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W. THOMAS KELLAHIN*

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

JASON KELLAHIN (RETIRED 1991)

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November 8, 1995

11434

HAND DELIVERED

RECEIVED

NOV 8 1995

Oil Conservation Division

Mr. William J. LeMay, Director
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

*Re: Seymour Well No. 7A
E/2 Section 23, T31N, R9W, NMPM
Application of Meridian Oil Inc. for
Compulsory Pooling and an Unorthodox Gas Well Location,
San Juan County, New Mexico*

Dear Mr. LeMay:

On behalf of Meridian Oil Inc., please find enclosed our application for compulsory pooling and an unorthodox gas well location which we request be set for hearing on the next available Examiner's docket now scheduled for December 7, 1995. Also enclosed is our proposed notice of publication for this case.

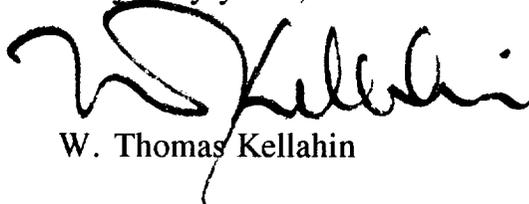
By copy of this letter, including the application, to all affected parties, we are notifying them by certified mail-return receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the application.

Oil Conservation Division
November 8, 1995
Page 2.

In addition, those interested parties are also advised that while they are not required to attend this hearing, failure to appear at that time and become a party of record could preclude them from challenging the matter at a later date.

Pursuant to the Division's Memorandum 2-90, all interested parties are hereby informed that if they appear in the case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 pm on Friday, December 1, 1995, with a copy delivered to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style. The signature is positioned above the printed name 'W. Thomas Kellahin'.

W. Thomas Kellahin

Enclosure

cc: Meridian Oil Inc.

BY CERTIFIED MAIL-RETURN RECEIPT REQUESTED

to: Parties listed in Application

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Oil Conservation Division

PROPOSED ADVERTISEMENT FOR NMOCD DOCKET

CASE 11434: Application of Meridian Oil Inc. for compulsory pooling and an unorthodox gas well location, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Blanco Mesaverde Gas Pool underlying the E/2 of Section 23, T31N, R9W, NMPM, San Juan County, New Mexico, forming a standard 320-acre spacing and proration unit. Said unit is to be dedicated to Meridian Oil Inc.'s proposed Seymour Well No. 7A which is to be drilled at an unorthodox gas well location 1615 feet FSL and 2200 feet FEL of said Section 23 to test for production from the Mesaverde formation. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling and completing, the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, a charge for risk involved in drilling and completing said well and the designation of applicant as the operator of the well. Said well is located approximately 9 miles southeast of Cedar Hills, New Mexico.

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

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IN THE MATTER OF THE APPLICATION
OF MERIDIAN OIL INC. FOR COMPULSORY
POOLING AND AN UNORTHODOX GAS WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO.

Oil Conservation Division

CASE NO. 11434

APPLICATION

Comes now MERIDIAN OIL INC., by its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox gas well location and in accordance with Section 70-2-17(c) (1978) for an order pooling all mineral interests in the Blanco Mesaverde Gas Pool underlying the E/2 of Section 23, T31N, R9W, NMPM, San Juan County, New Mexico, forming a standard 320-acre spacing and proration unit. Said unit is to be dedicated to Meridian Oil Inc.'s proposed Seymour Well No. 7A which is to be drilled at an unorthodox gas well location 1615 feet FSL and 2200 feet FEL of said Section 23 to test for production from the Mesaverde formation. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling and completing, the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, a charge for risk involved in drilling and completing said well and the designation of applicant as the operator of the well.

In support of its application, Meridian Oil Inc. ("Meridian") states:

1. Meridian as a working interest owner in the E/2 of Section 23, T31N, R9W, San Juan County, New Mexico, has proposed to the other interest owners in this spacing unit the voluntary formation of a 320-acre spacing unit consisting of the E/2 of said Section 23 to be dedicated to its proposed Seymour Well No. 7A to be drilled at an unorthodox gas well location 1615 feet FSL and 2200 feet FEL to test for production from the Blanco Mesaverde Gas Pool. See Exhibit "A" attached.

2. Despite its good faith efforts and with the exception of Williams Production Company, Meridian has been unable to obtain a written voluntary agreement from the working interest owners as identified on Exhibit "B" attached hereto.

3. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of past and future production from the subject well and this spacing unit, Meridian needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

4. In accordance with the Division's notice requirements, a copy of this application has been sent to all interest owners as shown on Exhibit "B" attached.

5. The unorthodox gas well location is necessary because of topographical reasons.

6. Meridian is the only offset operator towards which the subject well encroaches as shown on Exhibit "C" attached.

7. Meridian requests that this matter be set for a hearing before the Division on the next available Examiner's docket now scheduled for December 7, 1995.

WHEREFORE, Meridian, as applicant, requests that this application be set for hearing on December 7, 1995 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order approving the unorthodox gas well location and pooling the mineral interest described in this spacing unit for the drilling, completing and operating the subject well at an unorthodox gas well location upon terms and conditions which include:

- (1) Meridian Oil Inc. be named operator;

(2) provisions for each working interest owner to participate in any Blanco Mesaverde Gas Pool production by reimbursing the applicant for the costs of drilling, completing, equipping and operating said well;

(3) In the event a working interest owner fails to elect to participate, then provisions be made to recover out of production, reimbursement to the applicant for the costs of drilling, completing, equipping and operating the well, including a risk factor penalty of 200 %;

(4) Provision for overhead rates of \$4321.50 per month drilling and \$474.12 per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS; and

(5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

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

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285
ATTORNEYS FOR APPLICANT

EXHIBIT "B"

LIST OF PARTIES TO BE POOLED

**Four Star Oil & Gas Company
P. O. Box 46555
Denver, Colorado 80201-6555**

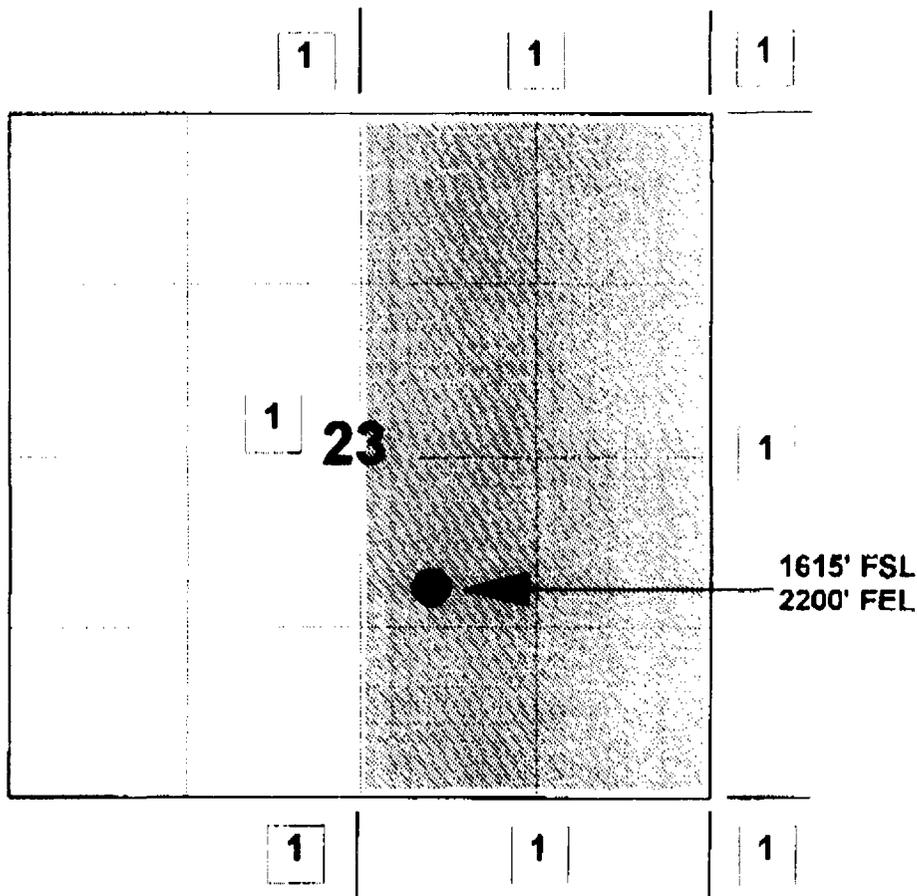
**Doyle Hartman Oil Operator
P. O. Box 10426
Midland, Texas 79702**

MERIDIAN OIL INC

SEYMOUR #7A

OFFSET OPERATOR \ OWNER PLAT
Unorthodox Mesaverde Well Location

Township31 North, Range 09 West



1) Meridian Oil Inc

