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March 20, 1989

RECEIVED

MAR 21 1989

OIL CONSERVATION DIVISION

HAND-DELIVERED

Mr. William J. LeMay
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Application of Meridian Oil, Inc.
for Amendment of Order R-8868
Well Name: San Juan 30-6
Unit Well 443
Case No. 9550
San Juan County, New Mexico

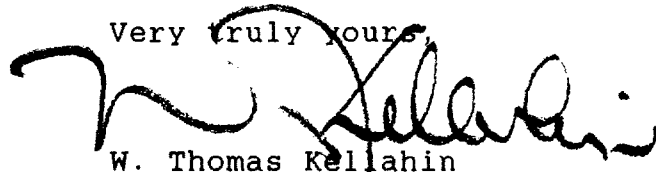
Case 9648

Dear Mr. LeMay:

On behalf of Meridian Oil, Inc., please find enclosed our Application to amend Order R-8868 which we would request be set for hearing on the next available Examiner's docket now scheduled for April 12, 1989.

By copy of this letter to all interested parties to be pooled, we are notifying them by certified mail-return receipt, 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. Those parties are directed to contact the Division or the applicant's attorney to determine what additional rights they may have.

Very truly yours,



W. Thomas Kellahin

WTK/rs
Encl.

cc: Mr. Alen Alexander
Mr. John Caldwell

Certified Mail-Return Receipt
to all parties listed on Exhibit A
of the Application, w/encl.

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

RECEIVED

MAR 21 1989

IN THE MATTER OF THE APPLICATION
OF MERIDIAN OIL INC. TO REOPEN
DIVISION CASE NO. 9550 TO
AMEND ORDER R-8868 TO PROVIDE
FOR THE APPROVAL OF A NON-
STANDARD LOCATION AND SPACING
UNIT FOR A BASIN FRUITLAND COAL
GAS WELL RATHER THAN A FRUITLAND
SANDSTONE GAS WELL, RIO ARRIBA
COUNTY, NEW MEXICO

OIL CONSERVATION DIVISION

9648
Case No. ~~9550~~ Reopened

A P P L I C A T I O N

COMES NOW Meridian Oil Inc. by and through its attorneys,
KELLAHIN, KELLAHIN & AUBREY, and applies to the New Mexico
Oil Conservation Division to reopen Division Case No. 9550
and to amend Division Order R-8868 to delete the approval of
non-standard gas proration unit consisting of 115.04 acres
in the Fruitland sandstone gas formation and to substitute,
therefore approval of a 230.24 acre non-standard proration
spacing unit for the Basin Fruitland Coal Gas Pool consist-
ing of lots 1, 2, 3 and 4 and the W/2 E/2 of Section 36,
T30N, R6W, NPMP Rio Arriba County, New Mexico and in support
thereof would show:

1. Applicant was the original applicant in Division Case No. 9550 which was docketed as a hearing for approval of a 115.04 acre non-standard fruitland sandstone gas well consisting of lots 1 and 2 and the W/2 NE/4 of said Section 36, T30N, R6W.

2. At the time of the hearing of Case No. 9550 on January 18, 1989, applicant sought an amendment of the non-standard spacing unit to provide for the dedication of 230.24 acres consisting of lots 1, 2, 3 and 4 and the W/2 E/2 of said Section.

3. The unorthodox well location of 2,200' FNL and 1360' FEL of said Section 36 approved by Order R-8868 remains unchanged for the Basin Fruitland Coal Gas well.

4. Division Order R-8868 entered on February 23, 1989, approved the requested unorthodox well location but approved a 115.04 acre fruitland sandstone gas formation non-standard spacing and proration unit as shown on Exhibit A attached.

5. Pursuant to the Division notice requirements, applicant has notified the following parties and the applicant's request for a hearing before the Division to be set on April 12, 1989:

Northwest Pipeline Corporation
P.O. Box 8900
Salt Lake City, Utah 84108
Attn: Mr. W.O. Curtis

Northwest Pipeline Corporation
7101 Old Aztec Highway
Farmington, New Mexico 87401
Attn: Mr. P.C. Thompson

6. Applicant further requests that the transcript and record made at the hearing on January 18, 1989 be incorporated into this case and that in the absence of objection no further evidence or testimony be required at the April 12, 1989 hearing.

7. In order to obtain its just and equitable share of the potential production underlying the above tract, applicant needs the requested order to protect applicant's correlative rights and prevent waste.

WHEREFORE, applicant prays that this application be set for hearing before the Division's duly appointed examiner and that after notice and hearing as required by law, the Division enter the requested order.

Respectfully submitted,

By: 

W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

(505) 982-4285

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1989

OIL CONSERVATION DIVISION

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. 9550
ORDER NO. R-8368

APPLICATION OF MERIDIAN OIL, INC.
FOR A NON-STANDARD GAS PRORATION
UNIT AND AN UNORTHODOX GAS WELL
LOCATION, RIO ARriba COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 18 and on February 1, 1989, at Santa Fe, New Mexico, before Examiners Victor T. Lyon and David R. Catanach, respectively.

NOW, on this 23rd day of February, 1989, 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 of a 115.04-acre non-standard gas proration unit comprising Lots 1 and 2 and the W/2 NE/4 of Section 36, Township 30 North, Range 6 West, NMPM, to be dedicated to a well to be drilled at an unorthodox gas well location 2200 feet from the North line and 1360 feet from the East line (Unit G) of said Section 36.

(3) The entire non-standard proration unit may reasonably be presumed productive of gas from the Fruitland (Sand) formation and the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(4) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Fruitland (Sand) formation, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

Case No. 9550
Order No. R-3868
Page No. 2

(5) The Fruitland sand interfingers with coal deposits in the Basin-Fruitland Coal (Gas) Pool which is spaced on 320-acre spacing and proration units and there is a likelihood that coal gas will be produced in this well.

(6) In the event it is determined after the well has been completed that it is producing gas from the Basin-Fruitland Coal (Gas) Pool, applicant should consult with the Supervisor of the Division's Aztec District Office to determine if a standard proration unit for that pool should be formed and if other filings may be required.

IT IS THEREFORE ORDERED THAT:

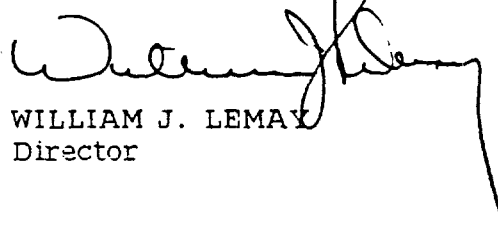
(1) A 115.04-acre non-standard gas proration unit in the Fruitland (Sand) formation comprising Lots 1 and 2 and the W/2 NE/4 of Section 36, Township 30 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, is hereby established and dedicated to a well to be drilled at an unorthodox gas well location 2200 feet from the North line and 1360 feet from the East line (Unit G) of said Section 36.

(2) In the event it is determined after the well has been completed that it is producing gas from the Basin-Fruitland Coal (Gas) Pool, applicant shall consult with the Supervisor of the Division's Aztec District Office to determine if a standard proration unit for that pool should be formed and if other filings may be required.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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