

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*
KAREN AUBREY*

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

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

*ALSO ADMITTED IN ARIZONA

JASON KELLAHIN (RETIRED 1991)

August 17, 1992

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

HAND DELIVERED

Case 10555

Re: Application of Meridian Oil
Inc. for Termination of Prorationing
in Justis Gas Pool, Lea County,
New Mexico

Dear Mr. LeMay:

On behalf of Meridian Oil Inc., please find enclosed
our application for termination of prorationing in the
Justis Gas Pool which we request be set for hearing on
the Examiner's docket now scheduled for October 15, 1992.

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.

Very truly yours,



W. Thomas Kellahin

WTK/jcl

Enclosure

cc: Kevin Midkiff - Meridian Oil Inc.

BY CERTIFIED MAIL- RETURN RECEIPT REQUESTED

All Parties Listed on Exhibit B of Application

1trt817.014

92 AUG 18 PM 10 51

RECEIVED
OIL CONSERVATION DIVISION

OIL CONSERVATION DIVISION
RECEIVED

92 AUG 13 PM 10 50

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: 10555

APPLICATION OF MERIDIAN OIL INC.
FOR TERMINATION OF PRORATIONING
IN JUSTIS GAS POOL, LEA COUNTY,
NEW MEXICO.

A P P L I C A T I O N

COMES NOW MERIDIAN OIL INC, by and through its attorneys, Kellahin and Kellahin, and hereby applies to the New Mexico Oil Conservation Division for an Order terminating prorationing in the JUSTIS GAS POOL, Lea County, New Mexico and in support thereof would show:

1. Applicant is an operator and working interest owner in the Justis Gas Pool, Lea County, New Mexico with approximately 50% of the 1991-1992 winter proration period production (October, 1992 through March, 1992).

2. The Justis Gas Pool ("the Pool") was created by Division Order 850 issued January 1, 1950 with gas prorationing for this pool made effective January 1,

Application of Meridian Oil Inc.

Page 2

1954. See Orders R-375, R-375-A, R-586-A, R-586-C, R-586-C, R-586-E, R-586-F, R-967.

3. On October 3, 1957, the standard proration unit size was changed from 160 acres to 320 acres. See Order R-586-C.

4. The Pool, as of July 1, 1992, encompassed the following area:

Township 24 South, Range 37 East, NMPM

Section 26: SE/4

Section 35: E/2, E/2NW/4

Township 25 South, Range 37 East, NMPM

Section 1: SW/4

Section 2: E/2

Section 11: E/2

Section 12: W/2

Section 13: All

Section 14: E/2

Section 23: E/2

Section 24: All

Section 25: All

Section 26: NE/4

Section 36: N/2

5. The Pool is also subject to the provisions of Order R-8170, as amended, being the current General Rules and Regulations for the Prorated Gas Pools of New Mexico.

6. The Applicant has identified and located the current pool limits and all currently producing wells and spacing units on Exhibit A attached hereto.

7. Prorationing was originally instituted because the total delivery capacity of the wells in the Pool exceeded the market demand for gas produced from the Pool. See Finding (5) Order R-586.

8. Currently and for the remaining life of the Pool, the total deliverability of the wells in the Pool is not expected to exceed market demand for gas produced from the Pool.

9. The production limitations imposed by the prorated allowables has discouraged and will continue to discourage further developmental drilling, attempted workovers of existing wells, or the installation of compression equipment.

10. Termination of prorationing for the Pool will not impair correlative rights.

11. Since the institution of prorationing i the Pool, there have been substantial changes in Pool production, development, gas purchasing and marketing practices, and other factors affecting the oil and gas industry which make prorationing of the Pool unnecessary.

12. Applicant proposes that prorationing for the Pool be terminated effective January 1, 1993.

13. Applicant has previously contacted all seven (7) of the operators in the Pool concerning this matter and as of the date of this Application is not aware of any opposition to this Application.

