

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\*

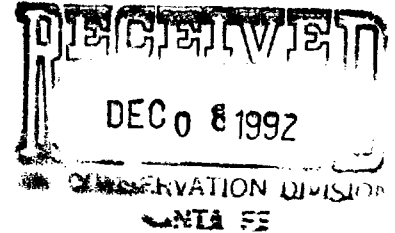
\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

December 7, 1992

Mr. William J. LeMay  
Oil Conservation Division  
310 Old Santa Fe Trail, Room 219  
P. O. Box 2088  
Santa Fe, New Mexico 87501



HAND DELIVERED

Re: Application of Meridian Oil Inc.  
for Compulsory Pooling,  
Lea County, New Mexico  
Shell State Com "D" Well No. 13

10655

Dear Mr. LeMay:

On behalf of Meridian Oil Inc., please find enclosed our application for compulsory pooling for the referenced well, which we request be set for hearing on the Examiner's docket now scheduled for January 7, 1993.

By copy of this letter, including the application, to all affected parties, we are notifying them by certified mail-return receipt requested, 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.

Also enclosed is our proposed notice of publication for this case.

Very truly yours,

A handwritten signature in black ink, appearing to read "W. Thomas Kellahin". The signature is fluid and cursive.

W. Thomas Kellahin

WTK/jcl

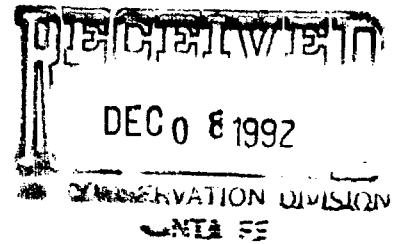
Enclosure

cc: Mr. Tom O'Donnell - Meridian Oil Inc.

BY CERTIFIED MAIL-RETURN RECEIPT REQUESTED

All parties listed in Exhibit C of the Application

app1204.014



**PROPOSED NOTICE FOR PUBLICATION OF THIS CASE:**

**CASE 10655:** Application of Meridian Oil Inc. for compulsory pooling Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying the S/2 of Section 36, T21S, R36E, NMPM, Lea County, New Mexico, to be dedicated to its proposed Shell State Com "D" Well No. 13 to be drilled at a previously approved unorthodox gas well location 1780 feet from South line and 760 feet from West line (Unit L) of said Section 36 and dedicated to a previously approved non-standard 320-acre gas spacing and proration unit consisting of the S/2 of said Section 36 and to simultaneously dedicated production with the Shell State Com "D" Well No. 12. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 3 miles west from Eunice, New Mexico.

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DEC 08 1992  
CONSERVATION DIVISION

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

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

NO. 10655

CASE 10655

A P P L I C A T I O N

Comes now MERIDIAN OIL INC., by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests in the Eumont Gas Pool underlying the S/2 of Section 36, T21S, R36E, NMPM, Lea County, New Mexico, for its proposed Shell State Com "D" Well No. 13 to be drilled at a previously approved unorthodox well location in Unit L of said Section 36 and to be dedicated to a previously approved non-standard 320-acre gas spacing and proration unit consisting of the S/2 of said Section 36 and to production simultaneously dedicated with the existing Shell State Com "D" Well No. 12. Applicant also seeks a determination of the reasonable costs of drilling and completing said well and the allocation of the costs thereof as well as

**Application of Meridian Oil Inc.**

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actual operating costs and charges for supervision, and a charge for risk involved in drilling and completing said well.

In support of its application, Meridian Oil Inc. states:

1. Meridian Oil Inc. has a working interest ownership in the oil and gas minerals in the Eumont Gas Pool underlying the S/2 of Section 36, T21S, R36E, NMPM, Lea County, New Mexico.

