

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. 9707
Order No. R-8998

APPLICATION OF MERIDIAN OIL, INC.
FOR AN UNORTHODOX COAL GAS WELL
LOCATION, SAN JUAN COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 26 and August 23, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 15th day of September, 1989, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Meridian Oil, Inc., seeks approval of an unorthodox coal gas well location for its proposed Heizer Well No. 100 to be drilled 1430 feet from the North line and 2250 feet from the East line (Unit G) of Section 15, Township 32 North, Range 10 West, NMPM, Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico, Lots 1 through 4 and the W/2 E/2 (E/2 equivalent) of said Section 15 to be dedicated to the well forming a standard 311.43-acre gas spacing and proration unit for said pool.

(3) The applicant presented evidence and testimony which indicates that the proposed unorthodox location is necessitated by numerous surface restrictions within the NE/4 of said Section 15, among which are topographic features, archaeological sites, and Bureau of Land Management policy restrictions.

(4) The evidence further indicates that the applicant is the majority interest owner in the W/2 of said Section 15, being the affected offset acreage, and is currently attempting to acquire and/or communitize the remaining interests in said W/2 in order to drill a second coal gas well within Section 15.

(5) No other offset operator or interest owner appeared at the hearing in opposition to the application.

(6) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Basin-Fruitland Coal Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

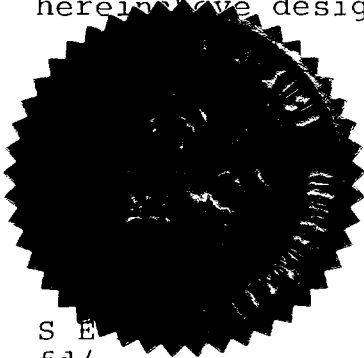
IT IS THEREFORE ORDERED THAT:

(1) The applicant, Meridian Oil, Inc., is hereby authorized to drill its Heizer Well No. 100 at an unorthodox coal gas well location 1430 feet from the North line and 2250 feet from the East line (Unit G) of Section 15, Township 32 North, Range 10 West, NMPM, Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico.

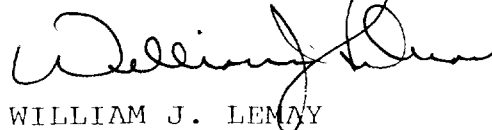
(2) Lots 1 through 4 and the W/2 E/2 (E/2 equivalent) of said Section 15 shall be dedicated to the above-described well forming a standard 311.43-acre gas spacing and proration unit for said pool.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein above designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LENNY
Director