



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



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

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

January 29, 1993

KELLAHIN, KELLAHIN & AUBREY  
Attorneys at Law  
P. O. Drawer 2265  
Santa Fe, New Mexico 87504

RE: CASE NO. 10631  
ORDER NO. R-9819

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

*Sally E. Leichtle*  
Sally E. Leichtle  
Administrative Secretary

cc: BLM - Farmington  
OCD Aztec Office

93 JAN 19 AM 10 15

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN\*

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

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

JASON KELLAHIN (RETIRED 1991)

January 18, 1993

Florene Davidson  
Senior Staff Specialist  
Oil Conservation Division  
310 Old Santa Fe Trail  
P.O. Box 2088  
Santa Fe, New Mexico 87504

RE: NMOCD Case No. 10631  
Order No. R-9819  
Application of Meridian Oil Inc.

Dear Florene:

The above-referenced order, which we received today, contains an error in that it is dated on December 14, 1992, three days before the hearing was held on this application. Please have a Nunc Pro Tunc Order issued that corrects it to the appropriate date.

Thank you for your help with this matter. Please call if you have questions or I can be of further assistance.

Very truly yours,

  
W. Thomas Kellahin

WTK/jcl

Enclosure: Page 1, Order No. R-9819

lrr118.330

RECEIVED JAN 18 1993

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. 10631  
ORDER NO. R-9819

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 December 17, 1992 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 14th day of December, 1992, 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 to drill its proposed Johnston Federal Well No. 15R at an unorthodox coal gas well location 2330 feet from the North line and 790 feet from the West line (Unit E) of Section 35, Township 31 North, Range 9 West, NMPM, San Juan County, New Mexico.
- (3) The subject well is proposed to be a replacement well for the Johnston Federal Well No. 15 located in the NW/4 of Section 35 at a non-standard coal gas well location 1680 feet from the North line and 1450 feet from the West line (Unit F) of said Section 35.
- (4) The non-standard location for the Johnston Federal Well No. 15 was approved by Division Administrative Order NSL-2643 dated March 29, 1989 and was dedicated to Lots 3 through 6 and 11 through 14 (W/2 equivalent) of said Section 35, comprising 314.25 acres.

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR



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

January 14, 1993

KELLAHIN, KELLAHIN & AUBREY  
Attorneys at Law  
P. O. Drawer 2265  
Santa Fe, New Mexico 87504

RE: CASE NO. 10631  
ORDER NO. R-9819

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

*Sally E. Leichtle*  
Sally E. Leichtle  
Administrative Secretary

cc: BLM - Farmington  
OCD Aztec Office

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

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SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN\*

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

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

JASON KELLAHIN (RETIRED 1991)

December 21, 1992

Michael E. Stogner  
Hearing Examiner  
Oil Conservation Division  
310 Old Santa Fe Trail  
Room 219  
Santa Fe, New Mexico 87501

**HAND DELIVERED**

RE: Application of Meridian Oil Inc.  
for an unorthodox coal gas well  
location, San Juan County,  
New Mexico/NMOCD Case No. 10631



Dear Mr. Stogner:

On behalf of Meridian Oil, Inc. please find enclosed our Proposed Order of the Division for the above-referenced case. We have also enclosed a floppy disk with this order on it for your use.

If you have questions or require anything else with regard to this matter, please call.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahin'. The signature is fluid and cursive, with a large initial 'W' and 'T'.

W. Thomas Kellahin

WTK/jcl

Enclosures

xc: Alan Alexander (w/encl.)  
Meridian Oil Inc.

lrr1221.330

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. 10631

ORDER NO. R-\_\_\_\_\_

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

MERIDIAN OIL INC.'S  
PROPOSED  
ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 17, 1992 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this \_\_\_\_ day of December, 1992, 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 to drill a replacement gas well (Johnston Federal Well No. 15R) in the Basin Fruitland Coal Gas Pool at an unorthodox NW/4 location 2330 feet from the North line and 790 feet from West line (Unit E) of Section 35, Township 31 North, Range 9 West, NMPM, San Juan County, New Mexico. In addition, the applicant seeks to dedicate the W/2 of Section 35 to the subject well forming a standard 314.67-acre gas spacing unit for said pool.

(3) The subject well is proposed to be a replacement well for the Johnston Federal Well No. 15 located in the NW/4 of Section 35 at a non-standard coal gas well location 1680 feet from the North line and 1450 feet from the West line (Unit F) of said Section 35.

(4) The non-standard location for the Johnston Federal Well No. 15 was approved by Division Administrative Order NSL-2643 dated March 29, 1989 and was dedicated to the W/2 of Section 35.

(5) The subject well is located within the Basin-Fruitland Coal Gas Pool and is therefore subject to the Special Rules and Regulations for said pool as promulgated by Division Order No. R-8768, as amended, which require that wells be located in either the NE/4 or SW/4 of a single government section no closer than 790 feet from any outer boundary of the proration unit nor closer than 130 feet from any quarter section line nor closer than 10 feet from any quarter-quarter section line or subdivision inner boundary.

