

**MERIDIAN OIL, INC.**  
**CASE 9707**  
**JULY 26, 1989**

BEFORE EXAMINER CATARACH OIL CONSERVATION DIVISION
_____ EXHIBIT NO. _____
CASE NO. <u>9707</u>

1

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

W. Thomas Kellahin  
Karen Aubrey

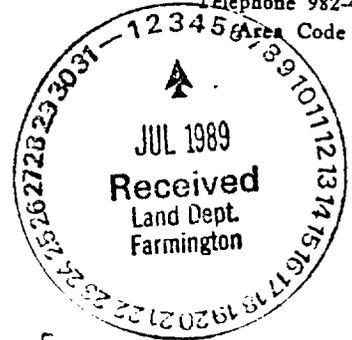
El Patio - 117 North Guadalupe  
Post Office Box 2265

Santa Fé, New Mexico 87504-2265

Jason Kellahin  
Of Counsel

Telephone 982-4285  
Area Code 505

June 29, 1989



HAND DELIVERED

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

RECEIVED

JUN 29 1989

OIL CONSERVATION DIVISION

Re: Application of Meridian Oil, Inc.  
for Approval of a Unorthodox Well  
Location for its Heizer #100 Well,  
Basin Fruitland Coal Gas Pool,  
Rio Arriba County, New Mexico

Dear Mr. LeMay:

On behalf of Meridian Oil Inc., please find enclosed a copy of our application for approval of an unorthodox well location for the referenced well.

We would appreciate you setting this matter for an examiner hearing now scheduled for July 26, 1989.

Very truly yours,

W. Thomas Kellahin

WTK/rs

Encl.

cc: Alan Alexander (Meridian-Farmington)  
John Caldwell (Meridian-Farmington)

Certified mailing return-receipt parties listed on Exhibit B of Application.

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION
EXHIBIT NO. <u>1</u>
CASE NO. <u>9707</u>

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

RECEIVED

JUN 29 1989

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF  
MERIDIAN OIL, INC. FOR APPROVAL OF  
AN UNORTHODOX WELL LOCATION, BASIN  
FRUITLAND COAL GAS POOL,  
RIO ARRIBA COUNTY, NEW MEXICO

Case No.

A P P L I C A T I O N

COMES NOW, MERIDIAN OIL, INC., by and through its attorneys, Kellahin, Kellahin & Aubrey, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox Basin Fruitland Coal Gas Well location 1430 feet FNL and 2250 feet FEL of Section 15, T32N; R10W, Rio Arriba County, New-Mexico for its Heizer #100 Well and in support would show:

1. Applicant is a working interest owner and operator for all of Section 15, T32N, R10W, NMPM for the development of coal gas production from the Basin Fruitland Coal Gas Pool.
2. The E/2 of Section 15 is to be developed for coal gas production by the Heizer #100 Well to be located at an unorthodox well location due to topography, archeology and geologic constraints as shown on Exhibit A.
3. Attached as Exhibit A is a plat showing the described acreage of the subject well location.

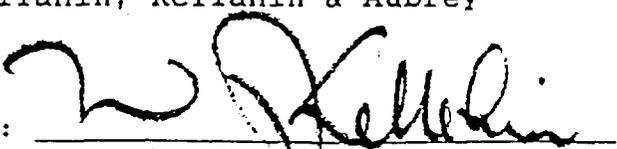
4. Because of a combination of topography, archeology and geology the optimum location for the Heizer #100 Well in the NE/4 of said Section 15 will be an unorthodox well location 1430 feet FNL and 2250 feet FEL of said Section 15.

5. The unorthodox well location will not impair the correlative rights of any party because it is crowding an interior line within Section 15 which is controlled by Meridian who will have the right to drill a well in the W/2 of Section 15.

6. In addition, Meridian will not gain any advantage over any other operator in the area because the well is farther away from offset operators than a standard location and those offset operators have signed waivers. Attached as Exhibit B is a list of the offsetting interest owners who are to receive notification of this application.

