MERIDIAN OIL INC.

Application for Unorthodox Gas Well

Ute #24

Section 20, 32N-14W

San Juan County, New Mexico

Case Number: _____10885_____

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

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

CASE NO.

APPLICATION

Comes now MERIDIAN OIL, INC., by and through its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox well location in the Barker Creek-Paradox Gas Pool for its proposed Ute Well No. 24 to be drilled at an unorthodox well location 1250 feet FWL and 1595 feet FNL (Unit E) of Section 20, T32N, R14W, NMPM, San Juan County, New Mexico, and to be dedicated to a 640 acre spacing unit consisting of all of Section 20, and in support states:

(1) Meridian Oil, Inc. is the proposed operator of the subject well and is currently the only operator in the Barker Creek-Paradox Gas Pool ("Pool"). See Exhibit "A" attached.

(2) The Pool was established by Order R-13 issued March 125, 1950 and extended by Order R-6421 dated August 1, 1980.

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(3) With the exception of the W/2 of Section 19 which is unleased and owned by the Ute Mountain Ute Tribe, Meridian Oil Inc controls 100% of the operating rights in the Pool with 100% of the royalty being owned by the Ute Mountain Ute Tribe.

(4) On November 21, 1950, the Commission issued Order R-46 which established 640-acre spacing units and required wells to be located "not closer than 330 feet to the center and 1650 feet from boundary of each section" in the Pool.

(5) Meridian Oil, Inc. seeks to drill its Ute No. 24 Well in the Barker Creek-Paradox Gas Pool at an unorthodox location 1250 feet FWL and 1595 feet FNL (Unit E) of Section 20, T32N, R14W, NMPM, San Juan County, New Mexico.

(6) The Ismay Member of the Pennsylvanian formation in this area of the Pool is the potential productive zone in this section and is characterized as a tight, low permeability carbonate reservoir.

(7) The proposed unorthodox location is preferable to any standard location within this section because of geologic considerations.

(8) The proposed spacing unit consisting of all of said Section 20.

(9) No correlative rights will be impaired by approving this application.

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(10) Meridian Oil, Inc. requests that this matter be docketed for hearing on the Division Examiner docket now scheduled for December 16, 1993.

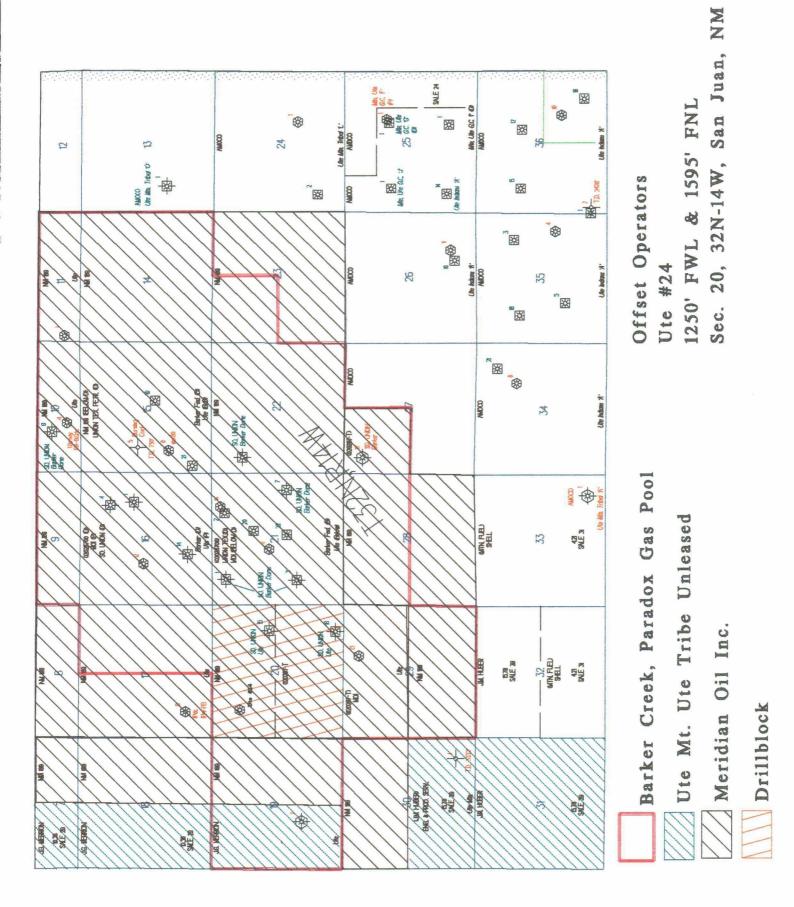
(11) Meridian Oil, Inc. is the operator of all adjoining and offsetting gas spacing units and therefore notice of this case is being sent only to the following:

- (a) Ute Mountain Ute Tribe
 P. O. Box 42
 Towaoc, Colorado 81334
 Attn: Mr. Craig Canfield
- (b) Bureau of Indian Affairs
 Ute Mountain Ute Agency
 Towaoc, Colorado 81334
 Attn: Mr. Steve Graham

WHEREFORE, Meridian Oil, Inc. requests that this matter be set for hearing on December 16, 1993 before a duly appointed Examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted.

