

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265

June 30, 1988

Mr. Michael E. Stogner
Oil Conservation Division
P. C. Box 2088
Santa Fe, New Mexico 87504

"Hand Delivered" RECEIVED

Re: Application of Meridian Oil Inc.
to increase the vertical limits in the
Cedar Hills Fruitland Coal Gas Pool,
NMOCD Case 9362

JUL 1 1988

OIL CONSERVATION DIVISION

Dear Mr. Stogner:

On June 22, 1988, as Division Examiner, you heard the referenced case in which Meridian Oil Inc. requested an increase in the vertical limits for the Cedar Hills Fruitland Coal Gas Pool to include the other coal seams that produced gas in the Fruitland.

During the hearing you directed Meridian Oil Inc. to submit to you additional information on two subjects: (1) the volume and quality of the gas produced from the upper coals in relation to the Basal Coal gas production, and (2) calculations showing that the upper coal zones have drainage potential similar to the 320 acre drainage established for the Basal Coal gas production.

In response to your direction, the following is enclosed:

- Exhibit 7, Gas Composition - Upper v. Basal Coals
- Exhibit 8, Production Log - Scott #101
- Exhibit 9, Open Hole Production Log Evaluation
- Exhibit 10, Fruitland Coal Drainage Calculations
(Upper Coals)

Should you desire additional information or need to discuss this further, please let me know.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

March 18, 1991

KELLAHIN, KELLAHIN & AUBREY
Attorneys at Law
P. O. Drawer 2265
Santa Fe, New Mexico 87504

RE: CASE NO. 9362
ORDER NO. R-7588-C

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

Florene Davidson

Florene Davidson
OC Staff Specialist

FD/sl

cc: Aztec OCD Office
W. F. Carr
Eric Nitcher
BLM - Farmington

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
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Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265

April 12, 1988

Mr. William J. LeMay
Director
Oil Conservation Division
Department of Energy & Minerals
Post Office Box 2088
Santa Fe, New Mexico 87504

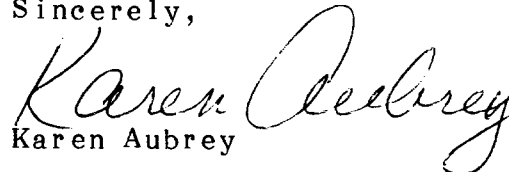
Re: Meridian Oil Company

Dear Mr. LeMay:

Enclosed is an amended mailing list, reflecting those parties to whom we mailed a copy of Meridian's application to amend the Special Rules and Regulations of the Cedar Hill-Fruitland Basal Coal Pool.

We are sending a copy of this letter, as well as the amended mailing list, to all parties shown thereon.

Sincerely,


Karen Aubrey

KA/ans

Enclosures

cc: Mr. Craig McCracken
Meridian Oil Company

AMENDED MAILING LIST

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

Southland Royalty Company
Bloomfield Highway
Farmington, New Mexico 87401

Mesa Petroleum Company
Post Office Box 2009
Amarillo, Texas 79189

Northwest Pipeline
3539 East 30th
Post Office Box 90
Farmington, New Mexico 87401

Chevron, U.S.A., Inc.
700 South Colorado Boulevard
Post Office Box 599
Denver, Colorado 80201

W. P. Carr, Jr.
C & E. Operators, Inc.
One Energy Square
Suite 170
Dallas, Texas 75206

T. D. Bailey
1312 Northeast 55th Street
Oklahoma City, Oklahoma 73111

Crown Central Petroleum Co.
731 West Wadley
Building K, Suite 200
Midland, Texas 79701

Amoco Production Company
2325 East 30th Street
Farmington, New Mexico 87401

Tenneco Oil Company
Post Office Box 3249
Englewood, Colorado 80155

Cross Timbers Production Co.
810 Houston Street, Suite 2000
Fort Worth, Texas 76102

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

Oil Conservation Division

P.O. Box 2088

Santa Fe, New Mexico 87504-2088



*Fold at line over top of envelope to the
of the return address*

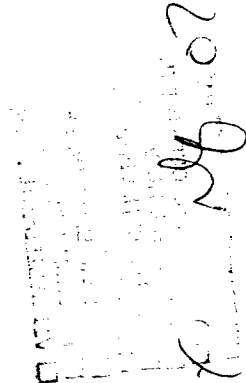
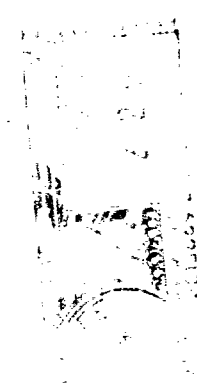
CERTIFIED

P 918 402 328

MAIL

Amoco Production Company
2325 E. 30th St.
Farmington, New Mexico 87401

RETURN RECEIPT REQUESTED



● **SENDER:** Complete items 1 and 2 when additional services are desired. *Put complete items 3 and 4.*

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.