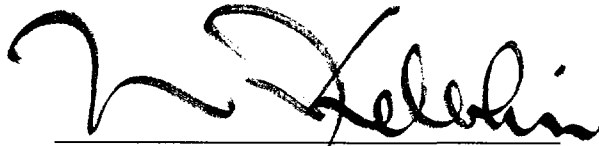
14. Applicant requests that this matter be set for hearing on the Examiner's Docket now scheduled for October 15, 1992.

15. Pursuant to Division notice requirements, Applicant will send a copy of this application, certified mail-return receipt to all operators of wells within the Pool and all operators of wells within one mile of the outer boundary of the Pool. The list of names and addresses of all those to whom notice has been sent are set forth on Exhibit B attached hereto.

Application of Meridian Oil Inc.
Page 5

WHEREFORE, Applicant requests that this application be set for hearing before the Division and after said hearing, the Division enter its order terminating prorationing for the subject Pool, and for such other and further relief as may be proper based upon this application.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. Thomas Kellahin
Kellahin and Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87405
(505) 982-4285
Attorneys for Applicant.

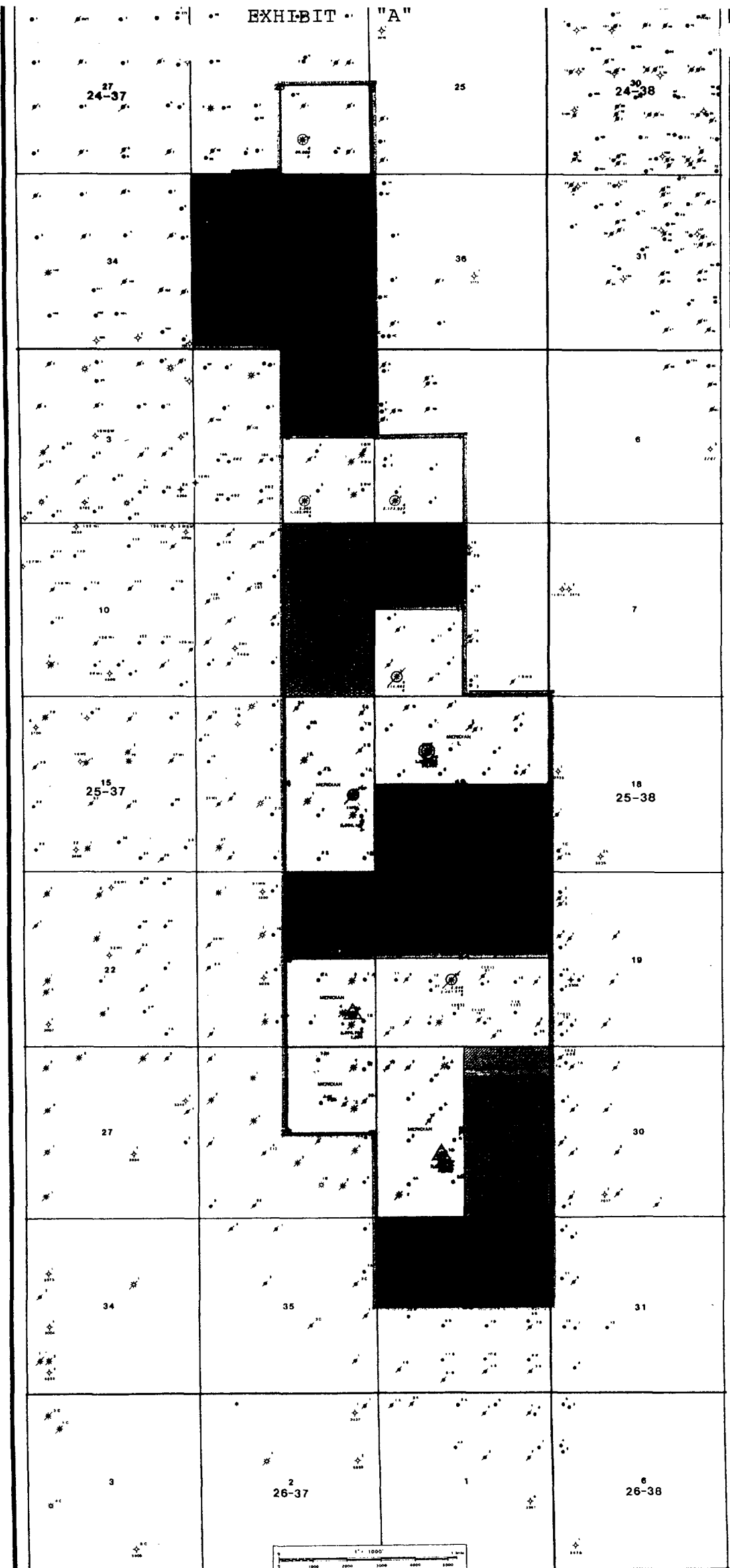


EXHIBIT "A"

GLORIETA TOTAL PRODUCTION TO 1/1/81
 100,848 BBLs OIL
 67,725,885 MCF GAS
 160,707 BBLs WTR

LITHOLOGY
 The Glorieta member is a dolomite, crystalline to saccharine, occasionally siliceous, tan to brown, vertically fractured, rugged, porous. The latent gas zone is contained within the top 250 feet of the Glorieta formation of Permian age.

- AMERAGA HESS CORP.
- ARCO
- EARL BRUNG INC.
- CHEVRON
- LANEXCO
- MERIDIAN OIL INC.
- TEXACO
- PLUGGED WELL
- MARGINAL WELL
- NON-MARGINAL WELL
- FIELD OUTLINE

MERIDIAN OIL			
JUSTIS FIELD			
LEA COUNTY, NEW MEXICO			
