



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

GARREY CARRUTHERS  
GOVERNOR

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

August 20, 1990

Meridian Oil, Inc.  
P.O. Box 4289  
Farmington, NM 87499-4289

Attention: Peggy Bradfield

RE: Unorthodox coal gas well location, Reese Federal Well No. 1,  
1650' FSL - 1632' FEL (Unit J); 17-T27N-R9W, Basin-  
Fruitland Coal Gas Pool, San Juan County, New Mexico.

Dear Ms. Bradfield:

Having received several applications in the past to recomplete existing wells to the Basin-Fruitland Coal Gas Pool at unorthodox coal gas well locations, usually Pictured Cliffs wells, which are off pattern for coal gas development, it appears that additional information may be necessary to properly evaluate future filings in instances when there are two wells in the proposed coal spacing unit producing from the same formation in which the one to be recompleted is also off-pattern.

In the immediate instance, the proposed E/2 320-acre coal dedication has two Fulcher Kutz Pictured Cliffs Gas wells; the Cleveland Well No. 1 located in Unit A and the Reese Federal Well No. 1 located in Unit J. Why was the Reese chosen over the Cleveland well? Also, how does this off-pattern recompletion effect coal development in the immediate area? Please submit any supporting production data, engineering evaluation and related technical data to support your choice of wells for recompletion. Also submit a plat of the offsetting sections showing the coal completions presently planned or currently producing and provide a discussion addressing the proposed off-pattern development.

Should you have any questions, please contact me.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Aztec  
US Bureau of Land Management - Farmington

MERIDIAN OIL

OIL CONSERVATION DIVISION  
RECEIVED  
'90 SEP 7 AM 8 28

August 28, 1990

New Mexico Oil Conservation Division  
Attn: Mr. Michael E. Stogner  
P.O. Box 2088  
Santa Fe, New Mexico 87504

RE: Reese Federal #1  
1650' FSL, 1632' FEL (Unit J)  
Section 17, T27N, R09W  
Basin Fruitland Coal Gas Pool  
San Juan County, New Mexico  
Unorthodox Coal Gas Well Location

Dear Mr. Stogner:

At the time Meridian Oil submitted the above-referenced unorthodox coal gas well location for your approval, we were aware that two Fulcher Kutz Pictured Cliffs gas wells were located in the E/2 320-acre coal dedication. Therefore, in response to your letter dated August 20, 1990 regarding the subject well, the following is submitted:

The primary justification of choosing the Reese Federal #1 over the Cleveland #1 (standard location) was the productivity of the wells. The Reese Federal #1 has been producing at 8 MCF/D and is uneconomic to operate. Workovers and sales compression of the producing formation were evaluated, but these alternatives could not be economically justified. The Cleveland #1 has sustained production of 27 MCF/D and is currently economic to operate. The plug back of the Cleveland #1 at this time for the sole purpose of a standardized location would not be considered prudent management by Meridian of existing reserve potential. The continued production of the Cleveland #1 and recompletion of the Reese Federal #1 is the optimum protection of correlative rights for Meridian, the royalty interest owners and the State of New Mexico. Meridian does not feel the productivity of the coal will vary between the locations. Recompletion of the Reese Federal #1 will allow us to produce Fruitland Coal reserves without creating economic waste by drilling a new well.

New Mexico Oil Conservation Division  
Reese Federal #1  
Page Two

Included is the requested plot of offsetting dedicated units showing completed coal projects and those proposed to date. Although all proposed coal gas well development projects are included, additional projects may be proposed in the future. Because it is less economically desirable to drill new wells in this area, the off pattern development of this unit utilizing the existing subject wellbore represents the most prudent operation for the immediate area.

Should you have any questions, please contact me.

Sincerely,



Richard E. Fraley  
Regional Production Engineer

REF/CJS:tt

attachments

cc: Oil Conservation Division/Aztec  
US Bureau of Land Management/Farmington

DATE: AUGUST 23, 1990

NAME: REESE FEDERAL #1

FORM: PICTURED CLIFFS

LOCATION

UNIT: J  
SEC: 17  
TWN: 27  
RNG: 9

T  
27  
N

[7]

[8]

[9]

[18]

\*  
WHITLEY #10  
(DK)  
PROPOSED FTC R/C [17]

[16]

\*  
REESE FED #1  
(PC)  
PROPOSED FTC R/C

[19]

\*  
MCADAMS A #1  
(PC)  
PROPOSED FTC R/C

[20]

\*  
CLEVELAND #2  
(PC)  
COMPLETED R/C

\*  
CLEVELAND #220  
COMPLETED NEW DRILL

[21]

LEGEND

- \* WELLNAME
- EXISTING FORMATION -
- PRIOR TO RECOMPLETION



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION  
AZTEC DISTRICT OFFICE

CONSERVATION DIVISION  
RECEIVED

'90 SEP 4

1000 WILSON ROAD  
AZTEC, NEW MEXICO 87410  
(505) 334-0170

ARREY CARRUTHERS  
GOVERNOR

Date: 8-29-90

Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504-2088

*Mike Stogner*

Re: Proposed MC \_\_\_\_\_  
Proposed DHC \_\_\_\_\_  
Proposed NSL A \_\_\_\_\_  
Proposed SWD \_\_\_\_\_  
Proposed WFX \_\_\_\_\_  
Proposed PMX \_\_\_\_\_

Gentlemen:

I have examined the application dated 8-29-90

for the Mexican Oil Inc. Operator Reese Federal #1 Lease & Well No.

J-17-27N-9W and my recommendations are as follows:  
Unit, S-T-R

Approve if off pattern development  
proves to be beneficial

Yours truly,

Eric Bush