(6) All of Section 35 has been initially developed with wells located "off-pattern" but each of those two original wells has not been commercially successful.

(7) The location of the proposed Johnston Federal Well 15R, the replacement well, is standard with respect to the setback requirements but is "off-pattern" with respect to the quarter section location.

(8) In 1979, the Johnston Federal Well No 15 was drilled by Union Texas Petroleum Inc. and was completed in the Blanco Pictured Cliffs Pool. On January 7, 1990, the well was recompleted into the Basin-Fruitland Coal Gas Pool but has been a low capacity producer because of mechanical problems and/or reservoir damage due to its original cased hole completion method.

(9) While the spacing unit is estimated to contain approximately 16.42 BCF of gas in place, the Johnston Federal Well No 15 is not capable of recovering its

share of the gas and thus exposes the spacing unit to potential offset drainage.

(10) Applicant has successfully recompleted the Johnston Federal Well No. 23 located in the SE/4 of said Section 35 by side-tracking the existing well and obtaining a Basin Fruitland Coal Gas Pool well capable of producing 2200 MCFPD as measured on a pitot gauge.

(11) The Applicant's success with the Johnston Federal Well No. 23 demonstrates that redrilling or replacing certain low capacity producing coal gas wells can substantially improve the ability to recover gas from a spacing unit.

(12) There are seventeen coal gas wells within the nine section area surrounding the W/2 of Section 35 which currently have producing capacities ranging from 844 mcfpd to 6954 mcfpd.

(15) Although the measured geologic parameters of coal thickness, structural position and formation continuity are all similar between the high capacity wells and the low capacity wells in this area, the Johnston Federal Well No. 15 does not have the ability to protect its spacing unit from drainage by the offsetting wells and therefore needs to be replaced.

(16) While exact drainage areas cannot be calculated for each well, the offsetting high capacity wells to the north and west of the subject spacing unit do have the ability to drain a portion of the W/2 of Section 35 and thereby will adversely affect the correlative rights of the owners of the affected spacing unit unless this application is approved.

(17) The evidence in this case demonstrates that the applicant cannot recover its just and equitable share of the gas reserves underlying the W/2 of Section 35 by producing its Johnston Federal Well No. 15.

(18) Amoco Production Company, the only offsetting operator was notified on this application but did not file any objection.

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

(20) In order to allow the applicant the opportunity to produce its just and equitable share of the gas reserves in the Basin-Fruitland Coal Gas Pool underlying the W/2 of Section 35, thereby protecting its correlative rights, the application should be approved.

**IT IS THEREFORE ORDERED THAT:**

(1) The applicant, Meridian Oil Inc., is hereby authorized to replace the Johnston Federal Well No. 15 by drilling its Johnston Federal Well No. 15R at an unorthodox coal gas well location 790 feet from the West line and 2330 feet from the North line (Unit E) of Section 35, Township 31 North, Range 9 West, NMPM, Basin-Fruitland Coal Gas Pool, San Juan County, New Mexico.

(2) The W/2 of Section 35 shall be dedicated to the above-described well forming a standard 314.67-acre gas spacing unit for said pool.

(3) Subsequent to the drilling and completing of the Johnston Federal Well No. 15R and if such well is determined to be a commercial producer, the applicant shall not utilize the Johnston Federal Well No. 15 as a producing well in the Basin-Fruitland Coal Gas Pool.

(4) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

NMOCD Case No. 10631  
Order No. R- \_\_\_\_\_  
Page 5

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY  
Director

S E A L

ordt1221.330



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



November 11, 1992

BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

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

Meridian Oil, Inc.  
c/o W. Thomas Kellahin  
P.O. Box 2265  
Santa Fe, NM 87504-2265

*RE: Johnston Federal Well No. 15R; application of Meridian Oil, Inc.  
for an unorthodox well location, San Juan County, New Mexico.*

Dear Mr. Kellahin:

There were several applications for the December 3, 1992 Examiner Hearing received by the Division after the filing deadline on November 10, 1992 that were, due to several circumstances, not placed on the docket. Unfortunately, your filing was one of these.

The December 3, 1992 docket appears to have several complicated and time-consuming matters already set to it and the Veteran's Day holiday did not allow myself or my staff adequate time to prepare the necessary advertisements which had to be mailed the morning of November 12, 1992 in order to meet the newspapers' publication deadlines.

I apologize for this inconvenience and assure you that this matter will be placed on the next available docket scheduled for December 17, 1992.

Thank you for your consideration and understanding in this matter.

Sincerely,

Michael E. Stogner  
Chief Hearing Officer/Engineer

MES/amg

cc: Oil Conservation Division - William J. LeMay  
Oil Conservation Division - Robert G. Stovall  
Oil Conservation Division - Larry O. Van Ryan  
Meridian Oil, Inc. - Farmington, NM