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Attorneys at Law

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Karen Aubrey

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Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265

August 29, 1989

RECEIVED

AUG 30 1989

Mr. William J. LeMay
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

OIL CONSERVATION DIVISION

HAND DELIVERED

Re: Application of Meridian Oil, Inc.
for a Highly-deviated Directional
Drilling Pilot Project,
Unorthodox Location and
Simultaneous Dedication,
Riddle #1 R Well
San Juan County, New Mexico

Case 9765

Dear Mr. LeMay:

On behalf of Meridian Oil, Inc. we would appreciate you having the enclosed application set for hearing on the next available Examiner's docket now scheduled for September 20, 1989.

We suggest the following for an advertisement for the docket and newspaper:

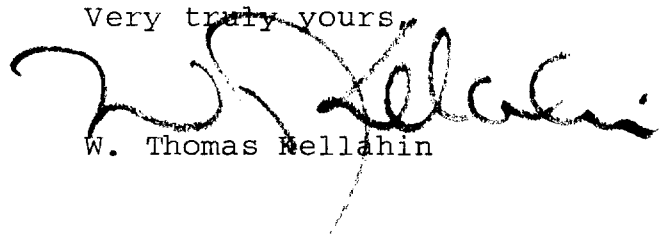
Application of Meridian Oil, Inc. for a Highly-deviated Directional Drilling Pilot Project, Unorthodox Location and Simultaneous Dedication, San Juan County, New Mexico. Applicant in the above styled cause seeks authority to initiate a highly-deviated directional drilling pilot project in the W/2 of Section 4, T30N, R9W, NMPM San Juan County, New Mexico forming a standard 320 acre gas spacing and proration unit in the Blanco Mesaverde Gas Pool, by commencing its Riddle #1 R well at an unorthodox surface location 250' FNL and 830' FWL of said Section 4, then drilling to a true vertical depth of approximately 3830 feet then commencing a medium radius curve in a southerly direction to encounter the top of the Basin Blanco Mesaverde Gas Pool at about 4550 feet at which point the wellbore will be drilled to the base of the Blanco Mesaverde Gas Pool at a true vertical depth of approximately 5750 feet to a terminus at an bottom hole location not closer than 790 feet from the south line or 3430 feet from east line or 790 feet from the west line of said Section 4.

Mr. William J. LeMay
August 29, 1989
Page 2

Said location is approximately 12 miles east of Aztec, New Mexico.

By copy of this letter to all parties shown on Exhibit D to the application, we are forwarding a copy of the application and notifying them by certified mail return-receipt 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. Those parties are directed to contact the Division or the applicant's attorney to determine what additional rights they may have.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name below.

W. Thomas Kellahin

WTK/dm
Encl.

cc: Mr. John Caldwell
Meridian Oil, Inc.

Mr. Kent Beers
Meridian Oil, Inc.

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

RECEIVED

AUG 29 1989

IN THE MATTER OF THE
APPLICATION OF MERIDIAN OIL, INC.
FOR A HORIZONTAL DIRECTIONAL
DRILLING PILOT PROJECT
SIMULTANEOUS DEDICATION AND
UNORTHODOX BOTTOM HOLE LOCATION,
SAN JUAN COUNTY, NEW MEXICO

OIL CONSERVATION DIVISION

CASE NO.: 9765

APPLICATION

Comes now MERIDIAN OIL, INC., by and through its attorneys, Kellahin, Kellahin & Aubrey, and applies to the New Mexico Oil Conservation Division to initiate a highly-deviated directional drilling pilot project in the W/2 of Section 4, T30N, R9W, NMPM, San Juan County, New Mexico forming a standard 320 acre gas spacing and proration unit in the Blanco Mesaverde Gas Pool, by commencing its Riddle #1R Well at an unorthodox surface location 250 feet FNL and 830 feet FWL of said Section 4 and drilling to an entry point in the Blanco Mesaverde Gas Pool at approximately 4550 feet true vertical depth and then in a southerly direction at an angle to a depth to encounter the base of the Blanco Mesaverde Gas Pool at true vertical depth of approximately 5750 feet at a terminus bottom hole location which shall be no closer than 790 feet from the west line or 3430 feet from the east line or 790 feet from the south line of said Section 4. Said location is approximately 12 miles east of Az-

tec, New Mexico. In addition, the applicant seeks the simultaneous dedication of the spacing unit to the following wells:

