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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)

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

RECEIVED

November 23, 1992

NOV 23 1992

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

OIL CONSERVATION DIVISION

**HAND DELIVERED**

Re: Application of Meridian Oil Inc.  
for Compulsory Pooling and an  
Unorthodox Coal Gas Well Location,  
San Juan County, New Mexico  
Maddox Com #777 Well

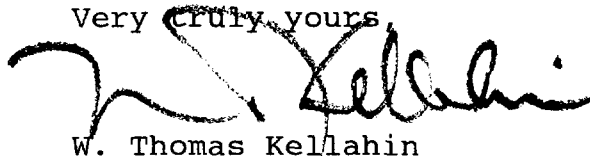
Case 10632

Dear Mr. LeMay:

On behalf of Meridian Oil Inc., please find enclosed our application for compulsory pooling and approval of an unorthodox coal gas well location which we request be set for hearing on the next available Examiner's docket now scheduled for December 17, 1992.

Our proposed advertisement to be used for the OCD docket and for newspaper publication is attached hereto as Exhibit 1. 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/appt1123.330

Enclosure

cc: Mr. Alan Alexander (Meridian-Farmington)  
Mr. Jerry Hoover (Conoco-Midland)

**BY CERTIFIED MAIL-RETURN RECEIPT REQUESTED**

All parties listed in Exhibit B and C of the Application

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OIL CONSERVATION DIVISION

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

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

CASE NO. 10632

A P P L I C A T I O N

Comes now MERIDIAN OIL INC., by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) (1978) applies to the New Mexico Oil Conservation Division for an order pooling certain working, royalty and overriding royalty interests in the Basin Fruitland Coal Gas Pool underlying the E/2 of Section 17, Township 30 North, Range 8 West, NMPM, San Juan County, New Mexico, forming a standard 320-acre spacing and proration unit in the Basin Fruitland Coal Gas Pool. Said unit is to be dedicated to Meridian's Maddox Com #777 Well to be drilled and completed at an unorthodox location 640 feet FEL and 2270 feet FSL (Unit I) of said Section 17. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of

the well and a charge for risk involved in drilling said well. In support thereof, Applicant states:

1. Applicant, Meridian Oil Inc., has a working interest ownership in the oil and gas minerals underlying the E/2 of Section 17, T30N, R8W, NMPM, San Juan County, New Mexico.

2. Applicant has proposed to all working interest owners in the subject spacing unit that a well be drilled and located at an unorthodox coal gas well location 640 feet FEL and 2270 feet FSL (Unit I) of Section 17 to a depth sufficient to test the Basin Fruitland Coal Gas Pool, as identified on Exhibit A, attached.

3. All of the working interest owners in the oil & gas minerals underlying the E/2 of Section 17 have been committed to the subject well and this spacing unit, except for UNOCAL Corporation, 1004 North Big Spring Street, Midland, Texas 79701.

4. Included in the proposed spacing unit is a fee lease which does not contain a pooling clause and which is identified as Lease NM-9586 being a portion of the S/2SE/4 of said Section 17.

5. As the current lessee of Lease NM-9586, Meridian Oil Inc. has voluntarily committed the working interest to this well, but because of the absence of a pooling clause in the lease, it is unable to commit the royalty and overriding royalty owners identified on Exhibit B attached.

6. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Meridian Oil Inc. needs an order of the Division pooling these royalty and overriding royalty owners interests involved in order to protect correlative rights and prevent waste.

7. Pursuant to the Division's notice requirements, Meridian has notified those parties identified in Exhibit B of this application for compulsory pooling of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for December 17, 1992.

8. The proposed location is unorthodox for the Basin-Fruitland Coal Gas Pool because it is located 640 feet from the East line rather than 790 feet from that

line and is located in the SE/4 rather than the NE/4 of said Section 17. Said location requires an exception to Rule 7 of the Basin Fruitland Coal Gas Pool Rules (Order R-8768).

9. The proposed unorthodox well location is necessary for the following reasons:

(a) Other "off pattern" wells previously have been approved and drilled offsetting the subject spacing unit;

(b) There is an apparent permeability transition in the Basin Fruitland Coal deposits in this immediate area such that the proposed unorthodox location is the optimum location in the spacing unit;

(c) There are topographical features and existing wells in the spacing unit which limit the available locations for the subject well;

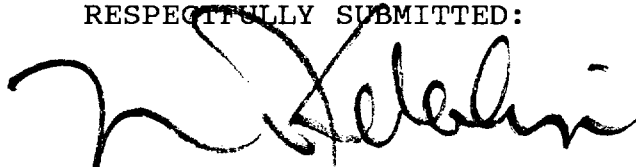
(d) The subject location will afford to the owners in the spacing unit a reasonable opportunity to obtain their fair share of recoverable gas reserves attributed to this unit which they may not be able to obtain with a well at a standard location thereby protecting their correlative rights; and

(e) Waste will be prevented.

10. The offset operators and parties entitled to notice of the unorthodox location are set forth on Exhibit C attached hereto.

WHEREFORE, Meridian Oil Inc., as applicant, requests that this application be set for hearing on December 17, 1992 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in this spacing unit for the drilling of the subject well at an unorthodox coal gas well location.

RESPECTFULLY SUBMITTED:

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahein', is written over the typed name and address.