2. Meridian Oil Inc. is the operator of an existing non-standard 320-acre gas spacing and proration unit for said Eumont Gas Pool comprising the S/2 of said Section 36 to which is dedicated the existing Shell State Com "D" Well No. 12. (See, Exhibit A attached hereto)

3. On September 29, 1992, the Division entered Administrative Order NSL-3167(SD) approving Meridian Oil Inc.'s request to drill its proposed Shell State Com "D" Well No. 13 at an unorthodox gas well location 1780 feet from the South line and 760 feet from the West line (Unit L) of said Section 36 and to simultaneously dedicate production from that proposed well with the existing Shell State Com "D" Well No. 12. (See, Exhibit B attached hereto)

**Application of Meridian Oil Inc.**  
**Page 3**

4. Meridian Oil Inc. has proposed the subject well to all working interest owners in this gas spacing and proration unit.

5. As of the date of this application, the following working interest owners have not executed the necessary agreements to voluntarily commit their interests to this well:

See Exhibit C attached hereto.

6. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Meridian Oil Inc. needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

7. In accordance with the Division's notice requirements, a copy of this application has been sent to those parties identified in Exhibit C and notifying each of them of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for January 7, 1993.

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

WHEREFORE, Meridian Oil Inc., as applicant, requests that this application be set for hearing on January 7, 1993 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in this spacing unit for the drilling of the subject well at the proposed unorthodox gas well location upon terms and conditions which include:

(1) Meridian Oil Inc. be named operator;

(2) The order make provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;

(3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%; AND

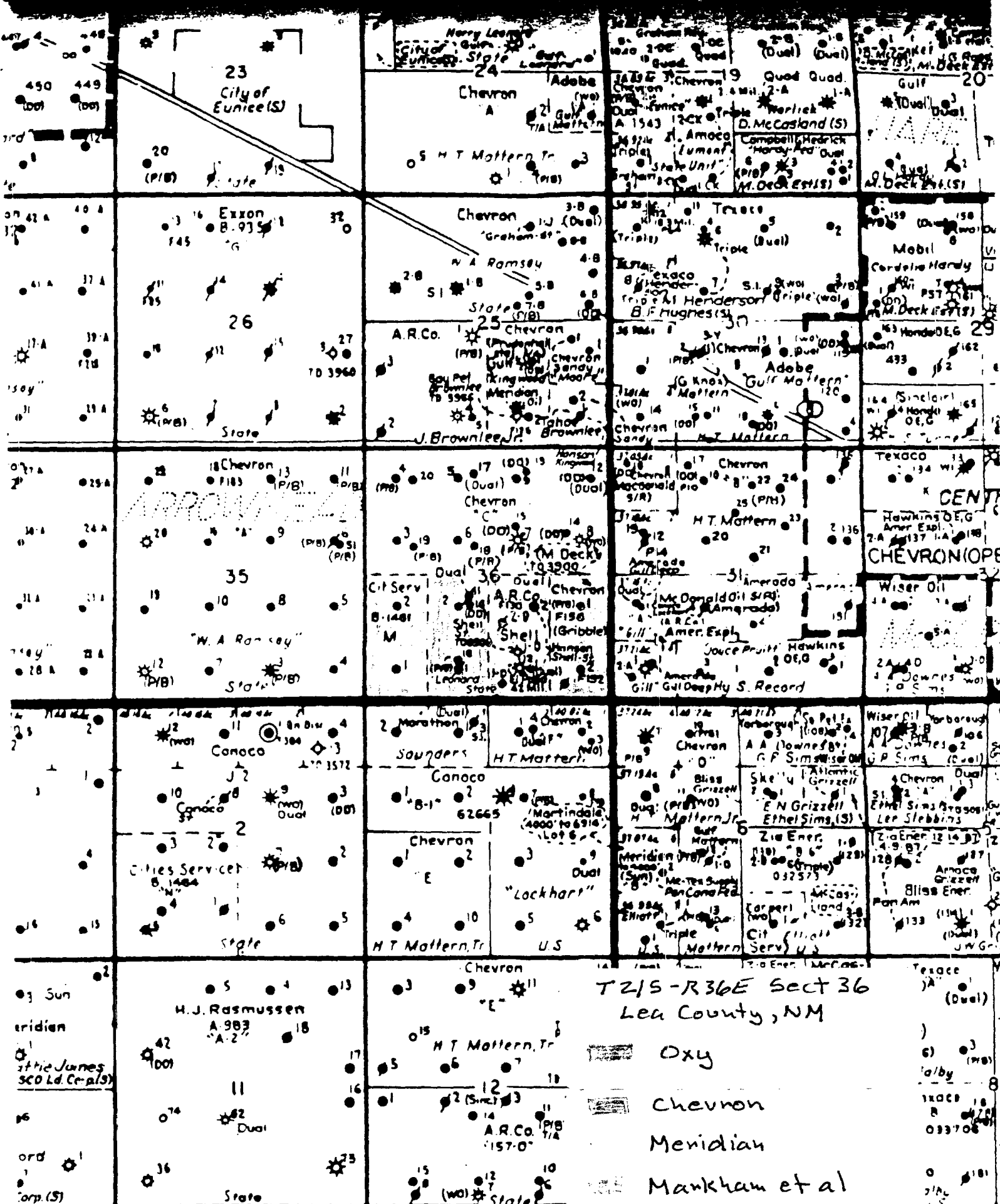
Application of Meridian Oil Inc.  
Page 5