Riddle #1 - 486' FNL - 323' FWL
Riddle #1A - 1715' FSL - 990' FWL
Riddle #1R (proposed) - 250' FNL - 830' FWL

In support thereof applicant would show:

1. Applicant proposes to drill its Riddle #1 R well at an unorthodox surface location 250 feet FNL and 830 feet FEL of Section 4, T30N, R9W, NMPM, vertically to a kick off point at approximately 3786 feet.

2. Applicant proposes then to drill the well using a medium radius curve and then directionally at an angle in a southerly direction to the base of the Blanco Mesaverde Gas Pool at a proposed unorthodox bottom hole location not closer than 790 feet to the outer boundary of the spacing unit.

3. The spacing unit for the Riddle #1 R well is the W/2 of said Section 4 as shown on Exhibit A.

4. The proposed wellbore will be located within the drilling window in the Blanco Mesaverde gas pool all as set forth on Exhibits B and C attached hereto .

5. Applicant further proposes to dedicate the production of this spacing unit simultaneously to the following wells:

Riddle #1 - 486' FNL - 323' FWL
Riddle #1A - 1715' FSL - 990' FWL
Riddle #1R (proposed) - 250' FNL - 830' FWL

6. The applicant is the working interest owner and operator of subject spacing unit.

7. The offset operators who have been sent notification of this Application are set forth on Exhibit C.

8. Applicant seeks approval of this application in order to determine if this type of wellbore and completion in the Blanco Mesa Verde gas pool formation will result in the recovery of substantially greater amounts of hydrocarbons from the Blanco Mesa Verde gas pool than would normally be recovered by a conventional well completion thereby improving ultimate recovery and preventing waste.

