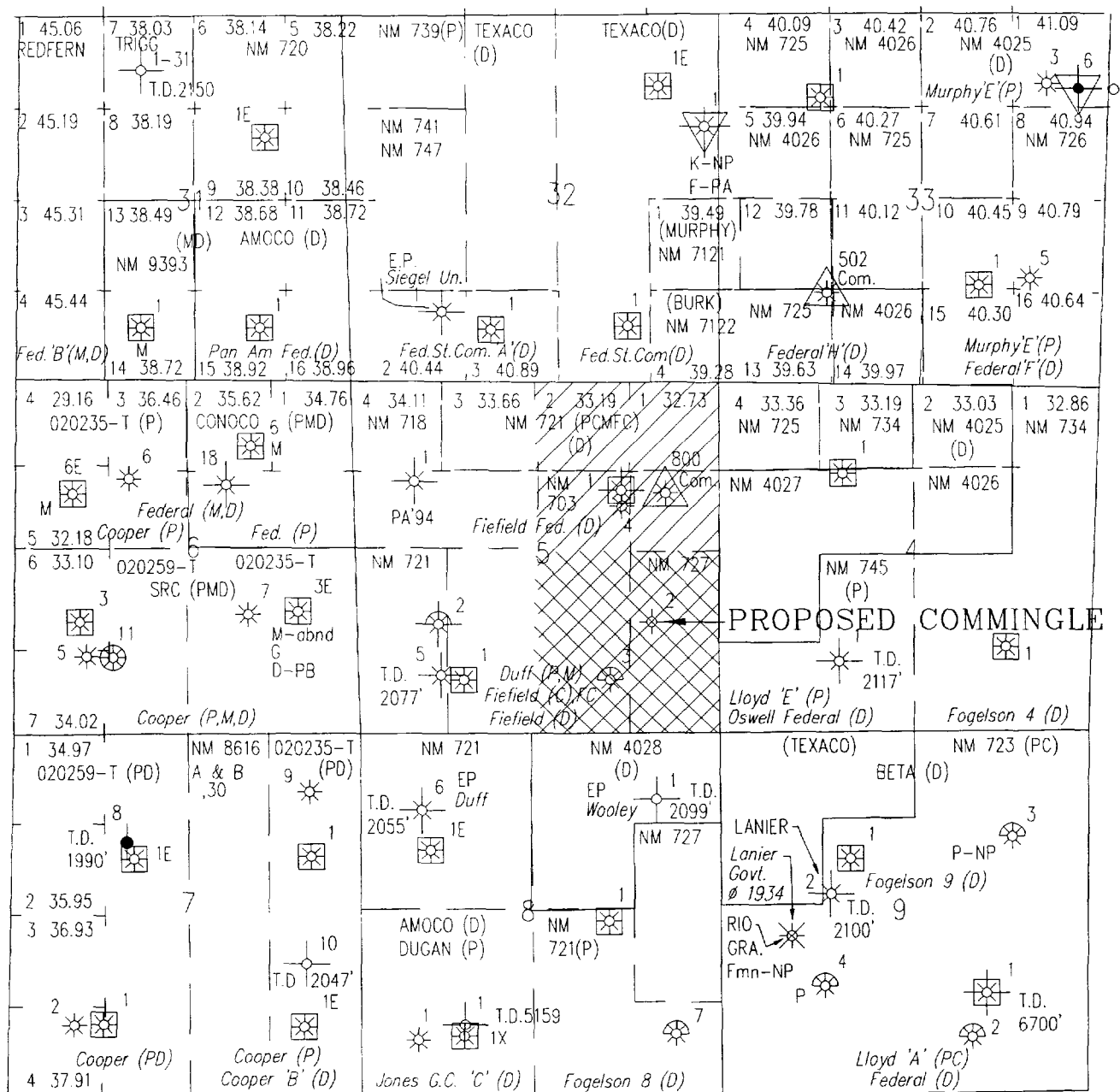
WHEREFORE Applicant requests that this matter be set for hearing on July 21, 1994 before a duly appointed Examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this application.







Respectfully submitted

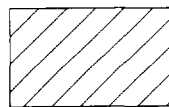
A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. Thomas Kellahin  
KELLAHIN and KELLAHIN  
P. O. Box 2265  
Santa Fe, New Mexico 87501

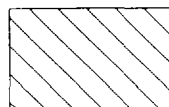
# Meridian Oil Inc. Fifield # 2 Well NESE Section 5, T29N, R11W



-  FRUITLAND SAND
-  MESAVERDE
-  FRUITLAND COAL
-  DAKOTA
-  PICTURED CLIFFS
-  GALLUP



SPACING FRUITLAND COAL



SPACING PICTURED CLIFFS

EXHIBIT "A"



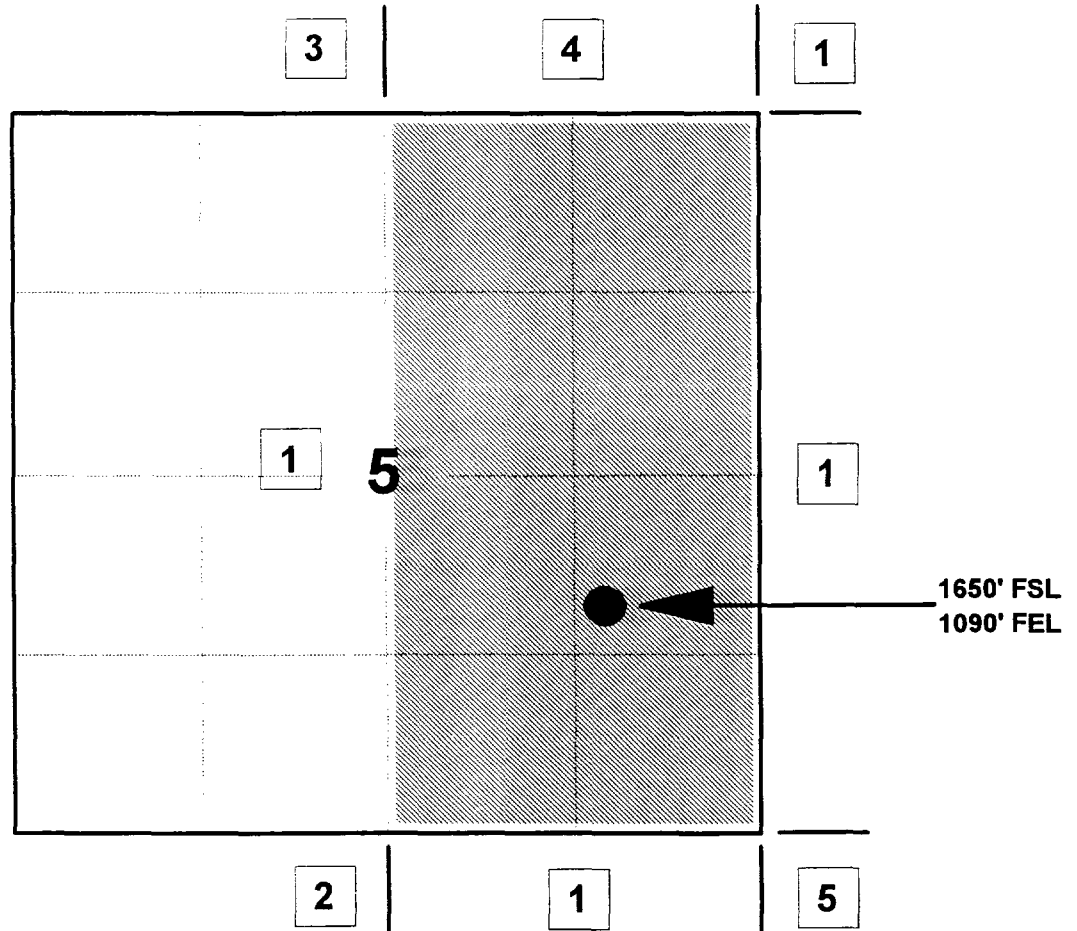
# MERIDIAN OIL INC

## FIFIELD #2

### OFFSET OPERATOR \ OWNER PLAT

#### Fruitland Coal Formation Unorthodox Well Location

Township 29 North, Range 11 West



1) Meridian Oil Inc

2) Meridian Oil Inc &

Amoco Production Company

PO Box 800, Denver, CO 80201

3) Meridian Oil Inc,

Conoco, Inc.