GLORIETA PRODUCTION			
DATE	1/1/81	DATE	1/1/81
REVIEWED		REVIEWED	
APPROVED		APPROVED	
OL-4158 Y			

EXHIBIT "B"

**APPLICATION OF MERIDIAN OIL INC. TO TERMINATE
PRORATIONING IN THE JUSTIS GAS POOL**

Amerada Hess Corporation
Production Operations Department
P.O. Box 840
Seminole, TX 79360

Earl R. Bruno
P.O. Box 5456
Midland, TX 79702

ARCO Oil & Gas Corporation
Production Operations Department
600 N. Marienfeld Street
Midland, TX 79701

Lanexco Inc.
Production Operations Department
310 W. Wall Street
Midland, TX 79701

Texaco, Inc.
Production Operation Department
P.O. Box 3109
Midland, TX 79702-3109

Chevron U.S.A. Incorporated
Mr. D.T. Berlin
North District Manager
P.O. Box 1150
Midland, TX 79702

COUNTY Lea

POOL Justis Gas

(Glorieta)

TOWNSHIP	24 South	RANGE	37 East	NMNM
6	5	4	3	1
7	8	9	10	11
18	17	16	15	14
19	20	21	22	23
30	29	28	27	26
31	32	33	34	35
				36

Ext: 1/4 Sec 35 (R-2716, 2717, 2718) 1/4 NW Sec 35 (R-3040, 2719)
 1/4 Sec 36 (R-3040, 2719)

COUNTY Lea

POOL Justis Gas

(Glorieta)

TOWNSHIP	25 South	RANGE	37 East	NMNM
6	5	4	3	
7	8	9	10	11
18	17	16	15	14
19	20	21	22	23
30	29	28	27	26
31	32	33	34	35
				36

Description: SW Sec. 1, SE Sec. 3, SE Sec. 11, NW Sec. 12, NW Sec. 14, SE Sec. 23, NW Sec. 24 (R-2644, 2645-53)
 Ext: 1/4 Sec. 24 (R-544, 11-17-54) - Vertical limits - extending from the top of the Glorieta formation to a point 200 feet below the Glorieta datum (R-536, 4-11-55) - SE Sec. 25 (R-902, 10-26-56)
 - NW Sec. 25, NE Sec. 26, NW Sec. 36 (R-1017, 6-28-57) - NW Sec. 36 (R-1105, 12-30-57)
 - NE Sec. 13 (R-1221, 8-1-58) - SE Sec. 13 (R-1372, 5-1-59) - NW Sec. 2 (R-2998, 12-1-65)