9. Applicant requests that this case be set for the Examiner's hearing now scheduled for September 20, 1989.

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

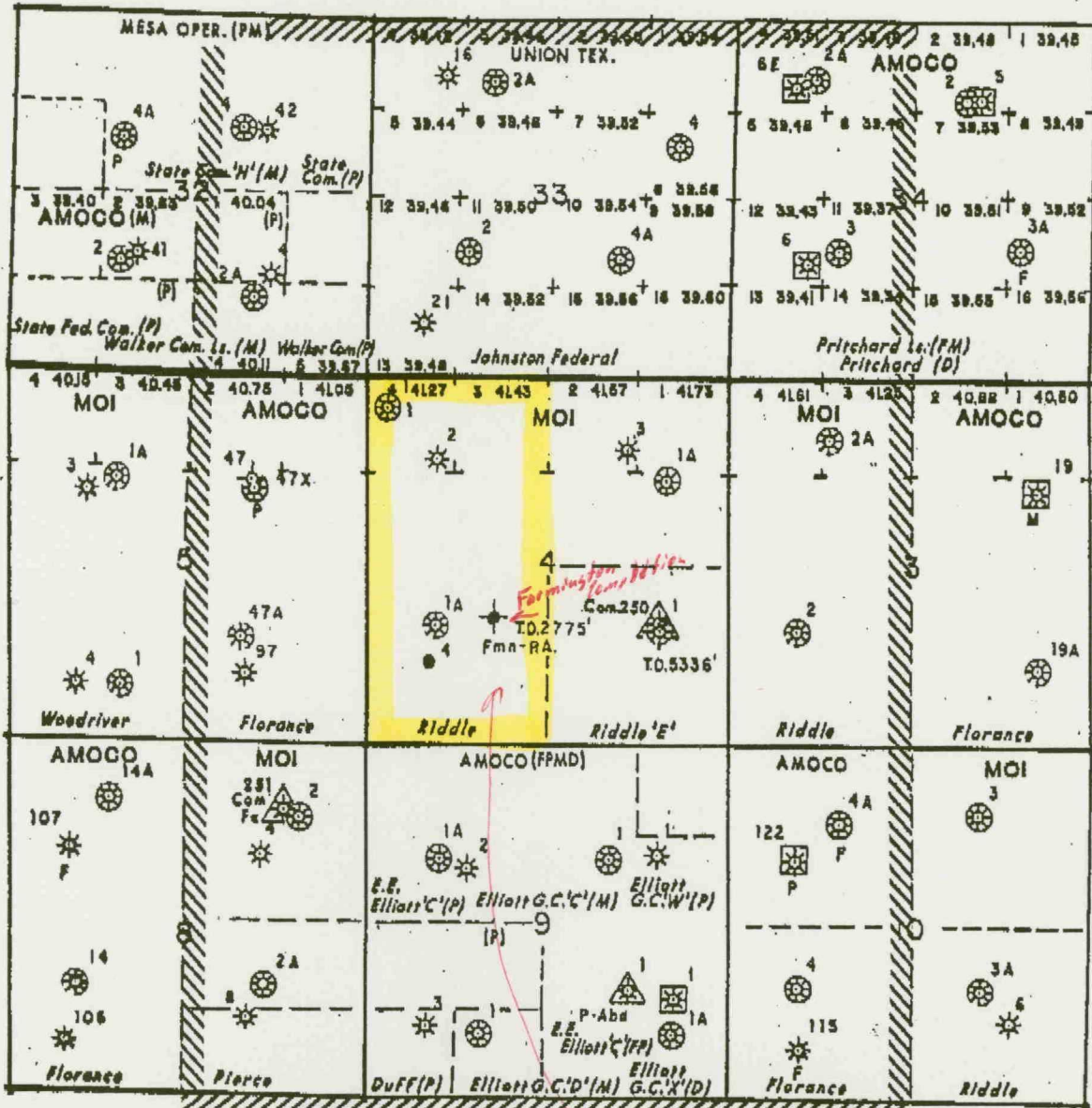
Respectfully submitted,

By 

W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
P.O. Box 2265
Santa Fe, NM 87504