10 Desta Dr., Suite 100W, Midland, TX 79705

&

Texaco Exploration & Production Inc.

PO Box 2100, Denver, CO 80237

4) Texaco Exploration & Production Inc.

&

Conoco, Inc.

5) Meridian Oil Inc

&

Conoco, Inc.

EXHIBIT "B"

Fruitland Coal Formation

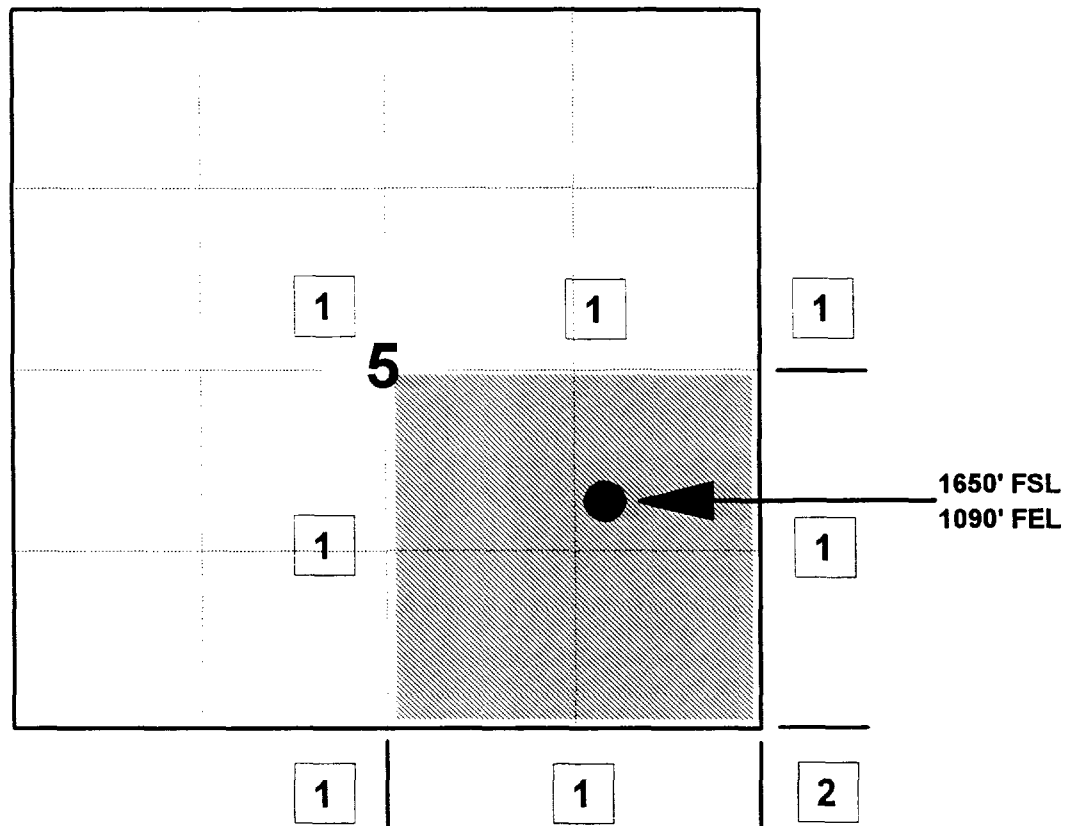
# MERIDIAN OIL INC

## FIFIELD #2

OFFSET OPERATOR \ OWNER PLAT

Pictured Cliffs / Fruitland Coal Formation Commingle

Township 29 North, Range 11 West



1) Meridian Oil Inc

1) Meridian Oil Inc &

Conoco, Inc.

10 Desta Dr., Suite 100W, Midland, TX 79705

EXHIBIT "C"

Pictured Cliffs Formation

**FIFIELD #2**  
**FRUITLAND COAL FORMATION**

Catherine L. Fifield  
6412 Prairie NE  
Albuquerque, NM 87109

Gayle D. Fogelson  
300 Crescent Court, Suite 920  
Dallas, TX 75201-1841

Ethel F. Garrison Zenor  
19602 Keystone Drive  
Sun City West, AZ 85375

Myra Frances E. Clark  
Trustee of the Estate of  
Lois F. Everett Estate Deceased  
P.O. Box 1094  
Prescott, AZ 86302-1094

Minerals Management Service  
Royalty Management Program  
P.O. Box 5810  
Denver, CO 80217-5810

Henrietta E. Schultz Trustee  
Frank and Henrietta Schultz Revocable Trust  
500 N. Akard, Suite 2160  
Dallas, TX 75201-3360

Chase Oil Corporation  
P.O. Box 276  
Artesia, NM 88211-0276

EXHIBIT "D"

**FIFIELD #2**  
**PICTURED CLIFFS FORMATION**

Catherine L. Fifield  
6412 Prairie NE  
Albuquerque, NM 87109

Gayle D. Fogelson  
300 Crescent Court, Suite 920  
Dallas, TX 75201-1841

Ethel F. Garrison Zenor  
19602 Keystone Drive  
Sun City West, AZ 85375

Myra Frances E. Clark  
Trustee of the Estate of  
Lois F. Everett Estate Deceased  
P.O. Box 1094  
Prescott, AZ 86302-1094

Minerals Management Service  
Royalty Management Program  
P.O. Box 5810  
Denver, CO 80217-5810

Henrietta E. Schultz Trustee  
Frank and Henrietta Schultz Revocable Trust  
500 N. Akard, Suite 2160  
Dallas, TX 75201-3360

EXHIBIT "E"

**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)

June 28, 1994

HAND DELIVERED

*Case 11039*

Mr. Michael E. Stogner  
Chief Hearing Examiner  
Oil Conservation Division  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

Re: Fifield Well No. 2  
Section 5-T29N,R11W  
Application of Meridian Oil Inc.  
for an unorthodox coal gas well  
location and downhole commingling,  
San Juan County, New Mexico

Dear Mr. Stogner:

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 July 21, 1994.

By copy of this letter and application, sent certified mail, we are notifying all interested parties of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

Mr. Michael E. Stogner  
June 28, 1994  
Page 2

Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, July 15, 1994, with a copy delivered to the undersigned.

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

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

W. Thomas Kellahin

cc: Meridian Oil Inc. and  
**By Certified Mail - Return Receipt**  
All Interested Parties

## PROPOSED ADVERTISEMENT

Case 11039 Application of Meridian Oil Inc. for an unorthodox gas well location and downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle Aztec-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its Fifield Well No. 2, an existing Pictured Cliffs formation well, located 1650 feet FSL and 1090 feet FEL, (Unit I) Section 5, T29N, R11W, NMPM, San Juan County, New Mexico. Said well would be an "off-pattern" unorthodox coal gas well and would be dedicated to a standard 320-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being E/2 of Section 5 and to a standard 160-acre gas spacing unit for the Aztec-Pictured Cliffs Gas Pool being the SE/4 of Section 5. The well is located approximately 3.5 miles northwest from Bloomfield, New Mexico.

**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:

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

CASE: 11039

**APPLICATION**

Comes now MERIDIAN OIL INC., ("Meridian") by and through its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division for approval to downhole commingle Aztec-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its Fifield Well No. 2, an existing Pictured Cliffs formation well, located 1650 feet FSL and 1090 feet FEL, (Unit I) Section 5, T29N, R11W, NMPM, San Juan County, New Mexico. Said well would be an "off-pattern" unorthodox coal gas well and would be dedicated to a standard 305.92-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being E/2 of Section 5 and to a standard 160-acre gas spacing unit for the Aztec-Pictured Cliffs Gas Pool being the SE/4 of Section 5.