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

Kellahin, Kellahin & Aubrey

By: 

W. Thomas Kellahin  
Post Office Box 2265  
Santa Fe, New Mexico 87504

(505) 982-4285



Submit to Appropriate  
District Office  
State Lease - 4 copies  
Fee Lease - 3 copies

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088



DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

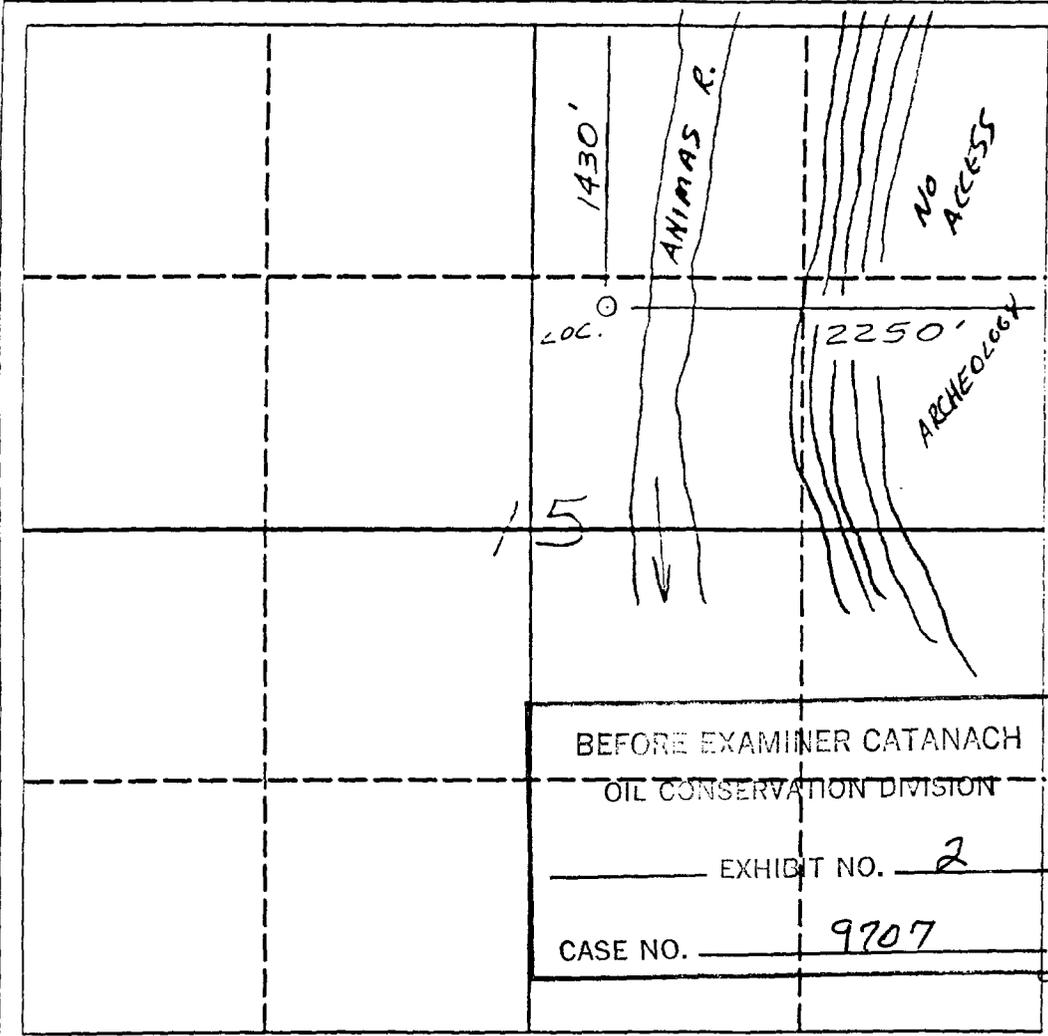
DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT  
All Distances must be from the outer boundaries of the section

Operator Meridian Oil Inc.			Lease Heizer			Well No. 100		
Unit Letter G	Section 15	Township 32 North	Range 10 West	County NMPM San Juan				
Actual Footage Location of Well: 1430 feet from the North line and 2250 feet from the East line								
Ground level Elev. 3940			Producing Formation			Pool		Dedicated Acreage: Acres

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
  - Yes  No If answer is "yes" type of consolidation \_\_\_\_\_
 If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary).  
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

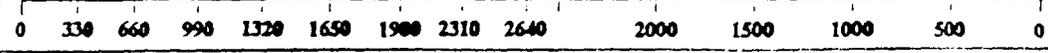
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature \_\_\_\_\_  
 Printed Name \_\_\_\_\_  
 Position \_\_\_\_\_  
 Company \_\_\_\_\_  
 Date \_\_\_\_\_