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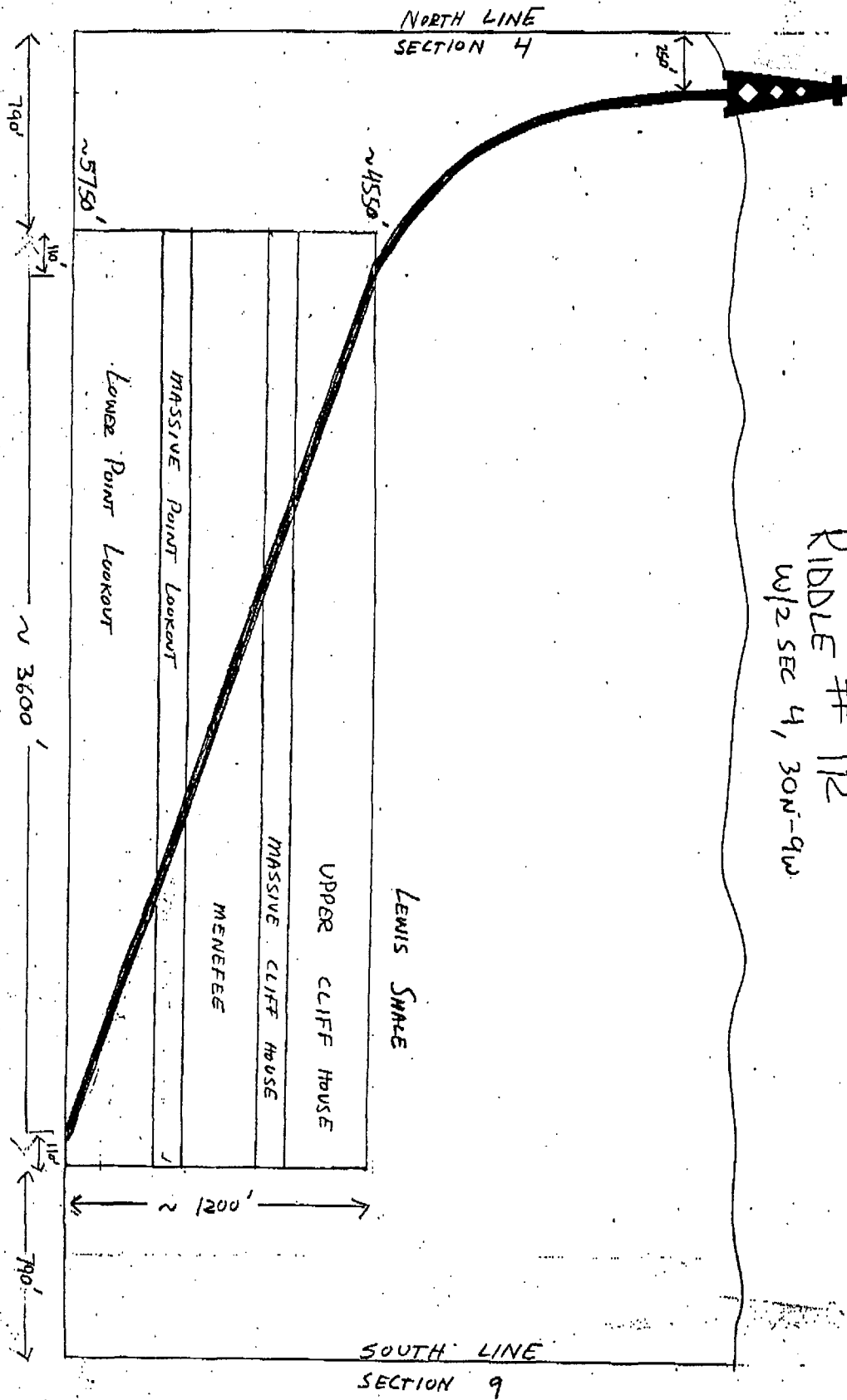
////// OFFSET OPERATOR
NOTIFICATION AREA

MERIDIAN

RIDDLE #1R
 SEC. 4, T30N - R9W
 OFFSET OPERATOR PLAT
 SAN JUAN COUNTY, N. M.