In support of its application, Meridian states:

(1) Meridian is the operator for the Fifield Well No. 2, an existing Pictured Cliffs producing well, located 1650 feet FSL and 1090 feet FEL (Unit I), Section 5, T29N, R11W, NMPM, San Juan County, New Mexico as shown on Exhibit "A" attached.



(2) Said location is an unorthodox gas well location for the Basin-Fruitland Coal Gas Pool being located in the SE/4 rather than either the NE/4 or SW/4.

(3) The Well is to be recompleted so that production from the Basin-Fruitland Coal Gas Pool and the Aztec-Pictured Cliffs Gas Pool can be downhole commingled in the wellbore.

(4) The E/2 of Section 5, being 305.92 acres, is currently approved as a non-standard coal gas well spacing and proration unit dedicated to the Fifield Com Well No. 800 which is a Basin-Fruitland Coal Gas Pool well located in Unit H which will be plugged and abandoned upon the recompletion of the Fifield Well No. 2

(5) The SE/4 of Section 5, being 160 acres, is to be dedicated to any production from the Aztec-Pictured Cliffs Gas Pool which is spaced on 160-acre gas spacing units.

(6) The ownership is not common between these two spacing units.

(7) In accordance with Division Rule 303-C-1.(b), the Applicant states and will demonstrate at hearing:

1. That the Basin Fruitland Coal Gas Pool production in this well is expected to be marginal and production cannot be economically justified unless it is done so by downhole commingling that production with Pictured Cliffs Gas Pool production in this well.

2. That there will be no crossflow between the two zones commingled.

3. That the value of the commingled production will not be less than the sum of the values of the individual production.

4. It is expected that the bottom hole pressure of the lower pressure zone is not less than 50 percent of the bottom hole pressure of the higher pressure zone adjusted to a common datum.

(8) In order to reduce the costs involved, Meridian seeks to add the Fruitland Coal Gas formation to this well rather than drill a new coal gas well.

(9) Due to the nature of the Basin-Fruitland Coal Gas production, straight allocation of gas volumes from both zones is not appropriate. Meridian therefore seeks the adoption of a monthly allocation formula to be presented at the time of the hearing.

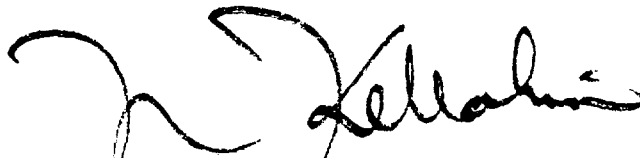
(10) Applicant requests that this matter be docketed for hearing on the Division's Examiner docket now scheduled for July 21, 1994.

(11) Copy of this application has been sent to all offsetting operators to the two spacing units as set forth on Exhibits B and C.

(12) A copy of this application has been sent to all owners of production within the spacing unit who may be affected by downhole commingling as shown on Exhibits "D" and "E."

WHEREFORE Applicant requests that this matter be set for hearing on July 21, 1994 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 over a horizontal line.

W. Thomas Kellahin  
KELLAHIN and KELLAHIN  
P. O. Box 2265  
Santa Fe, New Mexico 87501

# Meridian Oil Inc. Fifield # 2 Well NESE Section 5, T29N, R11W

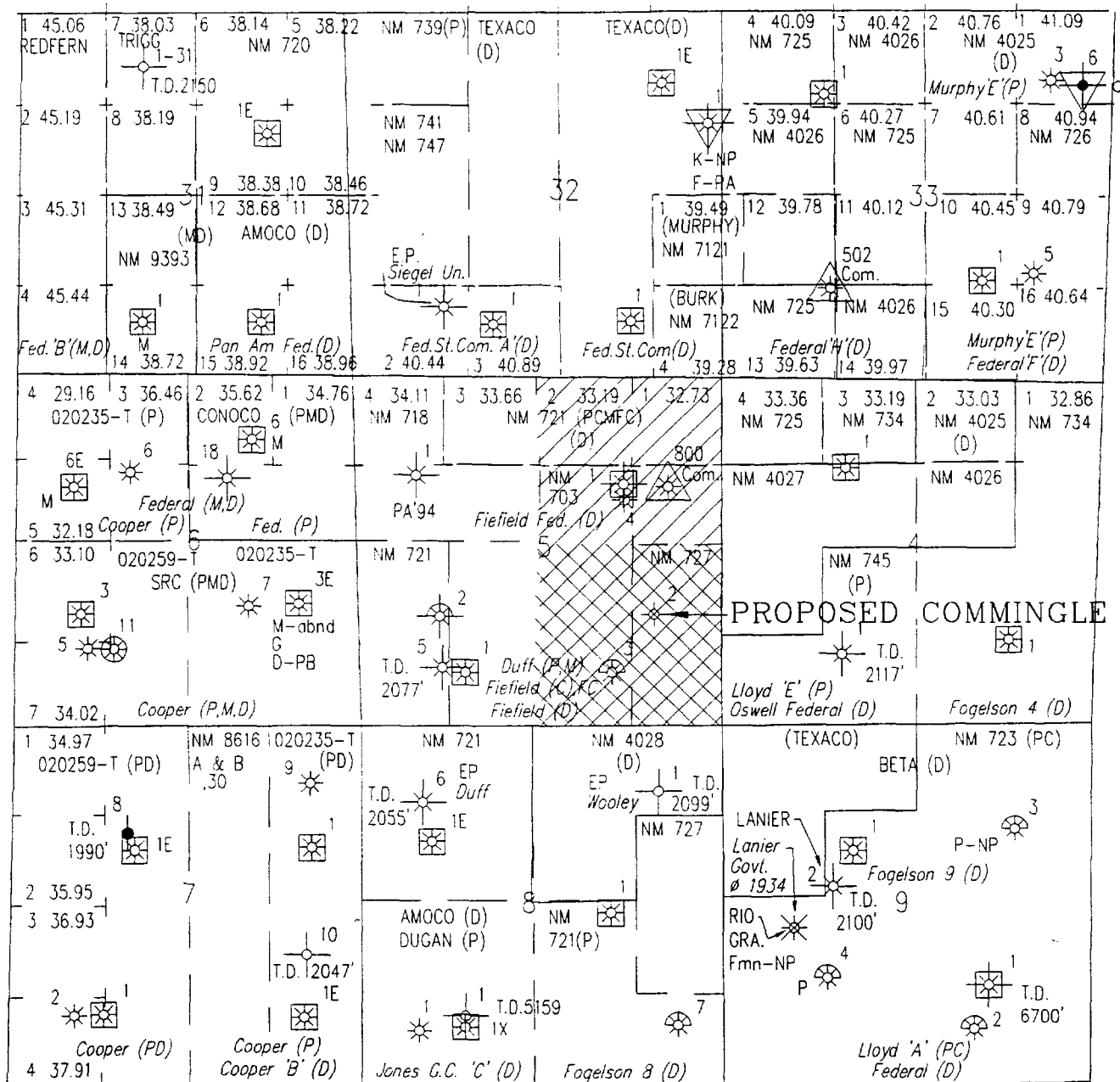


EXHIBIT "A"

