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JASON KELLAHIN (RETIRED 1991)

May 22, 1995

HAND DELIVERED

Mr. William J. LeMay, Chairman
Oil Conservation Commission
2040 South Pacheco
Santa Fe, New Mexico 87505

RECEIVED

MAY 23 1995

Oil Conservation Division

Re: NMOCC Case 11274
Application of Meridian Oil Inc.
for adoption of Revisions for Rule 111
High Angle/Horizontal/Directional Wells

Dear Mr. LeMay:

On behalf of Meridian Oil Inc., we are submitting to the Commission our final recommendations for a revised Rule 111.

Subsequent to the April 27, 1995 hearing, the New Mexico Oil and Gas Association ("NMOGA") circulated the Meridian and the Marathon drafts of the proposed rule and solicited comments from its membership. On behalf of NMOGA and with the assistance of Ruth Andrews of NMOGA, I have attempted to note those comments at the appropriate points in the enclosed draft dated May 18, 1995.

You may remember that at the Commission hearing on April 27, 1995, I informed the Commission that Meridian's draft of a proposed rule dated April 27, 1995, had not been edited into existing Rule 111.

Therefore, to aid the Commission in its decision making process, you will find the Enclosed Meridian draft dated May 18, 1995 which has been edited to include all elements of the current Rule 111. You will note that we have divided the Rule into two categories of wells: (a) Deviated Wells

William J. LeMay

May 22, 1995

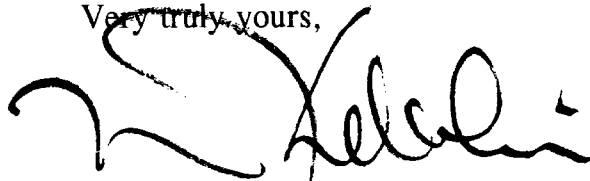
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which are defined as any wellbore which is intentionally deviated from vertical but does NOT have an intentional azimuth; and (b) Directional Wells which are defined as any wellbore with BOTH an intentional deviation and an intentional azimuth which includes directional drilled wells, horizontal wells and all subdivisions thereof.

As to each major item for which there was any differences of opinion at the hearing, we have attempted to summarize each company's position.

Please call me if I can be of further assistance.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

W. Thomas Kellahin

cc: copies to attached notice list

**Mr. Gary Carlson
Office of the Commissioner
Commissioner of Public Lands
310 Old Santa FE Trail
Santa Fe, New Mexico 87501**

**Mr. William Weiss
New Mexico Petroleum Recovery
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New Mexico Tech Campus
Socorro, New Mexico 87801**

**Mr. Michael E. Stogner
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**New Mexico Oil & Gas Association
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Attn: Ruth Andrews**

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**Amoco Production Company
P. O. Box 800
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Attn: Bill Hawkins**

**Marathon Oil Company
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Attn: Dow Campbell, Esq.**