W. Thomas Kellahin Kellahin and Kellahin P.O. Box 2265 Santa Fe, New Mexico 87504-2265 (505) 982-4285



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P.O. Box 1980, Hobbs, NM 88240

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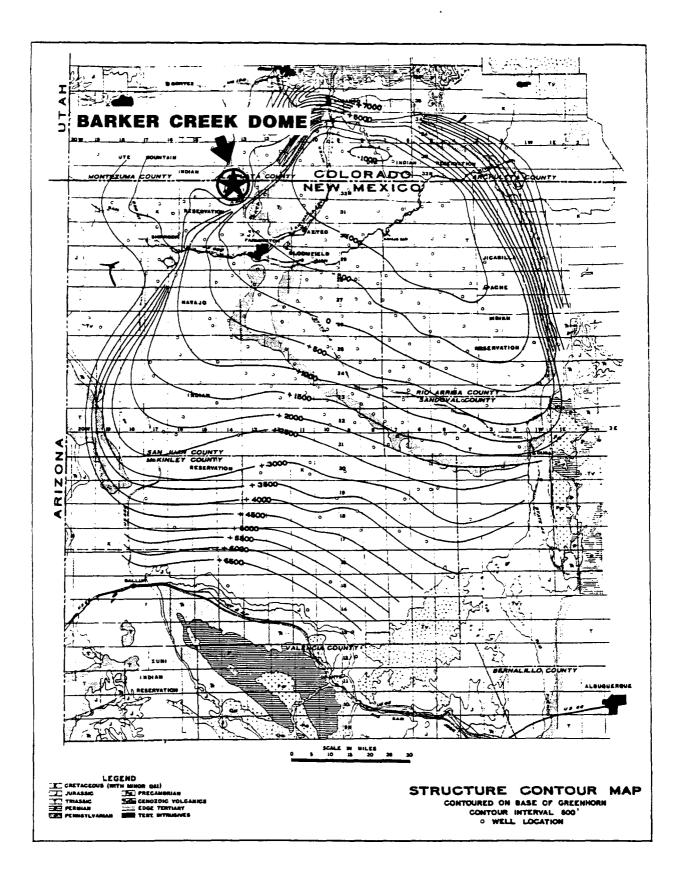
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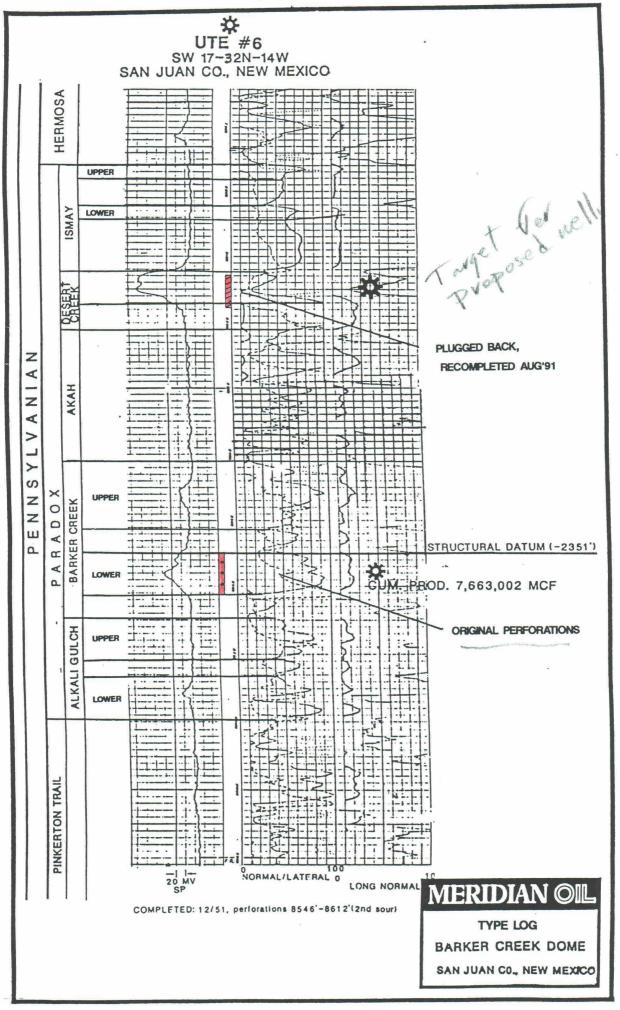
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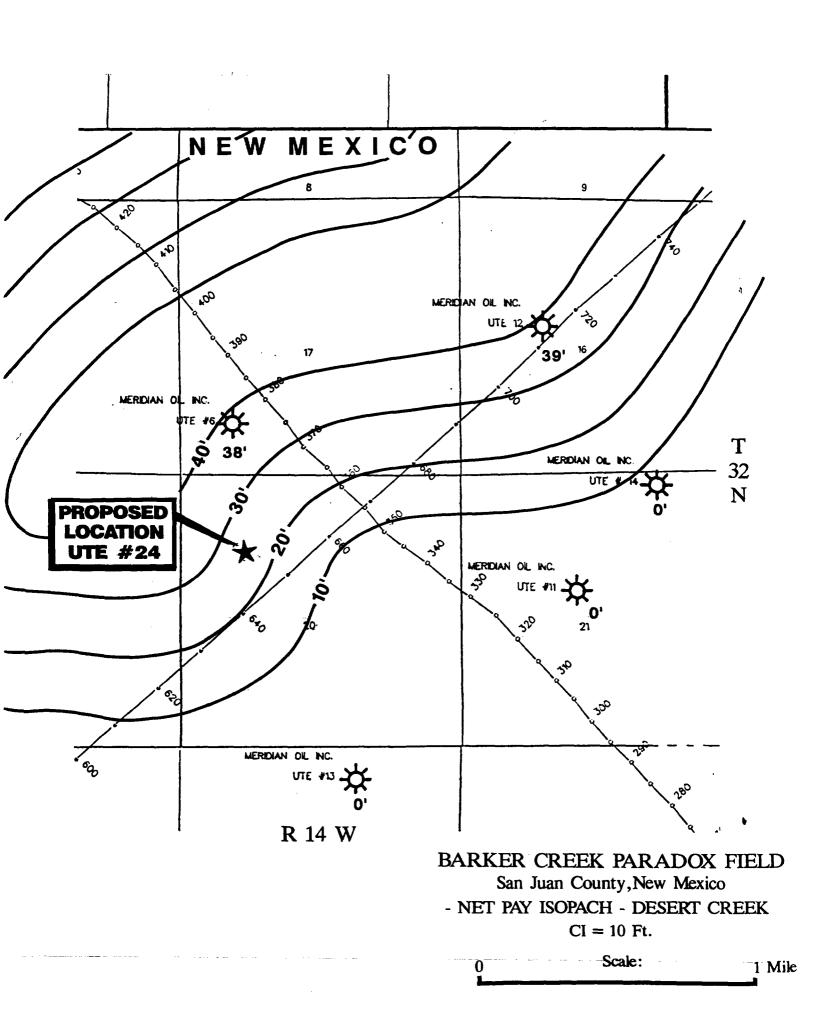
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OIL CONSERVATION DIVISION