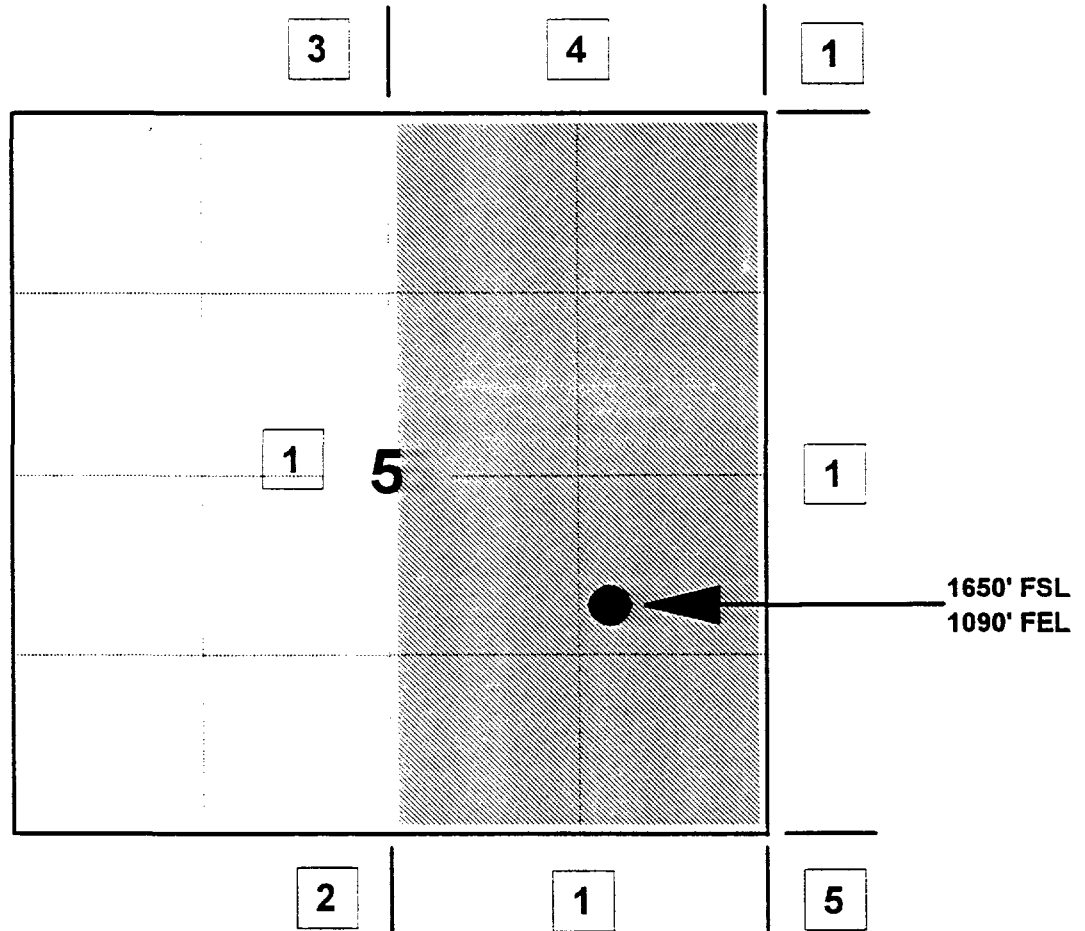
# MERIDIAN OIL INC

## FIFIELD #2

### OFFSET OPERATOR \ OWNER PLAT

#### Fruitland Coal Formation Unorthodox Well Location

Township 29 North, Range 11 West



1) Meridian Oil Inc

2) Meridian Oil Inc &

Amoco Production Company

PO Box 800, Denver, CO 80201

3) Meridian Oil Inc,

Conoco, Inc.

10 Desta Dr., Suite 100W, Midland, TX 79705 &

Texaco Exploration & Production Inc.

PO Box 2100, Denver, CO 80237

4) Texaco Exploration & Production Inc. & Conoco, Inc.

5) Meridian Oil Inc & Conoco, Inc.

EXHIBIT "B"

Fruitland Coal Formation

### **Pictured Cliffs Formation**

**FIFIELD #2  
FRUITLAND COAL FORMATION**

Catherine L. Fifield  
6412 Prairie NE  
Albuquerque, NM 87109

Gayle D. Fogelson  
300 Crescent Court, Suite 920  
Dallas, TX 75201-1841

Ethel F. Garrison Zenor  
19602 Keystone Drive  
Sun City West, AZ 85375

Myra Frances E. Clark  
Trustee of the Estate of  
Lois F. Everett Estate Deceased  
P.O. Box 1094  
Prescott, AZ 86302-1094

Minerals Management Service  
Royalty Management Program  
P.O. Box 5810  
Denver, CO 80217-5810

Henrietta E. Schultz Trustee  
Frank and Henrietta Schultz Revocable Trust  
500 N. Akard, Suite 2160  
Dallas, TX 75201-3360

Chase Oil Corporation  
P.O. Box 276  
Artesia, NM 88211-0276

EXHIBIT "D"

**FIFIELD #2  
PICTURED CLIFFS FORMATION**

Catherine L. Fifield  
6412 Prairie NE  
Albuquerque, NM 87109

Gayle D. Fogelson  
300 Crescent Court, Suite 920  
Dallas, TX 75201-1841

Ethel F. Garrison Zenor  
19602 Keystone Drive  
Sun City West, AZ 85375

Myra Frances E. Clark  
Trustee of the Estate of  
Lois F. Everett Estate Deceased  
P.O. Box 1094  
Prescott, AZ 86302-1094

Minerals Management Service  
Royalty Management Program  
P.O. Box 5810  
Denver, CO 80217-5810

Henrietta E. Schultz Trustee  
Frank and Henrietta Schultz Revocable Trust  
500 N. Akard, Suite 2160  
Dallas, TX 75201-3360

EXHIBIT "E"



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)

June 28, 1994

HAND DELIVERED

Mr. Michael E. Stogner  
Chief Hearing Examiner  
Oil Conservation Division  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

*Case 11039*

Re: Fifield Well No. 2  
Section 5-T29N,R11W  
Application of Meridian Oil Inc.  
for an unorthodox coal gas well  
location and downhole commingling,  
San Juan County, New Mexico

Dear Mr. Stogner:

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 July 21, 1994.

By copy of this letter and application, sent certified mail, we are notifying all interested parties of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

Mr. Michael E. Stogner  
June 28, 1994  
Page 2

Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, July 15, 1994, with a copy delivered to the undersigned.

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

Very truly yours,

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

W. Thomas Kellahin

cc: Meridian Oil Inc. and  
**By Certified Mail - Return Receipt**  
All Interested Parties

## PROPOSED ADVERTISEMENT

Case 11039 Application of Meridian Oil Inc. for an unorthodox gas well location and downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle Aztec-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its Fifield Well No. 2, an existing Pictured Cliffs formation well, located 1650 feet FSL and 1090 feet FEL, (Unit I) Section 5, T29N, R11W, NMPM, San Juan County, New Mexico. Said well would be an "off-pattern" unorthodox coal gas well and would be dedicated to a standard 320-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being E/2 of Section 5 and to a standard 160-acre gas spacing unit for the Aztec-Pictured Cliffs Gas Pool being the SE/4 of Section 5. The well is located approximately 3.5 miles northwest from Bloomfield, New Mexico.

**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:

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

CASE: 11039

**APPLICATION**

Comes now MERIDIAN OIL INC., ("Meridian") by and through its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division for approval to downhole commingle Aztec-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its Fifield Well No. 2, an existing Pictured Cliffs formation well, located 1650 feet FSL and 1090 feet FEL, (Unit I) Section 5, T29N, R11W, NMPM, San Juan County, New Mexico. Said well would be an "off-pattern" unorthodox coal gas well and would be dedicated to a standard 305.92-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being E/2 of Section 5 and to a standard 160-acre gas spacing unit for the Aztec-Pictured Cliffs Gas Pool being the SE/4 of Section 5.

In support of its application, Meridian states:

(1) Meridian is the operator for the Fifield Well No. 2, an existing Pictured Cliffs producing well, located 1650 feet FSL and 1090 feet FEL (Unit I), Section 5, T29N, R11W, NMPM, San Juan County, New Mexico as shown on Exhibit "A" attached.

(2) Said location is an unorthodox gas well location for the Basin-Fruitland Coal Gas Pool being located in the SE/4 rather than either the NE/4 or SW/4.

(3) The Well is to be recompleted so that production from the Basin-Fruitland Coal Gas Pool and the Aztec-Pictured Cliffs Gas Pool can be downhole commingled in the wellbore.

(4) The E/2 of Section 5, being 305.92 acres, is currently approved as a non-standard coal gas well spacing and proration unit dedicated to the Fifield Com Well No. 800 which is a Basin-Fruitland Coal Gas Pool well located in Unit H which will be plugged and abandoned upon the recompletion of the Fifield Well No. 2

(5) The SE/4 of Section 5, being 160 acres, is to be dedicated to any production from the Aztec-Pictured Cliffs Gas Pool which is spaced on 160-acre gas spacing units.