Landman: Bob Hopkins c.a.g. Aug. 1989

Amoco = TOC-Rocky Mountains Inc. c/o Amoco
Exhibit A



RIDDLE # 12
 w/2 SEC 4, 30N-9W

EXHIBIT 3

RIDDLE # 1R

W/2 SEC 4, 30N-9W

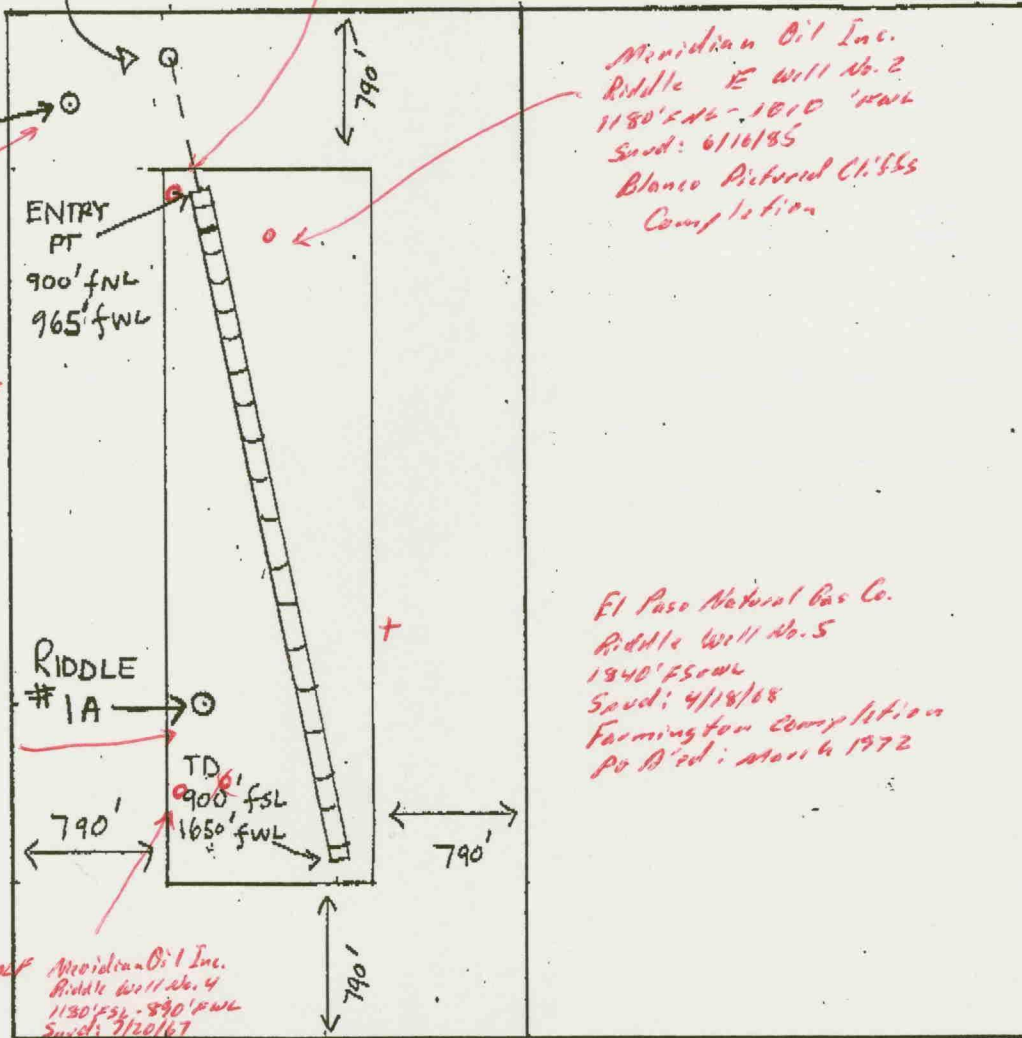
RIDDLE # 1R
SURFACE LOCATION

Meridian Oil Inc.
Riddle Well No. 251
905' FNL - 935' FWL
Spud: 5/25/88
Basin Fruitland Coal Gas Pool.

250' fNL
830' fWL

Meridian Oil Inc.
Riddle E Well No. 2
1180' FNL - 1810' FWL
Spud: 6/18/85
Blanco Pictured Cl. S.S.
Completion

El Paso Natural Gas Co.
Riddle Well No. 5
1340' FNL
Spud: 4/18/88
Farmington completion
PO D'ed: March 1972



Meridian Oil Inc.
Riddle Well No. 1
436' FNL - 323' FWL
Spud: ?
Blanco Mesavde.
Completion
Cumulative Production
as of 12/31/88:
Gas - 3756772 McF
Oil - 17299 Bbls.

Meridian Oil Inc.
Riddle Well No. 1A
1715' FNL - 490' FWL
Spud: 3/20/75
Blanco Mesavde.
Completion
Cumulative
Production as
of 12/31/88
Gas - 2279652 McF
Oil - 9258 Bbls.

Meridian Oil Inc.
Riddle Well No. 4
1130' FNL - 890' FWL
Spud: 7/20/67
Blanco Farmington
Completion

SURFACE LOCATION 250' FNL
830' FWL

ENTRY PT. 900' FNL
965' FWL

900' FSL
1650' FWL

SEC 4
+ 30N - R9W

Exhibit C

RIDDLE 1R
W/2 Section 4, Township 30 North, Range 9 West, N.M.P.M.
San Juan County, New Mexico

OFF SET OPERATOR NAMES AND ADDRESSES

Amoco Production Company
1670 Broadway
P.O. Box 800
Denver, Colorado 80201

Mesa Limited Partnership
One Mesa Square
Post Office Box 2009
Amarillo, Texas 79189-2009

Union Texas Petroleum
375 U.S. Highway 64
Farmington, New Mexico 87401

Exhibit D