(4) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

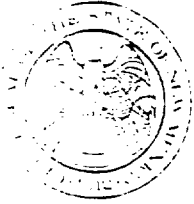
A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a faint circular stamp or watermark.

W. THOMAS KELLAHIN  
KELLAHIN & KELLAHIN  
P. O. Box 2265  
Santa Fe, New Mexico 87501  
(505) 982-4285  
ATTORNEYS FOR APPLICANT



MERIDIAN APPLICATION EXHIBIT A





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



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

September 29, 1992

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

Meridian Oil, Inc.  
P.O. Box 51810  
Midland, Texas 79710-1810

Attention: Maria L. Perez

*Administrative Order NSL-3167(SD)*

Dear Ms. Perez:

Reference is made to your application dated August 6, 1992, for an unorthodox Eumont gas well location in an existing non-standard 320-acre gas spacing and proration unit (GPU) for said Eumont Gas Pool comprising the S/2 of Section 36, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico. Said GPU was authorized by Division Administrative Order NSP-321, dated October 5, 1956 and presently has dedicated thereon the Shell State Com "D" Well No. 12 located in Unit O of said Section 36.

By the authority granted me under the provisions of Rule 2(c) of the Special Rules and Regulations for the Eumont Gas Pool, as promulgated by Division Order No. R-8170, as amended, the following described well to be drilled at an unorthodox gas well location is hereby approved:

Shell State Com "D" Well No. 13  
1780' FSL - 760' FWL (Unit L) of said Section 36

Meridian Oil, Inc.

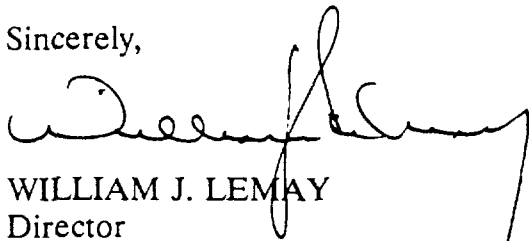
*Administrative Order NSL-3167*

September 29, 1992

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Also, you are hereby authorized to simultaneously dedicate Eumont Gas production from the Shell State Com "D" Well No. 12 with the Shell State Com "D" Well No. 13. Furthermore, you are hereby permitted to produce the allowable assigned the subject GPU from both of said wells in any proportion.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. Lemay', written over a horizontal line. The signature is cursive and extends above and below the line.

WILLIAM J. LEMAY  
Director

WJL/MES/jc

cc: Oil Conservation Division - Hobbs  
NMSLO - Santa Fe

**EXHIBIT C**  
**TO THE APPLICATION OF MERIDIAN OIL INC.**  
**FOR COMPULSORY POOLING**

Chevron USA Inc. Box 1150 Midland, Texas 79702	25.0000%
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Kerr-McGee Corporation P.O. Box 11050 Midland, Texas 79702	5.0000%
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W. M. Osborn Estate 301 N. Colorado, #116 Midland, Texas 79701-4617	2.5000%
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