(6) The ownership is not common between these two spacing units.

(7) In accordance with Division Rule 303-C-1.(b), the Applicant states and will demonstrate at hearing:

1. That the Basin Fruitland Coal Gas Pool production in this well is expected to be marginal and production cannot be economically justified unless it is done so by downhole commingling that production with Pictured Cliffs Gas Pool production in this well.

2. That there will be no crossflow between the two zones commingled.

3. That the value of the commingled production will not be less than the sum of the values of the individual production.

4. It is expected that the bottom hole pressure of the lower pressure zone is not less than 50 percent of the bottom hole pressure of the higher pressure zone adjusted to a common datum.

(8) In order to reduce the costs involved, Meridian seeks to add the Fruitland Coal Gas formation to this well rather than drill a new coal gas well.

(9) Due to the nature of the Basin-Fruitland Coal Gas production, straight allocation of gas volumes from both zones is not appropriate. Meridian therefore seeks the adoption of a monthly allocation formula to be presented at the time of the hearing.

(10) Applicant requests that this matter be docketed for hearing on the Division's Examiner docket now scheduled for July 21, 1994.

(11) Copy of this application has been sent to all offsetting operators to the two spacing units as set forth on Exhibits B and C.

**Application of Meridian Oil, Inc.**  
**NMOCD**  
**Page 4**

(12) A copy of this application has been sent to all owners of production within the spacing unit who may be affected by downhole commingling as shown on Exhibits "D" and "E."

WHEREFORE Applicant requests that this matter be set for hearing on July 21, 1994 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

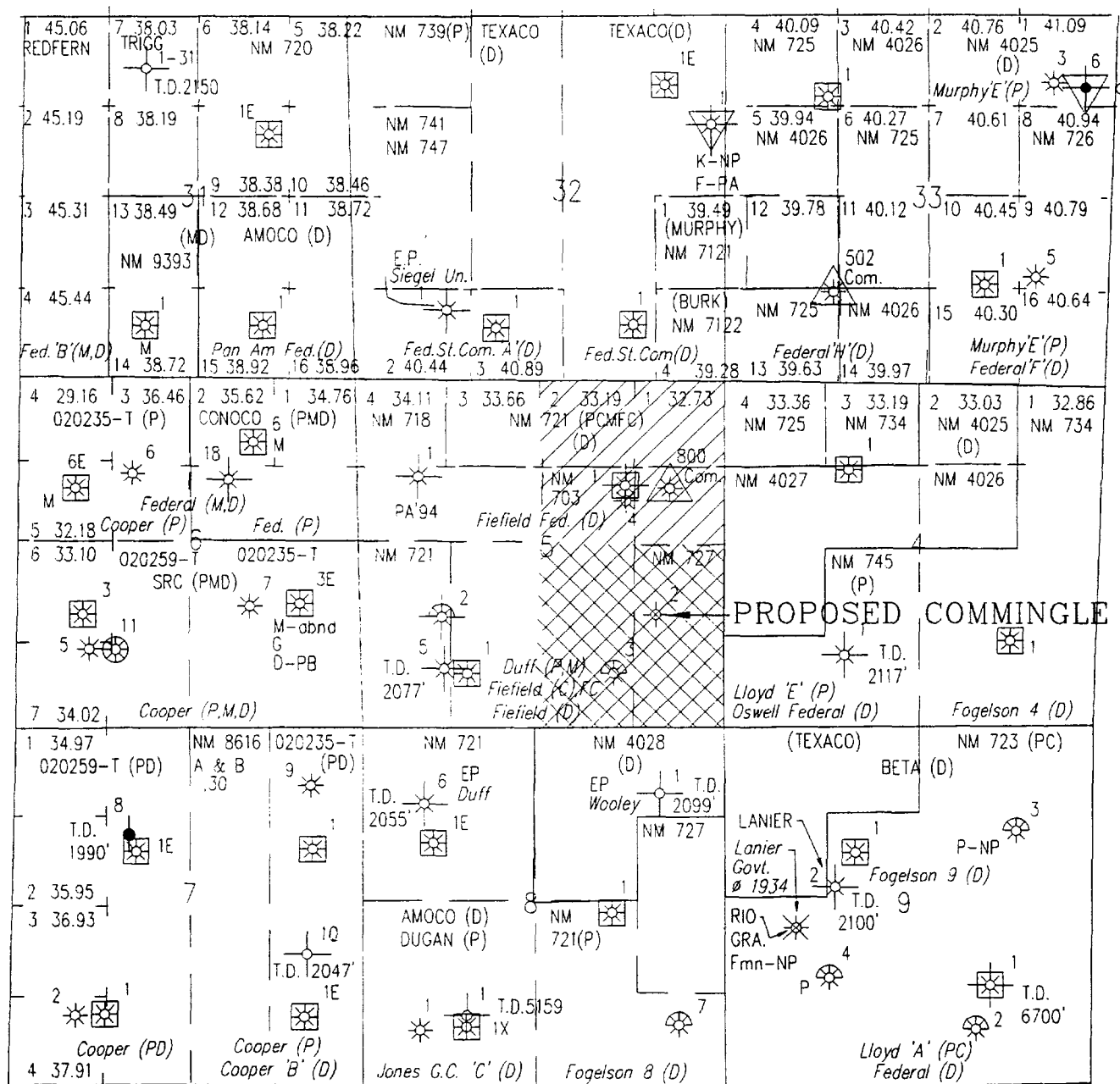
A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a large, stylized initial 'W'.







W. Thomas Kellahin  
KELLAHIN and KELLAHIN  
P. O. Box 2265  
Santa Fe, New Mexico 87501

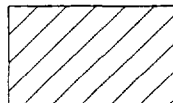
# Meridian Oil Inc.

## Fifield # 2 Well

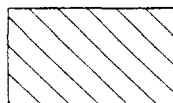
### NESE Section 5, T29N, R11W



-  FRUITLAND SAND
-  MESA VERDE
-  FRUITLAND COAL
-  DAKOTA
-  PICTURED CLIFFS
-  GALLUP



SPACING FRUITLAND COAL



SPACING PICTURED CLIFFS

EXHIBIT "A"



