

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF
MERIDIAN OIL INC., FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.

OIL CONSERVATION DIVISION

CASE NO. 9539

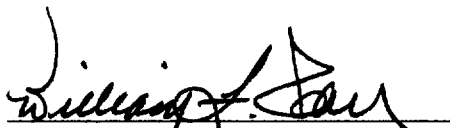
WITHDRAWAL OF COUNSEL

COMES NOW CAMPBELL & BLACK, P.A., and hereby withdraws as
counsel for Meridian Oil Inc., in the above-referenced case.

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
MERIDIAN OIL INC.

cc: W. Thomas Kellahin, Esq.

Tom Owen, Esq.
Meridian Oil Inc.

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

GAFREY CARRUTHERS
GOVERNOR

January 5, 1989

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 627-5800

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

Re: CASE NO. 9539
ORDER NO. R-8820

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 OCD x
Artesia OCD x
Aztec OCD x

Other _____

MERIDIAN OIL

February 8, 1989

CERTIFIED - RETURN RECEIPT REQUESTED

Amoco Production Company
Attention: Mr. Michael E. Cuba
Post Office Box 800
Denver, Colorado 80201

Re: Pierce Com #251
E/2 Section 8, T-30-N, R-9-W
San Juan County, New Mexico
NMOCD (Case No. 9539)

Gentlemen:

Please reference our past correspondence on the captioned well. As you are aware Meridian Oil Inc. (Meridian) filed with the New Mexico Oil Conservation Division for compulsory pooling of the drilling unit for said well. After hearing the matter, the Oil Conservation Division has now issued Order No. R-8820 pooling the acreage and interests necessary for drilling. A copy is enclosed.

Meridian, pursuant to the terms of the enclosed order, is hereby notifying Amoco of its right to participate in the well pursuant to this order. For your review, I am enclosing a copy of the itemized estimated well and facility costs, the Authority for Expenditure and the proposed Operating Agreement covering the well.

Meridian realizes that voluntary execution of a mutually acceptable Operating Agreement is the most desirable means of joinder. Therefore, we will continue to be open to discussion towards that end. If such agreement is timely reached -- within the thirty (30) day decision period imposed by the order -- we will make application to either vacate the order or dismiss you from it.

If, however, you elect to participate in the well pursuant to the terms of the order you should do the following:

1. Evidence your election to participate by reviewing the estimated well costs and executing the enclosed Authority for Expenditure.
2. Prepay your 25% share of the \$413,130.00 total estimated completed well costs. The prepayment should be in the form of a cashiers check or certified bank check.

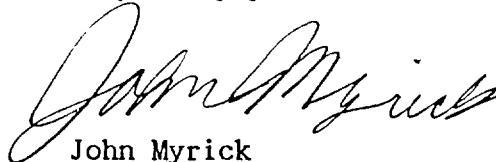
February 8, 1989

The executed Authority for Expenditure and the prepayment of well costs must be returned to Meridian at the letterhead address within thirty (30) days of your receipt of this letter.

If you do not voluntarily join the well within the thirty (30) day period or if we do not receive your joinder pursuant to the referenced order within the thirty (30) day period, it will be assumed that you have elected not to participate in the well. In such case, Meridian, under the terms of the order, has the right to drill the well and recover your pro-rata share of reasonable well costs from production. Meridian will also be allowed to recover an additional one-hundred-fifty-six percent (156%) of reasonable well costs as a charge for bearing the risk of drilling the well.

I look forward to hearing from you on this matter. If you have any questions or require further information, please advise.

Very truly yours,



John Myrick
Landman

JM:gm

File:

Document 233+

cc: Mr. Tom Kellahin (with AFE)

Mr. William LeMay, Director
NMOCD (with AFE)

MERIDIAN OIL INC.
 Farmington Region
 Post Office Box 4289
 Farmington, New Mexico 87499
 (505) 326-9700

AUTHORITY FOR EXPENDITURE

AFE No.: _____ Date: 6-14-88
 Lease/Well Name: Pierce Com #251 Lease No.: _____
 Field/Prospect: Undesignated Fruitland Region: Farmington
 Location: NE NW/4 NE/4 Section 08, T30N, R09W County: San Juan State: NM
 AFE Type: 01 Development Original X Supplement Addendum _____ API Well Type _____
 Operator: Meridian Oil Inc.
 Objective Formation: Fruitland Coal Authorized Total Depth (Feet) 2950
 Project Description: Drill and complete the Fruitland Coal formation.

Est. Start Date: 08-01-88 Prepared By: L. Biemer
 Est. Completion Date: 08-31-88

	GROSS WELL COST DATA				Total
	Drilling	Workover,	Construction		
	Dry Hole	Suspended	Completion	or Facility	
Days:		<u>11</u>		<u>15</u>	<u>26</u>
This AFE:		<u>243,500</u>		<u>169,630</u>	<u>413,130</u>
Prior AFE'S:					
Total Costs: \$	\$	<u>243,500</u>	\$	<u>169,630</u>	\$ <u>413,130</u>

JOINT INTEREST OWNERS

Company	Working Interest Percent	Net \$ Expenditures	
		Dry Hole \$	Completed \$
OTHERS:	<u>25.00000%</u>		<u>103,283</u>
MERIDIAN OIL INC.	<u>75.00000%</u>		<u>309,847</u>
AFE TOTAL:	<u>100.00000%</u>	\$	\$ <u>413,130</u>

MERIDIAN OIL APPROVAL

Recommended: L. Biemer Date: 6-21-88 Approved: SW Nance for /CRO Date: 7/1/88
 Title: Regional Operations Manager
 Recommended: SW Nance Date: 7/1/88 Approved: _____ Date: _____
 Title: _____

