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July 17, 1989

HAND-DELIVERED

RECEIVED

Mr. William J. LeMay
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

JUL 18 1989

OIL CONSERVATION DIVISION

Re: Application of Meridian Oil Inc.
for the Creation of a new
Delaware Oil Pool, Eddy County,
New Mexico

Case 9718

Dear Mr. LeMay:

On behalf of Meridian Oil Inc. please find enclosed our application for the referenced hearing which we request be set at the next available examiner's docket on August 9, 1989.

The following is suggested as an advertisement for the docket and newspaper publication of notice:

Application of Meridian Oil Inc. for creation of a new pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Delaware Oil Pool and the promulgation of temporary special pool rules for a new Delaware Oil Pool located in Section 35 of T19S, R29E, NMPM, including a provision for a 40-acre spacing unit and for the contraction of the vertical limits of the Parkway-Delaware Pool. Said area is located approximately 15 miles northeast of Carlsbad, New Mexico.

By copy of this application and letter, sent regular mail, we are notifying all interested parties within one mile of the discovery well of their rights to appear at the

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hearing and to participate in the hearing, including the right to present evidence either in support of or in opposition to this application.

Very truly yours,


W. Thomas Kellahin

WTK/rs
Encl.

cc: Mr. T. H. Olle
Meridian Oil Inc.
21 Desta Drive
Midland, Texas 79705

All parties listed in application.

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

RECEIVED

IN THE MATTER OF THE APPLICATION OF
MERIDIAN OIL INC. FOR THE CREATION OF
A NEW PARKWAY-DELAWARE "B" SAND OIL POOL
AND THE CONTRACTION OF THE EXISTING
PARKWAY-DELAWARE POOL TO BE REDESIGNATED
THE PARKWAY-DELAWARE "A" SAND POOL.

JUL 18 1958

OIL CONSERVATION DIVISION

CASE NO. 9718

A P P L I C A T I O N

COMES NOW MERIDIAN OIL INC. ("Meridian"), by and through its attorneys, Kellahin, Kellahin & Aubrey, and applies to the New Mexico Oil Conservation Division to contract the vertical limits of the existing Parkway-Delaware Oil Pool by deleting the Delaware "B" Sand from said pool and redesignating the pool as the Parkway-Delaware "A" Sand Oil Pool and to create a new pool designated as the Parkway-Delaware "B" Sand Oil Pool for production from the Delaware "B" Sand. Both of said pools are to be subject to the statewide rules and regulations promulgated by the Oil Conservation Division for wells of this depth based upon 40-acre oil well spacing. In support of its Application, Meridian would show:

1. Meridian is the operator of some five wells that are currently dedicated to the Parkway-Delaware Oil Pool located in Section 35, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, all of which are currently completed in and produce from the Delaware "A" Sand.

2. Applicant has drilled and is currently producing it's Apache "A" Federal #1 Well (the discovery well), which is located in Unit B of Section 35, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

3. Said well is completed in the Delaware "B" Sand and constitutes a new discovery of a separate common source of supply, which should be designated the Parkway-Delaware "B" Sand Oil Pool.

4. The Delaware "B" Sand is the upper sand pool and the Delaware "A" Sand is the lower sand pool, each of which is vertically separated from the other by approximately 100 feet.

5. Reservoir and geologic data available demonstrate that each sand pool constitutes a separate and distinct source of supply from the other and each should be treated as a separate pool.

6. The vertical limits for the existing Parkway-Delaware Oil Pool should be contracted to consist of only the Delaware "A" Sand.

7. The vertical limits for the new pool should be the Delaware "B" Sand, as found on the porosity log of the discovery well from approximately 3940 feet to 4016 feet.

8. The vertical limits for the current Parkway-Delaware Oil Pool should be contracted to reflect the vertical interval in the redesignated Parkway-Delaware "A" Sand from approximately 4,110 feet to 4,220 feet as shown on the porosity log of Meridian's Apache "A" Federal #1 Well.

9. The initial horizontal limits for the new pool should be all of Section 35, Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico.

10. The effective date of the creation of the new pool should correspond to the date of the first production of the discovery well, which was June 16, 1989.

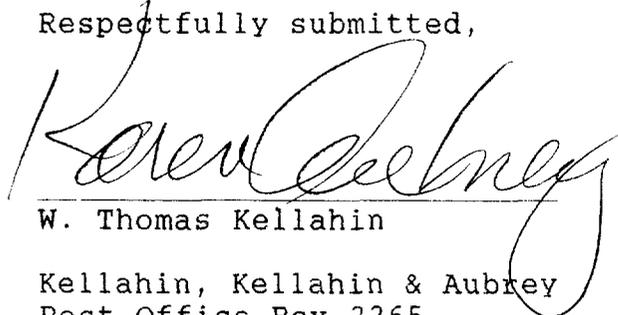
11. Adoption of Temporary Special Rules shall be for a period of two years and said rules will provide for the orderly development of the two pools, avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

12. A copy of this application has been sent to all interested parties as shown on Exhibit "A" attached hereto.

13. Applicant requests that this matter be set for hearing on the examiner's docket now scheduled for August 9, 1989.

WHEREFORE, applicant requests that, after notice and hearing, the application be granted as requested.

Respectfully submitted,

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

W. Thomas Kellahin

Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

(505) 982-4285

Exhibit "A"

Cai-Mon Oil Company
Suite 1200
First City Center
Midland, Texas 79702

Chevron
Post Office Box 1150
Midland, Texas 79702

Conoco Inc.
Post Office Box 1959
Midland, Texas 79702

Hayes Partners
Post Office Box 3700
Midland, Texas 79702

Mobil Producing Texas & New Mexico Inc.
Post Office Box 633
Midland, Texas 79702

Petroleum Corporation of Delaware
Suite 400
3131 Turtle Creek Boulevard
Dallas, Texas 75219

Santa Fe Energy
Suite 500
500 West Illinois
Midland, Texas 79701

Siete Oil and Gas
Post Office Box 2523
Roswell, New Mexico 88202

Strata Production
648 Petroleum Building
Roswell, New Mexico 88201