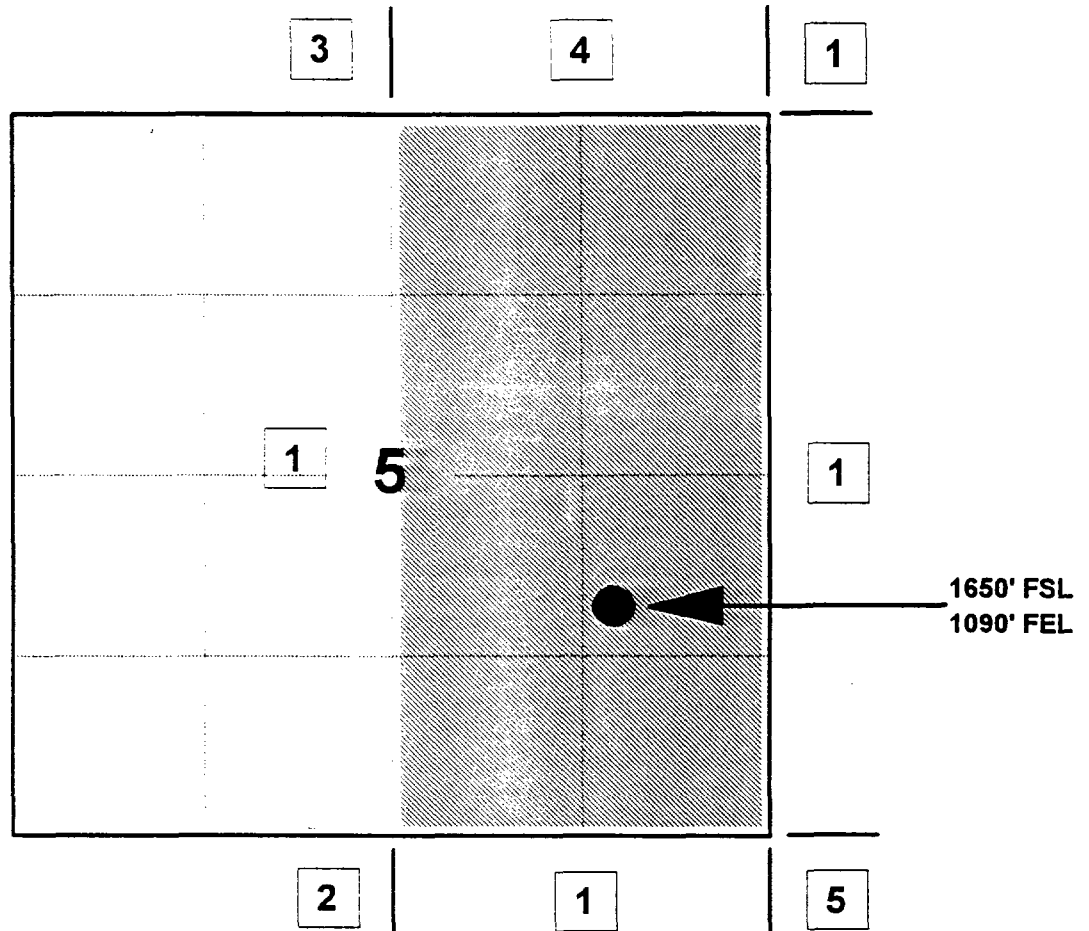
# MERIDIAN OIL INC

## FIFIELD #2

### OFFSET OPERATOR \ OWNER PLAT

#### Fruitland Coal Formation Unorthodox Well Location

Township 29 North, Range 11 West



1) Meridian Oil Inc

2) Meridian Oil Inc &

Amoco Production Company

PO Box 800, Denver, CO 80201

3) Meridian Oil Inc,

Conoco, Inc.

10 Desta Dr., Suite 100W, Midland, TX 79705 &

Texaco Exploration & Production Inc.

PO Box 2100, Denver, CO 80237

4) Texaco Exploration & Production Inc. & Conoco, Inc.

5) Meridian Oil Inc & Conoco, Inc.

EXHIBIT "B"

Fruitland Coal Formation

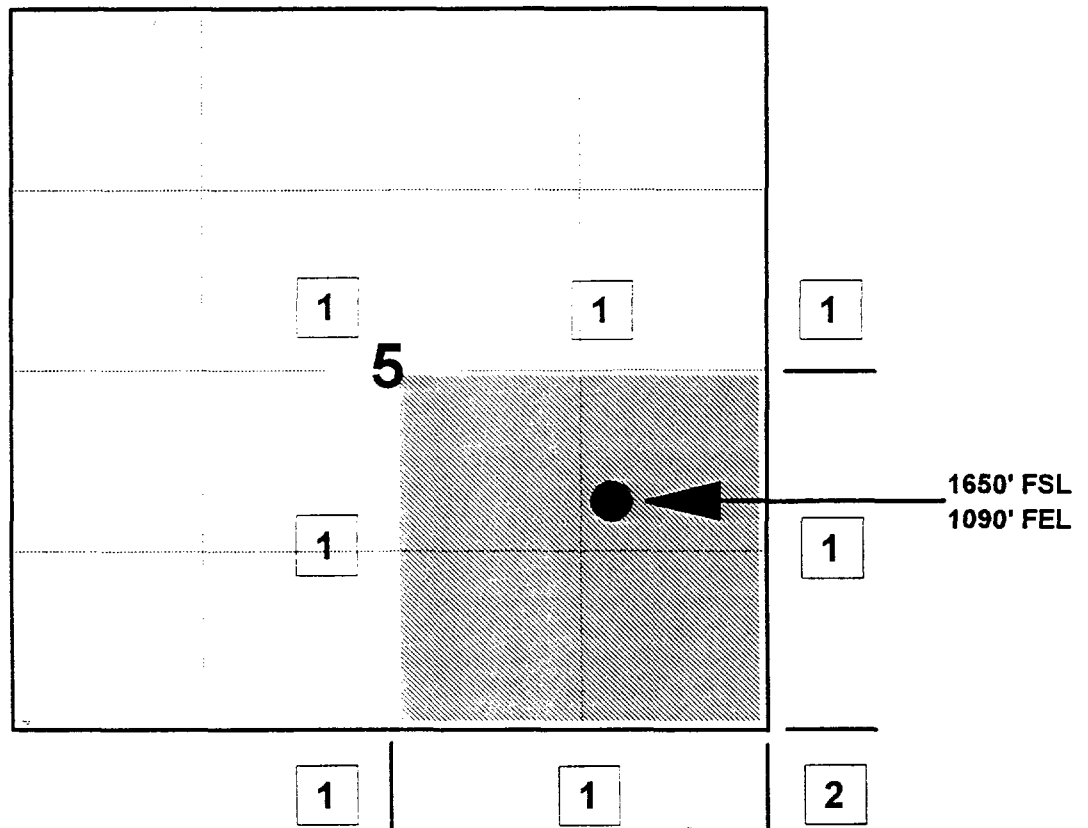
# MERIDIAN OIL INC

## FIFIELD #2

OFFSET OPERATOR \ OWNER PLAT

Pictured Cliffs / Fruitland Coal Formation Commingle

Township 29 North, Range 11 West



1) Meridian Oil Inc

1) Meridian Oil Inc

&

Conoco, Inc.

10 Desta Dr., Suite 100W, Midland, TX 79705

EXHIBIT "C"

Pictured Cliffs Formation

**FIFIELD #2**  
**FRUITLAND COAL FORMATION**

Catherine L. Fifield  
6412 Prairie NE  
Albuquerque, NM 87109

Gayle D. Fogelson  
300 Crescent Court, Suite 920  
Dallas, TX 75201-1841

Ethel F. Garrison Zenor  
19602 Keystone Drive  
Sun City West, AZ 85375

Myra Frances E. Clark  
Trustee of the Estate of  
Lois F. Everett Estate Deceased  
P.O. Box 1094  
Prescott, AZ 86302-1094

Minerals Management Service  
Royalty Management Program  
P.O. Box 5810  
Denver, CO 80217-5810

Henrietta E. Schultz Trustee  
Frank and Henrietta Schultz Revocable Trust  
500 N. Akard, Suite 2160  
Dallas, TX 75201-3360

Chase Oil Corporation  
P.O. Box 276  
Artesia, NM 88211-0276

EXHIBIT "E"

**FIFIELD #2**  
**PICTURED CLIFFS FORMATION**

Catherine L. Fifield  
6412 Prairie NE  
Albuquerque, NM 87109

Gayle D. Fogelson  
300 Crescent Court, Suite 920  
Dallas, TX 75201-1841

Ethel F. Garrison Zenor  
19602 Keystone Drive  
Sun City West, AZ 85375

Myra Frances E. Clark  
Trustee of the Estate of  
Lois F. Everett Estate Deceased  
P.O. Box 1094  
Prescott, AZ 86302-1094

Minerals Management Service  
Royalty Management Program  
P.O. Box 5810  
Denver, CO 80217-5810

Henrietta E. Schultz Trustee  
Frank and Henrietta Schultz Revocable Trust  
500 N. Akard, Suite 2160  
Dallas, TX 75201-3360

EXHIBIT "E"

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)

June 28, 1994

HAND DELIVERED

28

Mr. Michael E. Stogner  
Chief Hearing Examiner  
Oil Conservation Division  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

*Case 11039*

Re: Fifield Well No. 2  
Section 5-T29N,R11W  
Application of Meridian Oil Inc.  
for an unorthodox coal gas well  
location and downhole commingling,  
San Juan County, New Mexico

Dear Mr. Stogner:

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 July 21, 1994.