1. ☒ Show to whom delivered, date, and addressee's address. 2. ☐ Restricted Delivery *(Extra charge)*

| | |
|--|---|
| 3. Article Addressed to: | 4. Article Number |
| Amoco Production Company 2325 E. 30th St. Farmington, New Mexico 87401 | P 918 402 328 |
| 5. Signature — Address X | Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise |
| 6. Signature — Agent X | Always obtain signature of addressee or agent and DATE DELIVERED. |
| 7. Date of Delivery | 8. Addressee's Address (ONLY if requested and fee paid) |



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

GARREY CARRUTHERS
GOVERNOR

October 17, 1990

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Amoco Production Company
2325 E. 30th St.
Farmington, New Mexico 87401

Gentlemen:

In accordance with the provisions of Division Order No. R-7588-B entered on October 19, 1988, the Oil Conservation Division is reopening Case No. 9362 in order to give all operators in the Cedar Hill-Fruitland Basal Coal Gas Pool in San Juan County, New Mexico, the opportunity to appear and show cause why the vertical extension of said pool should not be rescinded and Division Order No. R-7588, as amended, should not be reinstituted as they existed prior to the issuance of said Order No. R-7588-B.

This case will be heard before an examiner on October 31, 1990, in the Oil Conservation Division Conference Room, State Land Office Building, Santa Fe, New Mexico, at 8:15 a.m. A copy of the advertisement for this hearing is enclosed.

Sincerely,

A handwritten signature in cursive script that reads "Florene Davidson".

Florene Davidson
OC Staff Specialist

enc.

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE - NEW MEXICO

The State of New Mexico by its Oil Conservation Division hereby gives notice pursuant to law and Rules and Regulations of said Division promulgated thereunder of the following public hearing to be held at 8:15 A.M. on October 31, 1990, at the Oil Conservation Division Conference Room, State Land Office Building, Santa Fe, New Mexico, before Michael E. Stogner, Examiner, or David R. Catanach or Jim Morrow, Alternate Examiners, all duly appointed for said hearing as provided by law.

STATE OF NEW MEXICO TO:

All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 10134:

Application of Yates Petroleum Corporation
for a unit agreement, Lea County, New
Mexico.

Applicant, in the above-styled cause, seeks the approval of the Red Hat State Unit Agreement for an area comprising 1981.32 acres, more or less, of State lands in all or portions of Sections 2, 3, and 11, Township 16 South, Range 33 East, which is located approximately 10 miles northeast of Maljamar, New Mexico.

CASE 10135:

Application of Yates Petroleum Corporation
for a unit agreement, Lea County, New
Mexico.

Applicant, in the above-styled cause, seeks the approval of the Hourglass State Unit Agreement for an area comprising 560 acres, more or less, of State lands in portions of Sections 9, 10, 15, and 16, Township 18 South, Range 35 East, which is located approximately 4.5 miles southeast of Buckeye, New Mexico.

CASE 10136:

Application of Marbob Energy Corporation
for an unorthodox oil well location, Eddy
County, New Mexico.

Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its Holder "CB" Well No. 3 to be drilled 1295 feet from the North line and 990 feet from the West line (Unit D) of Section 17, Township 17 South, Range 30 East, Grayburg Jackson Pool. Said well is to be simultaneously dedicated, along with the Holder "CB" NCT-A Federal Well No. 2 located at a standard oil well location 660 feet from the North and West lines of said Section 17, to the existing 40-acre oil spacing and proration unit comprising the NW/4 NW/4 of said Section 17, which is located approximately 1.5 miles north-northwest of Loco Hills, New Mexico.

CASE 10137:

Application of C. W. Trainer for directional
drilling and an unorthodox gas well location,
Lea County, New Mexico.

Applicant, in the above-styled cause, seeks authority to directionally drill from its existing Harris Federal Well No. 1 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 5, Township 22 South, Range 34 East, in such a manner as to bottom the well in the Undesignated Grama Ridge-Morrow Gas Pool at a target point that is no closer to the South and East lines (Unit P) of said Section 5 than 330 feet, which is an unorthodox gas well location for said pool. Lots 1 and 2, S/2 NE/4, and SE/4 (E/2 equivalent) of said Section 5 is to be dedicated to said well forming a 321.58-acre gas spacing and proration unit for said pool. Said unit is located approximately 19 miles west by south of Eunice, New Mexico.