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: 5-18-89  
 Signature and Seal of Professional Surveyor: Neale C. Edwards  
 Certificate No. 6857



3  
1

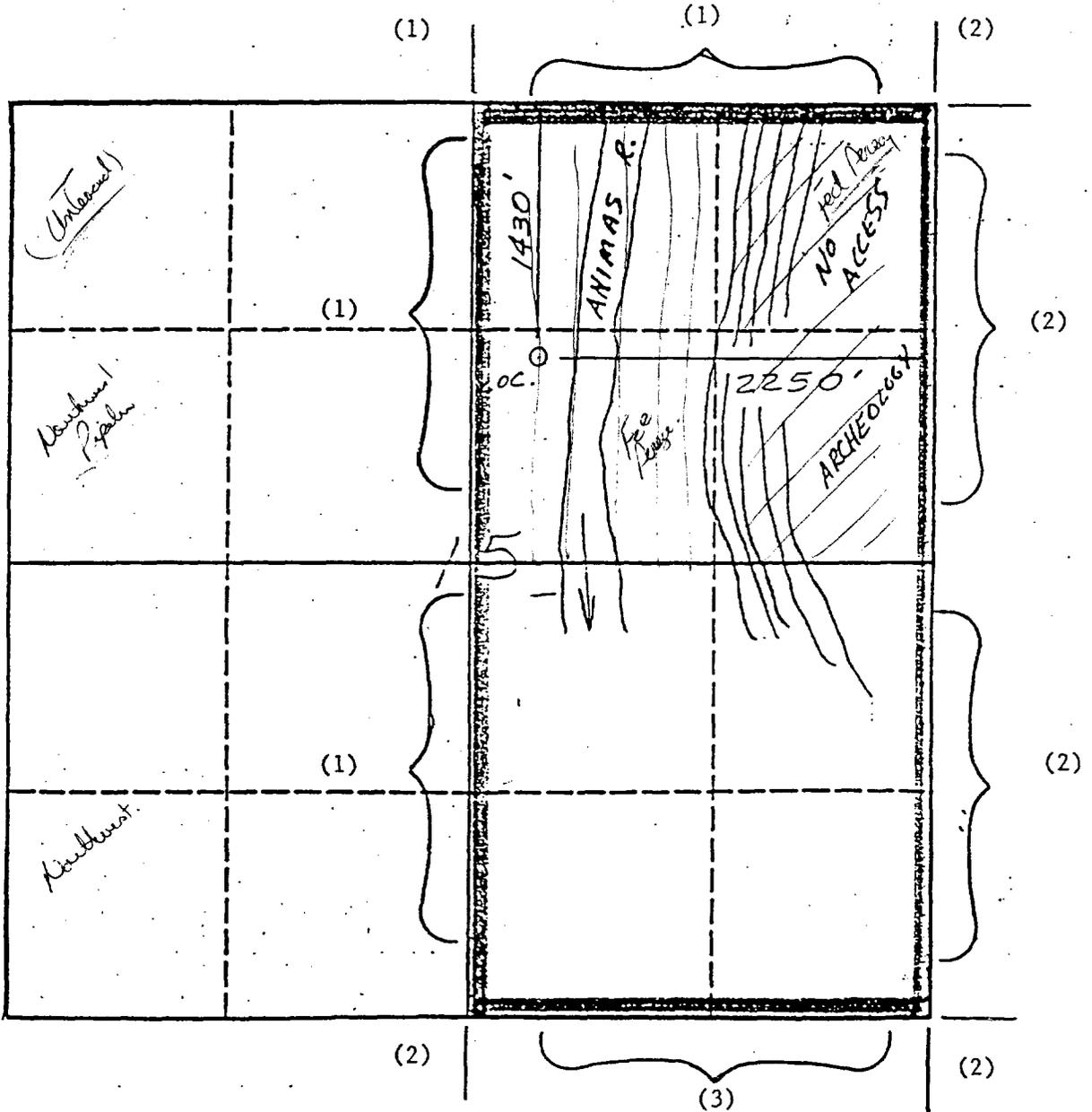
MERIDIAN OIL INC

Well Name Heizer #100

Footage 1430' FNL; 2250' FEL

APPLICATION FOR NON-STANDARD LOCATION

County San Juan State New Mexico Section 15 Township 32N Range 10W



Remarks

1) Meridian Oil Inc.	BEFORE EXAMINER CATANACH
2) Amoco Production Company	OIL CONSERVATION DIVISION
3) Union Texas Petroleum Corporation	EXHIBIT NO. <u>3</u>
	CASE NO. <u>9707</u>