By copy of this letter and application, sent certified mail, we are notifying all interested parties of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

Mr. Michael E. Stogner  
June 28, 1994  
Page 2

Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, July 15, 1994, with a copy delivered to the undersigned.

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

Very truly yours,

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

W. Thomas Kellahin

cc: Meridian Oil Inc. and  
**By Certified Mail - Return Receipt**  
All Interested Parties

JAN 2 5

## PROPOSED ADVERTISEMENT

Case 11039 Application of Meridian Oil Inc. for an unorthodox gas well location and downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle Aztec-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its Fifield Well No. 2, an existing Pictured Cliffs formation well, located 1650 feet FSL and 1090 feet FEL, (Unit I) Section 5, T29N, R11W, NMPM, San Juan County, New Mexico. Said well would be an "off-pattern" unorthodox coal gas well and would be dedicated to a standard 320-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being E/2 of Section 5 and to a standard 160-acre gas spacing unit for the Aztec-Pictured Cliffs Gas Pool being the SE/4 of Section 5. The well is located approximately 3.5 miles northwest from Bloomfield, New Mexico.

**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:

April 2 -

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

CASE: 11039

**APPLICATION**

Comes now MERIDIAN OIL INC., ("Meridian") by and through its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division for approval to downhole commingle Aztec-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its Fifield Well No. 2, an existing Pictured Cliffs formation well, located 1650 feet FSL and 1090 feet FEL, (Unit I) Section 5, T29N, R11W, NMPM, San Juan County, New Mexico. Said well would be an "off-pattern" unorthodox coal gas well and would be dedicated to a standard 305.92-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being E/2 of Section 5 and to a standard 160-acre gas spacing unit for the Aztec-Pictured Cliffs Gas Pool being the SE/4 of Section 5.

In support of its application, Meridian states:

(1) Meridian is the operator for the Fifield Well No. 2, an existing Pictured Cliffs producing well, located 1650 feet FSL and 1090 feet FEL (Unit I), Section 5, T29N, R11W, NMPM, San Juan County, New Mexico as shown on Exhibit "A" attached.



(2) Said location is an unorthodox gas well location for the Basin-Fruitland Coal Gas Pool being located in the SE/4 rather than either the NE/4 or SW/4.

(3) The Well is to be recompleted so that production from the Basin-Fruitland Coal Gas Pool and the Aztec-Pictured Cliffs Gas Pool can be downhole commingled in the wellbore.

(4) The E/2 of Section 5, being 305.92 acres, is currently approved as a non-standard coal gas well spacing and proration unit dedicated to the Fifield Com Well No. 800 which is a Basin-Fruitland Coal Gas Pool well located in Unit H which will be plugged and abandoned upon the recompletion of the Fifield Well No. 2

(5) The SE/4 of Section 5, being 160 acres, is to be dedicated to any production from the Aztec-Pictured Cliffs Gas Pool which is spaced on 160-acre gas spacing units.

(6) The ownership is not common between these two spacing units.

(7) In accordance with Division Rule 303-C-1.(b), the Applicant states and will demonstrate at hearing:

1. That the Basin Fruitland Coal Gas Pool production in this well is expected to be marginal and production cannot be economically justified unless it is done so by downhole commingling that production with Pictured Cliffs Gas Pool production in this well.

2. That there will be no crossflow between the two zones commingled.

3. That the value of the commingled production will not be less than the sum of the values of the individual production.

4. It is expected that the bottom hole pressure of the lower pressure zone is not less than 50 percent of the bottom hole pressure of the higher pressure zone adjusted to a common datum.

(8) In order to reduce the costs involved, Meridian seeks to add the Fruitland Coal Gas formation to this well rather than drill a new coal gas well.

(9) Due to the nature of the Basin-Fruitland Coal Gas production, straight allocation of gas volumes from both zones is not appropriate. Meridian therefore seeks the adoption of a monthly allocation formula to be presented at the time of the hearing.

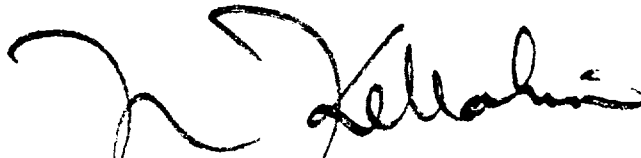
(10) Applicant requests that this matter be docketed for hearing on the Division's Examiner docket now scheduled for July 21, 1994.

(11) Copy of this application has been sent to all offsetting operators to the two spacing units as set forth on Exhibits B and C.

(12) A copy of this application has been sent to all owners of production within the spacing unit who may be affected by downhole commingling as shown on Exhibits "D" and "E."

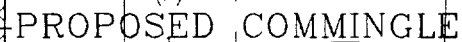
WHEREFORE Applicant requests that this matter be set for hearing on July 21, 1994 before a duly appointed Examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted

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

W. Thomas Kellahin  
KELLAHIN and KELLAHIN  
P. O. Box 2265  
Santa Fe, New Mexico 87501

## NESE Section 5, T29N, R11W



## SPACING PICTURED CLIFFS

EXHIBIT "A"

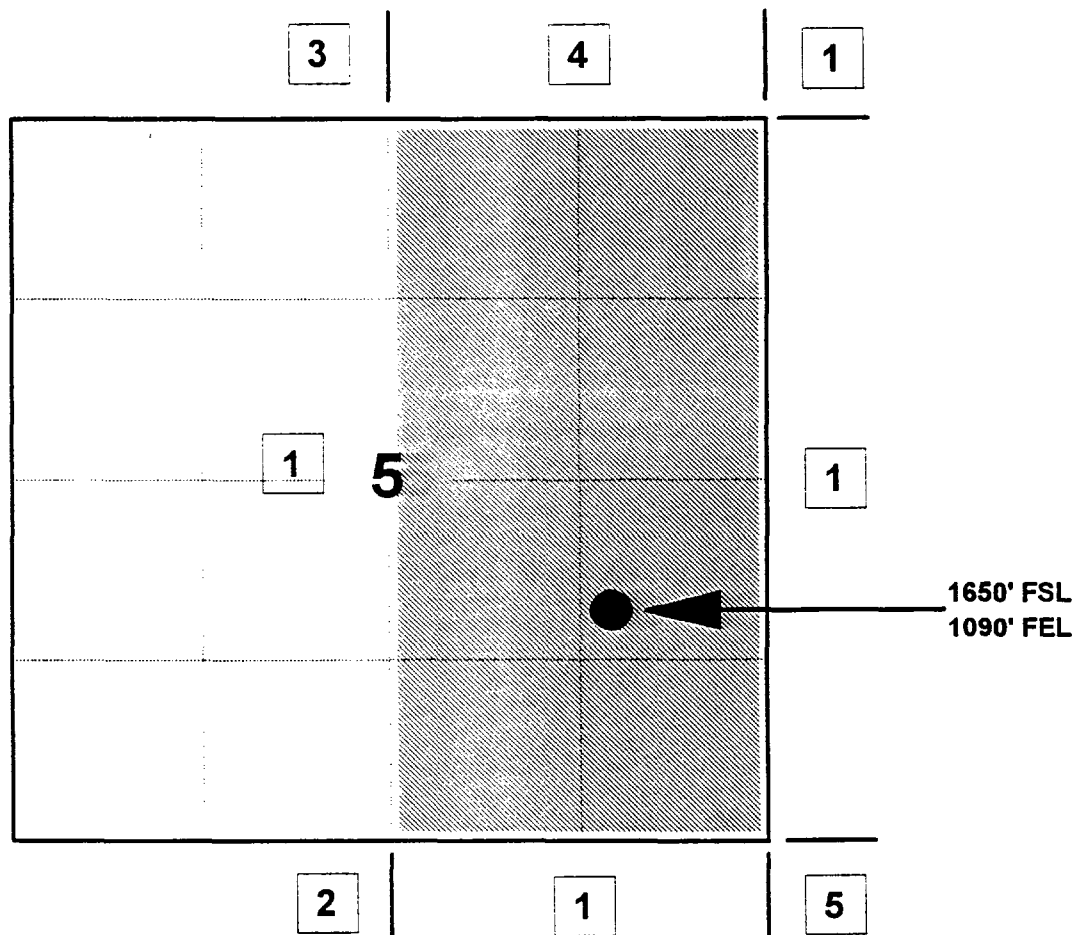
# MERIDIAN OIL INC

## FIFIELD #2

### OFFSET OPERATOR \ OWNER PLAT

#### Fruitland Coal Formation Unorthodox Well Location

Township 29 North, Range 11 West



1) Meridian Oil Inc

2) Meridian Oil Inc &

Amoco Production Company

PO Box 800, Denver, CO 80201

3) Meridian Oil Inc,

Conoco, Inc.