PARTNER APPROVAL

Company Name: _____
 Authorized By: _____ Date: _____
 Title: _____

M E R I D I A N O I L I N C O R P O R A T E D
D R I L L I N G W E L L C O S T E S T I M A T E

WELL NAME: Pierce #251
 COUNTY, STATE: San Juan Co., NM
 PROPOSED TD: 2790 /2950

PREPARED BY: J.D.Falconi DATE: 10-Jun-88
 APPROVED BY: SSB Swinace DATE: 6/10/88
 AFE TYPE: 01 Development Type 2

ACCT	AFE NOMENCLATURE	DRYHOLE	SUSPENDED 11 Days
248.	INTANGIBLE DRILLING COSTS		
02	Environmental studies-----		1,000
03	Location and roads construction-----		14,600
04	Surface restoration-----		1,500
05	Move in, move out-----		3,600
06	Contractor fees - Footage 2,790 @ \$11.25 /Ft.--		31,400
07	Contractor fees - Daywork 7.00 @ \$5,330 /Day--		37,300
09	Drilling fluids-----		
10	Gas and air drilling-----		12,000
16	Water-----		4,300
17	Bits-----		1,500
18	Primary cementing-----		9,100
20	Mud logging-----		900
21	Wireline logging-----		
22	Coring and Analysis-----		
23	Fuel-----		5,500
24	BOP and Wellhead rentals-----		
25	Drill and work string rentals-----		
27	Tank rentals-----		
28	Other rentals-----		4,500
29	Trucking and Transportation-----		6,800
33	Tubular inspection-----		8,600
34	Cased hole logging-----		
43	Consultants-----		3,000
45	Roustabout and contract labor-----		2,000
46	Miscellaneous-----		3,000
	Contingency - 5% -----		7,500
	TOTAL INTANGIBLE DRILLING COST		158,100
	TANGIBLE DRILLING COSTS		
80	Casing-----		36,400
	225 Ft. 9 5/8" 32.3# H-40 @ \$15.72 /Ft.		
	2790 Ft. 7" 20.0# K-55 @ \$10.53 /Ft.		
	210 Ft. 5 1/2" 23.0# P-110 @ \$16.40 /Ft.		
81	Tubing-----		9,200
	2950 Ft. 2 3/8" 4.7# J-55 @ \$3.11 /Ft.		
84	Downhole equipment - Liner Hangers, accessories-		3,800
86	Wellhead equipment-----		36,000
	TOTAL TANGIBLE DRILLING COST		85,400
	TOTAL DRILLING COST ESTIMATE		243,500

LEASE/WELL NAME: PIERCE #251 NE SEC 8, T-30 -N R-9 -W NY
 WELL TYPE: UNDESIGNATED FRUITLAND COAL
 AFE TYPE: DEVELOPMENT 01

PREPARED BY: YSM DJS
 DATE: 5-12-88
 APPROVED BY: *PCF*

ACCOUNT NUMBER	TANGIBLE FACILITY COSTS	INCLUDING WATER LINE & GAS TIE
247		
03	TRANSPORTATION	
	33 HRS LOC FACILITIES & PIPE HAULING @ \$75/HR.....	2,475
12	COMPANY SUPERVISION AND OVERHEAD	
	15 DAYS @ \$200/DAY W/LOC AND GAS.....	3,000
26	SEPARATORS	
	18" x 12', 2 PHASE VERTICAL COAL SLURRY TYPE, 1440 PSI WP.....	14,000
27	HEATERS-TREATERS.....	
29	PUMPING UNIT.....	
31	PRIME MOVER.....	
32	TANKS AND PITS	
	50 BBL GLASS PIT @ \$1500 INSTALLED, 3 -500 BBL HEATED @ \$5480.....	18,340
33	METERING EQUIPMENT	
	AUTOMATION EQUIP. & TELEMETRY - \$11,500 / GAS METERING - \$4800.....	16,300
34	FLOW LINES	
	400 FT-4" @ \$2.38/FT, 300 FT-2" @ \$2.28/FT.....	
	LOC LABOR @ \$164/HR 84 HR.....	15,450
35	COMPRESSORS - COMPANY OWNED	
36	BUILDINGS	
39	PIPING, VALVES AND FITTINGS	
	MISC. VALVES & CONTROLLERS - \$17070 / MISC. ASSOC. W/GAS \$5500.....	22,570
44	TECHNICAL CONTRACT SERVICES	
	PIPELINE INSPECTION @ \$35/HR33 HRS.....	1,155
47	COMPRESSOR RENTAL	
48	EQUIPMENT RENTAL.....	
49	CATHODIC PROTECTION.....GROUND BED & TRANSFORMER.....	5,000
50	RIGHT OF WAY, SURVEY, ARCHY	
	SURV @ \$.46/FT, ARCHY @ \$.29/FT, ROW @ \$1.21/FT	
	GAS= 1120 FT WTR= 4570 FT	11,152
51	MINOR PIPELINES	
	5690 FT, 4" SCH-40 @ \$1.83 /FT CONST @ \$4.15 /FT	34,026
52	ARTIFICIAL LIFT EQUIPMENT.....	
53	CHEMICAL PUMPS.....	
54	ELECTRICAL ACCESSORIES.....UTILITY HOOKUP.....	5,000
94	DEHYDRATION UNIT	
	3 MMCF/D, 1000 PSI WP, 1/8" CORROSION ALLOW. 350 PSI STD.OP.PRESS.....	12,980
55	MISC. FACILITY EXPENSE (5% CONTINGENCY COST).....	8080
TOTAL FACILITIES		159,630

* NOTE: FACILITY COST DOES INCLUDE WTR LINE !