CASE 10138:

Application of Arco Oil & Gas Company for amendment of the special rules and regulations for the Empire-Abo Pressure Maintenance Project, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks the amendment of the special rules and regulations for the Empire-Abo Pressure Maintenance Project Area, as promulgated by Division Orders No. R-4549 through R-4549-F, to permit the withdrawal of extraneous gas during winter months and the make-up of amounts withdrawn by injection of additional gas during the succeeding months. Said Pressure Maintenance Project Area is located in Townships 17 and 18 South, Ranges 27, 28 and 29 East.

CASE 10139:

Application of Pacific Enterprises Oil Company (USA) for compulsory pooling, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests from 5000 feet below the surface to the top of the Mississippian Chester Limestone formation or to a depth of 11,200 feet, whichever is deeper, underlying the N/2 of Section 12, Township 17 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing which presently includes but is not necessarily limited to the Undesignated Grayburg-Morrow Gas Pool, said unit to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3.5 miles northwest of Loco Hills, New Mexico.

CASE 10140:

Application of OXY USA, Inc. for a
waterflood project, Lea County, New
Mexico.

Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its State "BN" Lease underlying the SW/4 of Section 14, Township 10 South, Range 32 East, by the injection of water into the Mescalero-San Andres Pool, through a well to be drilled 1410 feet from the South line and 1405 feet from the West line (Unit K) of said Section 14. Said lease is located approximately 5 miles northeast of Caprock, New Mexico.

CASE 10102: (Readvertised)

Application of Sage Energy Company for
statutory unitization, Lea County, New
Mexico.

Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the North Vacuum-Abo Pool, underlying 1763 acres, more or less, of State land comprising all or portions of Sections 35 and 36, Township 16 South, Range 34 East. Said Unit is to be designated the North Vacuum (Abo) North Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator, the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production tracts in the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said Unit Area is located approximately 4 miles north by west of Buckeye, New Mexico.

CASE 10127: (Readvertised)

Application of Samuel Gary Jr. & Associates, Inc. for a non-standard oil proration unit, horizontal directional drilling project, and special operating rules therefor, Sandoval County, New Mexico.

Applicant, in the above-styled cause, seeks authority to institute a horizontal directional drilling pilot project in Lots 2 and 3, S/2 NW/4, and SW/4 (W/2 equivalent) of Section 6, Township 20 North, Range 2 West, forming a non-standard 297.79-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool. The applicant proposes to commence its SGA Johnson "6" Well No. 14 to be located on the surface 500 feet from the South line and 2100 feet from the West line (Unit N) of said Section 6, drill vertically and kick-off in a northwesterly direction, build angle to approximately 90 degrees, and drill horizontally in the Mancos formation. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of said wellbore such that it can be no closer than 660 feet to the outer boundary of said spacing unit. Said project area is located approximately 7.5 miles west by south of Cuba, New Mexico.

CASE 10128: (Readvertised)

Application of Samuel Gary Jr. and Associates, Inc. for a horizontal directional drilling project and special operating rules therefor, Sandoval County, New Mexico.

Applicant, in the above-styled cause, seeks authority to institute a horizontal directional drilling pilot project in the W/2 of Section 12, Township 20 North, Range 3 West, forming a standard 320-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool. The applicant proposes to commence its SGA San Isidro "12" Well No. 16 to be located on the surface 1200 feet from the South line and 1800 feet from the West line (Unit N) of said Section 12, drill vertically and kick-off in a northwesterly direction, build angle to approximately 90 degrees, and drill horizontally in the Mancos formation.

Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of said wellbore such that it can be no closer than 660 feet to the outer boundary of said spacing unit. Said project area is located approximately 9 miles west-southwest of Cuba, New Mexico.

CASE 10129: (Readvertised)

Application of Samuel Gary Jr. and Associates, Inc. for a non-standard oil proration unit, horizontal directional drilling project, and special operating rules therefor, Sandoval County, New Mexico.

Applicant, in the above-styled cause, seeks authority to institute a horizontal directional drilling pilot project in Section 13, Township 20 North, Range 3 West, forming a non-standard 640-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool. The applicant proposes to commence its SGA San Isidro "13" Well No. 14 to be located on the surface 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 13, drill vertically and kick-off in a northwesterly direction, build angle to approximately 90 degrees, and drill horizontally in the Mancos formation. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of said wellbore such that it can be no closer than 660 feet to the outer boundary of said spacing unit and for special allowable provisions for the proposed double sized oil proration unit. Said project area is located approximately 9.5 miles west-southwest of Cuba, New Mexico.

CASE 10141:

Application of Samuel Gary Jr. and Associates, Inc. for a gas reinjection/pressure maintenance project, Sandoval County, New Mexico.