10 Desta Dr., Suite 100W, Midland, TX 79705 &

Texaco Exploration & Production Inc.

PO Box 2100, Denver, CO 80237

4) Texaco Exploration & Production Inc. & Conoco, Inc.

5) Meridian Oil Inc & Conoco, Inc.

EXHIBIT "B"

Fruitland Coal Formation

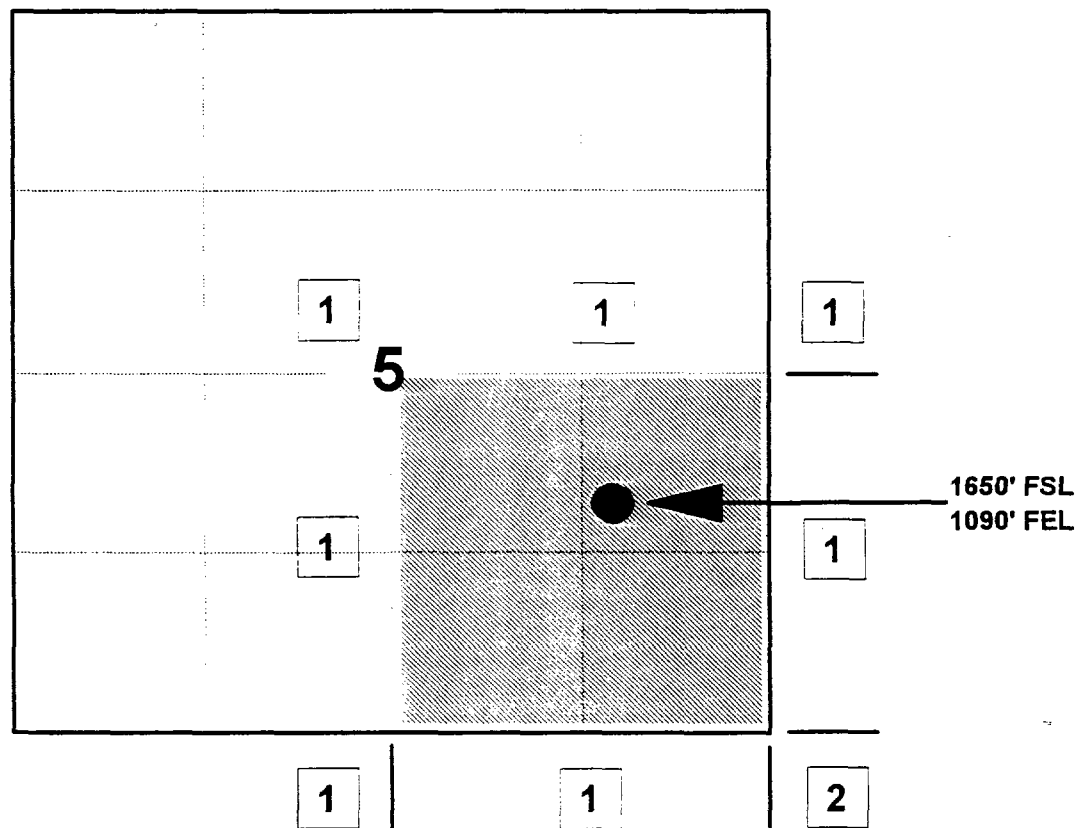
# MERIDIAN OIL INC

## FIFIELD #2

### OFFSET OPERATOR \ OWNER PLAT

#### Pictured Cliffs / Fruitland Coal Formation Commingle

Township 29 North, Range 11 West



1) Meridian Oil Inc

1) Meridian Oil Inc &

Conoco, Inc.

10 Desta Dr., Suite 100W, Midland, TX 79705

EXHIBIT "C"

Pictured Cliffs Formation

**FIFIELD #2**  
**FRUITLAND COAL FORMATION**

Catherine L. Fifield  
6412 Prairie NE  
Albuquerque, NM 87109

Gayle D. Fogelson  
300 Crescent Court, Suite 920  
Dallas, TX 75201-1841

Ethel F. Garrison Zenor  
19602 Keystone Drive  
Sun City West, AZ 85375

Myra Frances E. Clark  
Trustee of the Estate of  
Lois F. Everett Estate Deceased  
P.O. Box 1094  
Prescott, AZ 86302-1094

Minerals Management Service  
Royalty Management Program  
P.O. Box 5810  
Denver, CO 80217-5810

Henrietta E. Schultz Trustee  
Frank and Henrietta Schultz Revocable Trust  
500 N. Akard, Suite 2160  
Dallas, TX 75201-3360

Chase Oil Corporation  
P.O. Box 276  
Artesia, NM 88211-0276

EXHIBIT "D"

**FIFIELD #2**  
**PICTURED CLIFFS FORMATION**

Catherine L. Fifield  
6412 Prairie NE  
Albuquerque, NM 87109

Gayle D. Fogelson  
300 Crescent Court, Suite 920  
Dallas, TX 75201-1841

Ethel F. Garrison Zenor  
19602 Keystone Drive  
Sun City West, AZ 85375

Myra Frances E. Clark  
Trustee of the Estate of  
Lois F. Everett Estate Deceased  
P.O. Box 1094  
Prescott, AZ 86302-1094

Minerals Management Service  
Royalty Management Program  
P.O. Box 5810  
Denver, CO 80217-5810

Henrietta E. Schultz Trustee  
Frank and Henrietta Schultz Revocable Trust  
500 N. Akard, Suite 2160  
Dallas, TX 75201-3360

EXHIBIT "E"



CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

06/28/94 15:38:11  
OGOMES -EMFX  
PAGE NO: 1

Sec : 05 Twp : 29N Rng : 11W Section Type : NORMAL

4 34.11  Federal owned	3 33.65  Federal owned	2 33.19  Federal owned	1 32.73  Federal owned
E 40.00  Federal owned A	F 40.00  Federal owned	G 40.00  Fee owned A	H 40.00  Federal owned A

PF01 HELP  
PF07 BKWD

PF02  
PF08 FWD

PF03 EXIT  
PF09 PRINT

PF04 GoTo  
PF10 SDIV

PF05  
PF11

PF06  
PF12

33.19  
32.73  
65.92  
8  
145.92  
16  
305.92

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

06/28/94 15:38:22  
OGOMES -EMFX  
PAGE NO: 2

Sec : 05 Twp : 29N Rng : 11W Section Type : NORMAL

L 40.00  Federal owned	K 40.00  Fee owned	J 40.00  Fee owned	I 40.00  Federal owned A
M 40.00  Federal owned	N 40.00  Fee owned A	O 40.00  Fee owned A	P 40.00  Federal owned

PF01 HELP  
PF07 BKWD

PF02  
PF08 FWD

PF03 EXIT  
PF09 PRINT

PF04 GoTo  
PF10 SDIV

PF05  
PF11

PF06  
PF12

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

*DK  
Bq/29*

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 11039  
Order No. R-10209

APPLICATION OF MERIDIAN OIL INC.  
FOR DOWNHOLE COMMINGLING AND AN  
UNORTHODOX COAL 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 September 29, 1994, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this September day of ~~October~~, 1994, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

The applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED THAT:

Case No. 11039 is hereby dismissed.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*William J. Lemay*  
WILLIAM J. LEMAY  
Director

S E A L