Exhibit "A"

Exhibit "B"

Amoco Production Company  
Post Office Box 800  
Denver, Colorado 80201

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

MERIDIAN OIL

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	<u>4</u>
CASE NO.	<u>9707</u>

May 24, 1989

Mr. William LeMay  
 New Mexico Oil Conservation Division  
 Post Office Box 2088  
 Santa Fe, New Mexico 87504

Dear Mr. LeMay:

This is a request for administrative approval for an unorthodox gas well location in the Basin Fruitland Coal Pool.

It is intended to locate the Meridian Oil Inc. Heizer #100 at 1430' from the North line and 2250' from the East line of Section 15, T-32-N, R-10-W, San Juan County, New Mexico.

The lack of access to location because of the Animas River makes this unorthodox location necessary.

A copy of this application is being submitted to all offset operators by certified mail with a request that they furnish your Santa Fe office with a Waiver of Objection, and return one copy to this office.

Plats showing the proposed well location and the terrain in Section 15, along with an ownership plat, are attached.

Sincerely yours,

Peggy Bradfield

encl.

WAIVER

Union Texas Petroleum hereby waives objection to Meridian Oil Inc.'s application for an unorthodox location for their Heizer #100 as proposed above.

By: WR Cooper Date: 6/1/89

xc: Union Texas Petroleum  
Amoco Production

MERIDIAN OIL

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	<u>5</u>
CASE NO.	<u>9707</u>

May 24, 1989

Mr. William LeMay  
 New Mexico Oil Conservation Division  
 Post Office Box 2088  
 Santa Fe, New Mexico 87504

Dear Mr. LeMay:

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Sincerely yours,

Peggy Bradfield

encl.

WAIVER

hereby waives objection to Meridian Oil Inc.'s application for an unorthodox location for their Heizer #100 as proposed above.

By: J. W. Stewart

Date: 6-5-89

xc: Union Texas Petroleum  
Amoco Production

June 29, 1989

BEFORE EXAMINER CATALACH	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	6
CASE NO.	9707

MIKE HEIZER  
5685 HWY. 550  
AZTEC, N.M. 87410

MERIDIAN OIL  
P.O. BOX 4289  
FARMINGTON, N.M. 87499

Charles Werner,

In view of our discussion on Friday, June 23, I feel that we have resolved all pertinent problems in association with building the location and drilling the Heizer #100 on the west side of the river. I realize the impossibility of access to the east side of the river. Due to the channel changes in the river over the past few years the old low water crossing has become virtually impassable. If I can be of any further assistance please don't hesitate to contact me.

Sincerely,  
*Mike Heizer*  
Mike Heizer



MERIDIAN OIL, INC.  
NMOCD HEARING  
JULY 26, 1989  
CASE #9707  
EXHIBIT

HEIZER #100 - POINTS SUPPORTING UNORTHODOX LOCATION

- Environmental Concerns: Water Crossing for Flow Streams
- Operational Problems: High Gas and Water Rates
- Drainage Pattern for Area Is Not Disrupted
- Equivalent Reservoir Properties
- Offset Operator Approval
- Favorable Economics
- Higher Mechanical Risk in Drilling a Deviated Wellbore
- Higher Risk for Retrieving Pressured Core Barrel in Deviated Wellbore

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION _____ EXHIBIT NO. <u>7</u> CASE NO. <u>9707</u>
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MERIDIAN OIL, INC.  
 NMOCD HEARING  
 JULY 26, 1989  
 CASE #9707  
 EXHIBIT

HEIZER #100 ECONOMIC SUMMARY

	Capital Cost	Rate of Return %	Profit to Investment \$/ \$	Ratio	Net Present Value M\$
Desired Location 1430' FNL, 2250' FEL T32N, R10W	\$693,000	26	0.99		677.7
Deviated Wellbore Surface Location 1430' FNL, 2250' FEL Bottom Hole Location 1430' FNL, 1640' FEL T32N, R10W	\$793,700	18	0.42		318.4