Applicant, in the above-styled cause, seeks authority to institute a gas reinjection/pressure maintenance project in its San Isidro (Shallow) Unit Area located in Townships 20 and 21 North, Ranges 2 and 3 West, by the injection of gas into the Rio Puerco-Mancos Oil Pool through the open hole interval from approximately 3793 feet to 4188 feet in its San Isidro 11 Well No. 16 located 660 feet from the South line and 630 feet from the East line (Unit P) of Section 11, Township 20 South, Range 3 West. Said project area is located approximately 5 to 13 miles west-southwest of Cuba, New Mexico.

CASE 9998: (Reopened)

In the matter of Case 9998 being reopened pursuant to the provisions of Division Order No. R-9093-B, which order temporarily denied the application of Yates Energy Corporation to amend Division Order No. R-9093 by expanding the pooled interval from the surface to the base of the Undesignated Tamano-Bone Spring Pool in Eddy County, New Mexico. Said Case 9998 is being reopened to allow the Division to consider additional evidence regarding conductance of negotiations, the proportionate share of well costs which are allocated to the San Andres completion, and the assignment of a risk penalty which is fair to both parties involved.

CASE 9362: (Reopened)

In the matter of Case 9362 being reopened pursuant to the provisions of Division Order No. R-7588-B, which order expanded the vertical limits of the Cedar Hill-Fruitland Basal Coal Pool in San Juan County. Operators in said pool may appear and show cause why the temporary extension of the Cedar Hill-Fruitland Basal Coal Pool should not be rescinded.

CASE 9420: (Reopened)

In the matter of Case 9420 being reopened pursuant to the provisions of Division Order No. R-8768, which order created the Basin-Fruitland Coal Gas Pool in San Juan County and promulgated temporary special rules and regulations therefor. Operators in said pool may appear and present evidence and testimony relative to the determination of permanent rules and regulations for the Basin-Fruitland Coal Gas Pool.

CASE 10142:

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider:

The creation of the following pools in Lea County:

Big Dog-Mississippian Gas Pool in

Township 15 South, Range 35 East;

North Bilbrey-Atoka Gas Pool in

Township 21 South, Range 32 East;

E-K Delaware Pool in Township 18

South, Range 33 East;

Southwest Jabalina-Atoka Gas Pool

in Township 26 South, Range 34 East;

West Lovington-Lower San Andres Pool

in Township 17 South, Range 36 East;

Southwest Lovington-San Andres Pool

in Township 17 South, Range 36 East;

Salt Lake-Wolfcamp Pool in Township

20 South, Range 32 East;

The abolishment of the East Pitchfork Ranch-Atoka Gas Pool in Lea County;

The contraction of the vertical limits of the West Lovington-San Andres Pool in Lea County to include only the Upper San Andres formation and the redesignation of said pool as West Lovington-Upper San Andres Pool;

The extension of the following pools in Lea County:

Bilbrey-Morrow Gas
South Corbin-Wolfcamp
East Gem-Morrow Gas
Grama Ridge-Morrow Gas
East Grama Ridge-Strawn Gas
Lane-San Andres
Lea-Bone Spring
West Lusk-Delaware
Maljamar Grayburg-San Andres
Midway-San Andres
Quail Ridge-Morrow Gas
Querecho Plains-Delaware
Sand Springs-Atoka Gas
Mid Vacuum-Delaware
West Wilson-Yates
North Young-Bone Spring

The extension of the Milnesand-Abo Pool in Roosevelt County.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 11th day of October, 1990.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

William J. Lemay
WILLIAM J. LEMAY
DIRECTOR *by FD*

S E A L

**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. 9362

IN THE MATTER OF CASE 9362 BEING REOPENED
PURSUANT TO THE PROVISIONS OF DIVISION
ORDER NO. R-7588-B, WHICH ORDER
EXPANDED THE VERTICAL LIMITS OF THE
CEDAR HILL-FRUITLAND BASAL COAL POOL,
SAN JUAN COUNTY, NEW MEXICO.

RECEIVED

OIL CONSERVATION DIVISION

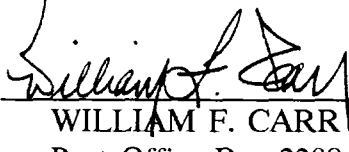
ENTRY OF APPEARANCE

CCMES NOW CAMPBELL & BLACK, P.A., and hereby enters its appearance in
the above referenced case on behalf of Amoco Production Company.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By:


WILLIAM F. CARR

Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR AMOCO
PRODUCTION COMPANY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

October 20, 1938

GARREY CARRUTHEFS
GOVERNOR

POST OFFICE BOX 2086
STATE LAND OFFICE BUILDING
SANTA FE NEW MEXICO 87501
(505) 827-5800

Mr. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 9362
ORDER NO. R-7588-B

Applicant:

Meridian Oil Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs CCD x
Artesia OCD x
Aztec OCD x

Other William F. Carr