

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

IN THE MATTER OF THE APPLICATION  
OF MERIDIAN OIL, INC.  
TO AMEND DIVISION ORDER R-8868  
RIO ARriba COUNTY, NEW MEXICO

CASE NO. 9648

CERTIFICATE OF MAILING

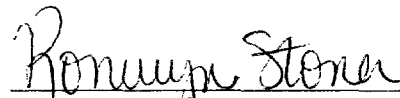
AND

COMPLIANCE WITH ORDER R-8054

In accordance with Division Rule 1207 (Order R-8054) I hereby certify that on March 21, 1989, I caused to be mailed by regular mail, a 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 April 26, 1989 to the parties shown in the Application evidenced by the attached Exhibit A.

  
W. Thomas Kellahin

SUBSCRIBED AND SWORN TO before me this 25<sup>th</sup> day of April, 1989 by W. Thomas Kellahin, attorney for the applicant.

  
Notary Public

My Commission Expires:

March 3, 1993

BEFORE EXAMINER CATANACH OIL CONSERVATION DIVISION <u>Meridian</u> EXHIBIT NO. <u>1</u> CASE NO. <u>9648</u>
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ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF MERIDIAN OIL, INC.  
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RIO ARriba COUNTY, NEW MEXICO

CASE NO. 9648

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Original signed by  
W. THOMAS KELLAHIN

W. Thomas Kellahin

SUBSCRIBED AND SWORN TO before me this 25<sup>th</sup> day of April, 1989 by W. Thomas Kellahin, attorney for the applicant.

Ronny Stoner  
Notary Public

My Commission Expires:

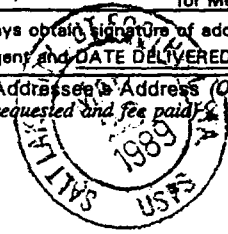
March 3, 1993

BEFORE EXAMINER CATANACH  
OIL CONSERVATION DIVISION

Meridian EXHIBIT NO: 1

CASE NO. 9648

WTK/Meridian/San Juan 30-6 Unit Well 443

<b>SENDER:</b> Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested. 1 <input checked="" type="checkbox"/> Show to whom delivered, date, and addressee's address. 2. <input type="checkbox"/> Restricted Delivery (Extra charge)	
3. Article Addressed to: Northwest Pipeline Corp Attn: Mr. W.O. Curtis P.O. Box 8900 Salt Lake City, Utah 84108	4. Article Number P 484 057 467 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature — Address X	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X <i>K. McLaughlin</i>	
7. Date of Delivery	

PS Form 3811, Mar. 1988

\* U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

WTK/Meridian/San Juan 30-6 Unit Well 443

<b>SENDER:</b> Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested. 1 <input type="checkbox"/> Show to whom delivered, date, and addressee's address. 2. <input type="checkbox"/> Restricted Delivery (Extra charge)	
3. Article Addressed to: Northwest Pipeline Corp 7101 Old Aztec Highway Def. Rt Farmington, NM 87401 Attn: P.C. Thompson <i>Blanco, NM 87412</i>	4. Article Number P 484 057 648 Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature — Address X <i>Pat Ball</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature — Agent X	
7. Date of Delivery <i>3/27/89</i>	

PS Form 3811, Mar. 1988

\* U.S.G.P.O. 1988-212-865

DOMESTIC RETURN RECEIPT

UNITED STATES POSTAL SERVICE  
OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address and ZIP Code in the space below.

- Complete items 1, 2, 3, and 4 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.



PENALTY FOR PRIVATE  
USE, \$300

RETURN  
TO



Print Sender's name, address, and ZIP Code in the space below.

**KELLAHIN, KELLAHIN & AUBREY**  
**P. O. Box 2265**  
**Santa Fe, NM 87504-2265**



UNITED STATES POSTAL SERVICE  
OFFICIAL BUSINESS

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**P. O. Box 2265**  
**Santa Fe, NM 87504-2265**

KELLAHIN, KELLAHIN AND AUBREY

*Attorneys at Law*

W. Thomas Kellahin  
Karen Aubrey

El Patio - 117 North Guadalupe

Telephone 982-4285  
Area Code 505

Post Office Box 2265

Jason Kellahin  
Of Counsel

Santa Fe, New Mexico 87504-2265

March 20, 1989

RECEIVED

MAR 21 1989

HAND-DELIVERED

OIL CONSERVATION DIVISION

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

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,

Original signed by

W. THOMAS KELLAHIN

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

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

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 consisting 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,

Original signed by  
W. THOMAS KELLAHIN  
By: \_\_\_\_\_  
W. Thomas Kellahin  
Kellahin, Kellahin & Aubrey  
Post Office Box 2265  
Santa Fe, New Mexico 87504

(505) 982-4285



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-8968

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:

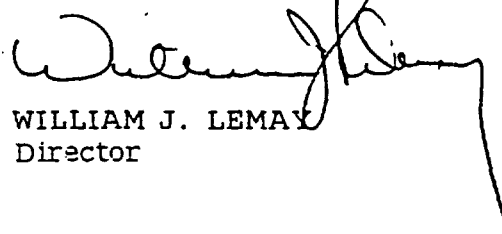
(1) A 115.04-acre non-standard gas proration unit in the Fruitland (Sand) formation comprising Lots 1 and 2 and the W/2 NE/4 of Section 36, Township 30 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, is hereby established and dedicated to a well to be drilled at an unorthodox gas well location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