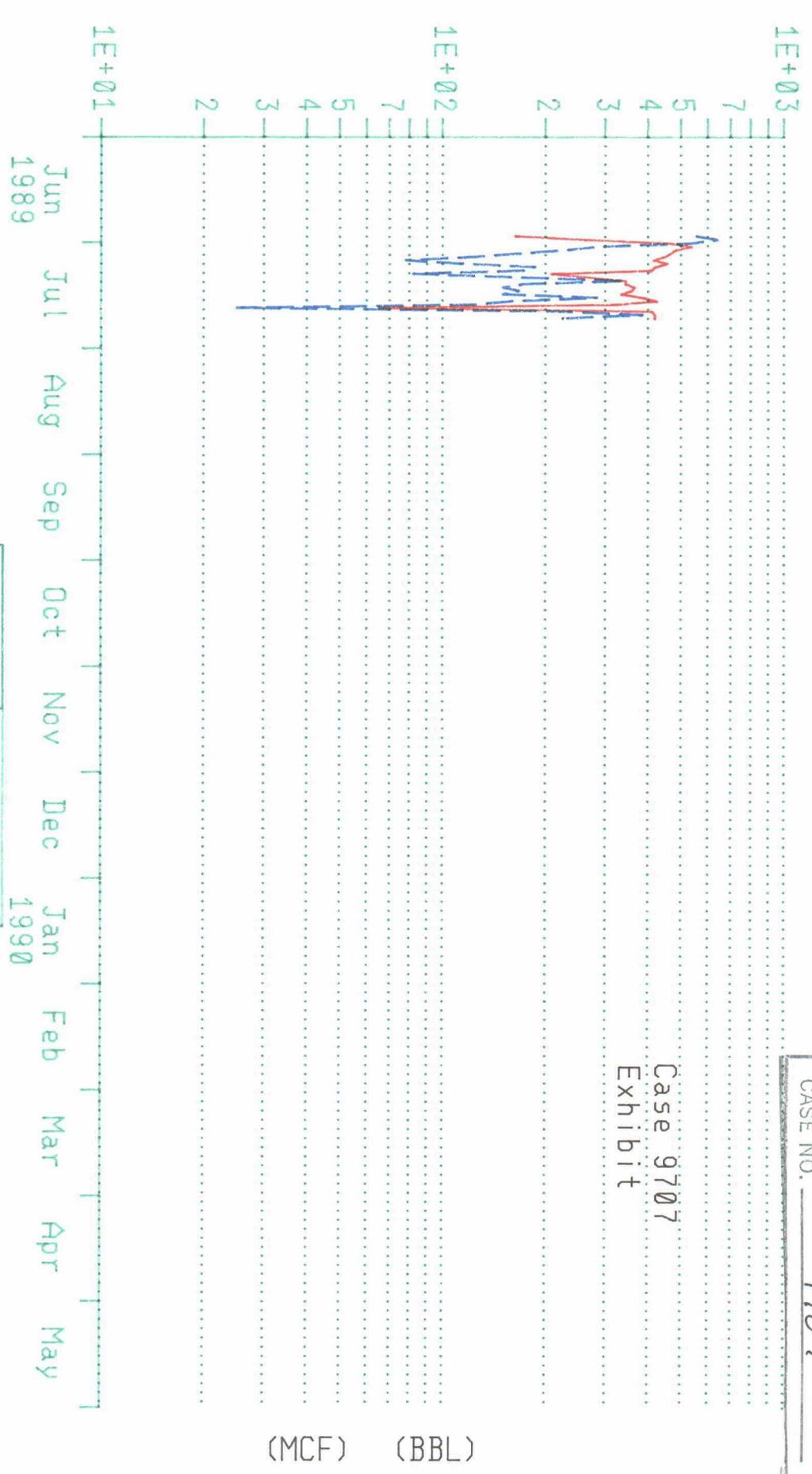
Notes: ● Rates considered equal for all cases.  
 ● Higher mechanical risk for deviated wellbore case.  
 ● Higher risk for retrieving pressured core barrel in deviated wellbore case.  
 ● Higher possibility for lower rate completion.

BEFORE EXAMINER CATHANICH  
 OIL CONSERVATION DIVISION  
 EXHIBIT NO. 8  
 CASE NO. 9707

BROWN #100  
 PRODUCTION HISTORY  
 NMOCD HEARING  
 JULY 26, 1989

BEFORE EXAMINER CATANACH  
 OIL CONSERVATION DIVISION  
 EXHIBIT NO. 9  
 CASE NO. 9707

Case 9707  
 Exhibit



MERIDIAN OIL

— GAS  
 --- WATER