P.O. Box 2088 Santa Fe, New Mexico 87504-2088





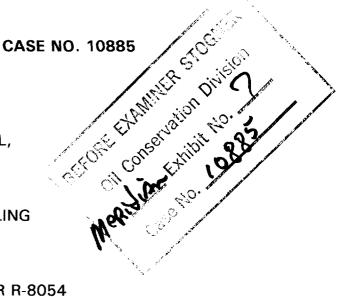


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STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT **OIL CONSERVATION DIVISION**

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

UTE WELL NO. 24 APPLICATION OF MERIDIAN OIL, INC.'S FOR AN UNORTHODOX GAS WELL LOCATION, BARKER CREEK- PARADOX GAS POOL, SAN JUAN COUNTY, NEW MEXICO



CERTIFICATE OF MAILING

AND

COMPLIANCE WITH ORDER R-8054

W. THOMAS KELLAHIN, attorney in fact and authorized representative of Meridian Oil Inc., states that the notice provisions of Division Rule 1207 (Order R-8054) have been complied with, that Applicant has caused to be conducted a good faith diligent effort to find the correct addresses of all interested parties entitled to receive notice, that on the 23rd day of November 1993, I caused to be mailed by certified mail return-receipt requested notice of this hearing and a copy of the application for the above referenced case along with the cover letter, at least twenty days prior to the hearing set for December 16, 1993, to the parties shown in the application as evidenced by the attached, copies of return receipt cards, and that pursuant to Division Rule 1207, notice has been given at the correct addresses provided by such rule.

Thomas Kellahin

SUBSCRIBED AND SWORN to before me this 15 day of DECEMBER, 1993.

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commission Expires: June 9, 1997

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