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



 FRUITLAND COAL WELL



FRUITLAND SAND WELL

☒ DAKOTA WELL

 MORRISON/ENTRADA SWD

# MERIDIAN OIL

**EXHIBIT "B"**  
**APPLICATION OF MERIDIAN OIL, INC.**  
**MADDOX COM NO. 777 WELL**

Kathlyn H. Gibson Estate  
George A. Scharhag, Pers. Rep.  
P.O. Box 546  
Tesuque, NM 87574

Elizabeth White Family Trust  
Linda Payne Trustee  
P.O. Box 780099  
Dallas, TX 75378-0099

Mabel Glenn Ham Revocable Trust  
Kathlyn N. Black, Trustee  
921 Grecian, NW  
Albuquerque, NM 87107

Jane Manning Pitkin  
503 W. Duarte Road, 6  
Arcadia, CA 91006

Ethel Parnell  
503 W. Duarte Road, 6  
Arcadia, CA 91007

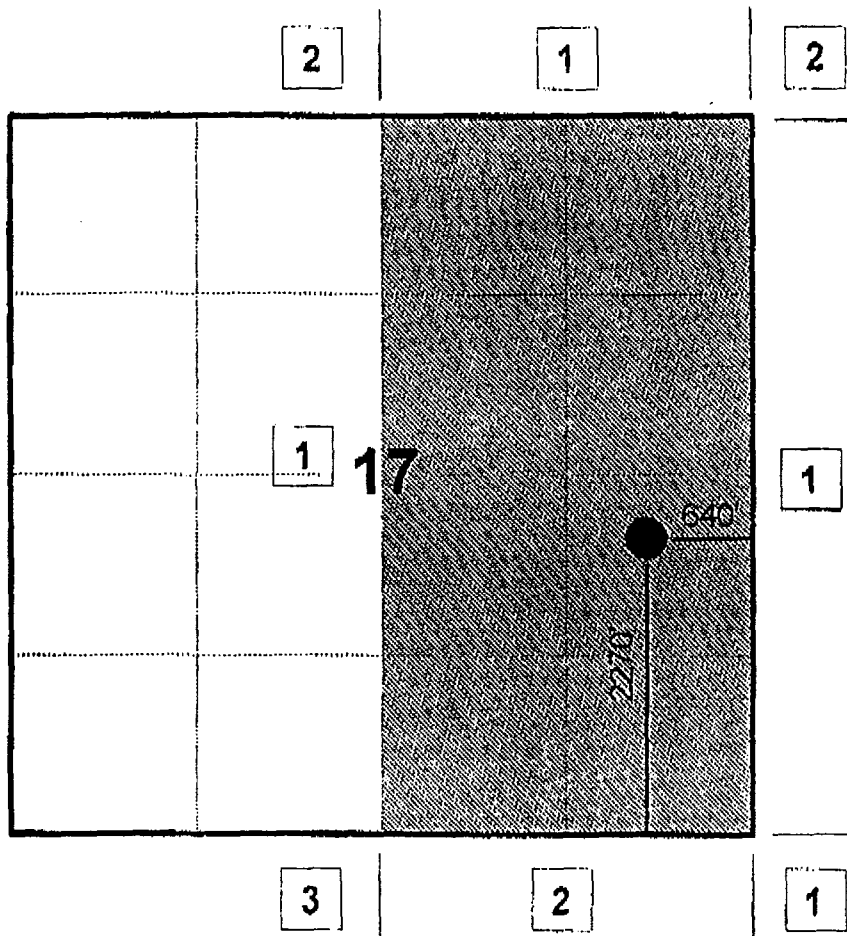
Glenn D. Hughes  
2321 Candelaria, NW  
Albuquerque, NM 87107

UNOCAL  
Union Oil Company of California  
1004 North Big Spring Street  
Midland, Texas 79701



**MERIDIAN OIL INC****OFFSET OPERATOR \ OWNER PLAT****MADDOX COM #777****Unorthodox Well Location**

Township 30 North, Range 08 West



1) Meridian Oil Inc

2) Amoco Production Company PO Box 800, Denver, CO 80201

3) Conoco, Inc. PO Box 951062, Dallas, TX 75395-1062

Texas Pacific Oil Company, Inc. 1700 One Main Place, Dallas, TX 75250

Union Oil Company of California 1170 Plaza Office Bldg, Bartlesville, OK 74004

Eula Mae Johnston Trust Eleven Greenway Plaza, Ste 2608, Houston, TX 77046-1105

J J Johnston " " "

V A Johnston Family Trust PO Box 925, Ralls, TX 79357

O C Rogers 3840 W. Bay Circle, Dallas, TX 74214-2925

Raymond S Hansen Co. Ste 200, 5959 West loop South, Bellaire, TX 77401

Meridian Oil Inc

Amoco Production Company

Exhibit "1"

Case 10632: **Application of Meridian Oil Inc. for compulsory pooling and an unorthodox coal gas well location, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling certain working, royalty and overriding royalty interests in the Basin -Fruitland Coal Gas Pool underlying the E/2 of Section 17, Township 30 North, Range 8 West, forming a standard 320-acre spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 640 feet from the East line and 2270 feet from the South line (Unit I) of said Section 17. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles west of the Navajo Lake State Park Airport.