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May 31, 1990

HAND DELIVERED

RECEIVED

JUN 1 1990

OIL CONSERVATION DIVISION

Mr. William J. LeMay  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87504

Re: Meridian Oil, Inc.  
for Compulsory Pooling  
Chicosa Canyon No. 1 Well  
S/2 Section 35, T31N, R4W  
Rio Arriba County, New Mexico

9974

Dear Mr. LeMay:

On behalf of Meridian Oil, Inc., we would appreciate you setting the enclosed Application for a public hearing on the Division's Examiner docket now scheduled for June 27, 1990.

By copy of this letter to all 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/tic  
Enclosure

William J. LeMay  
May 31, 1990  
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cc: Meridian Oil, Inc.  
Post Office Box 4289  
Farmington, New Mexico 87499-4289  
Attn: Mr. Alan Alexander

Meridian Oil, Inc.  
2919 Allen Parkway  
Suite 900  
Houston, Texas 77019  
Attn: Sally McDonald, Esq.

cc: Certified Mail-Return Receipt  
All parties listed in Exhibit "B"  
of Application

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, RIO ARRIBA  
COUNTY, NEW MEXICO.

RECEIVED  
JUN 1 1990  
OIL CONSERVATION DIVISION  
CASE NO: 9974

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 for an order pooling certain record title owners of a federal oil and gas lease which have refused to execute the federal communitization agreement by which their record title interest will be voluntarily committed to a Basin Fruitland Coal Gas well located within a 320-acre spacing unit consisting of the S/2 of Section 35, Township 31 North, Range 4 West, N.M.P.M., Rio Arriba County, New Mexico, and in support thereof states:

1. Applicant, pursuant to a joint operating agreement, is the operator of the Chicosa Canyon No. 1 well located in the SW/4SW/4 of Section 35, T31N, R4W, N.M.P.M., Rio Arriba County, New Mexico.

2. The subject well is currently completed in the Gallup formation to which the SW/4 of Section 35 is dedicated.

3. Applicant has proposed to all working interest owners of the subject well a workover to plug the Gallup formation and recomplete in the Basin Fruitland Coal Gas Pool and dedicate the S/2 of Section 35 to the well as set forth in Exhibit "A" attached hereto.

4. In accordance with the Joint Operating Agreements dated January 16, 1981 and October 9, 1981, all working interests, including the working interests of the parties listed on Exhibit "B", are contractually committed to the recompletion of the well and have had the opportunity to elect to participate or not participate.

5. The parties listed on Exhibit "B" are record title owners of the federal oil and gas lease who have failed or refused to execute the Federal Communitization Agreement dated October 1, 1989 covering the S/2 of said Section for which a Compulsory Pooling Order is now required.

6. Applicant has sought the voluntary agreement of all parties for the formation of the appropriate spacing and proration unit for the recompletion of the subject well, but has been unable to obtain a fully executed communitization agreement from certain record title owners shown on Exhibit "B".

7. Pursuant to the Division notice requirements, Applicant has notified all those parties shown on Exhibit "B" of this Application for compulsory pooling and its request for a hearing on June 27, 1990 by sending those parties a copy of this Application and cover letter.

8. In order to obtain its just and equitable share of the potential production underlying the above tract, Applicant needs an order pooling certain record title mineral interests involved in 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 its order pooling the mineral interest described herein.

Respectfully submitted,

KELLAHIN, KELLAHIN & AUBREY

By: 

W. Thomas Kellahin  
Post Office Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285

ATTORNEYS FOR APPLICANT

# EXHIBIT "A"

Plat of Communitized Area covering S/2 Section 35, T31N, R4W, N.M.P.M.

Rio Arriba County, New Mexico

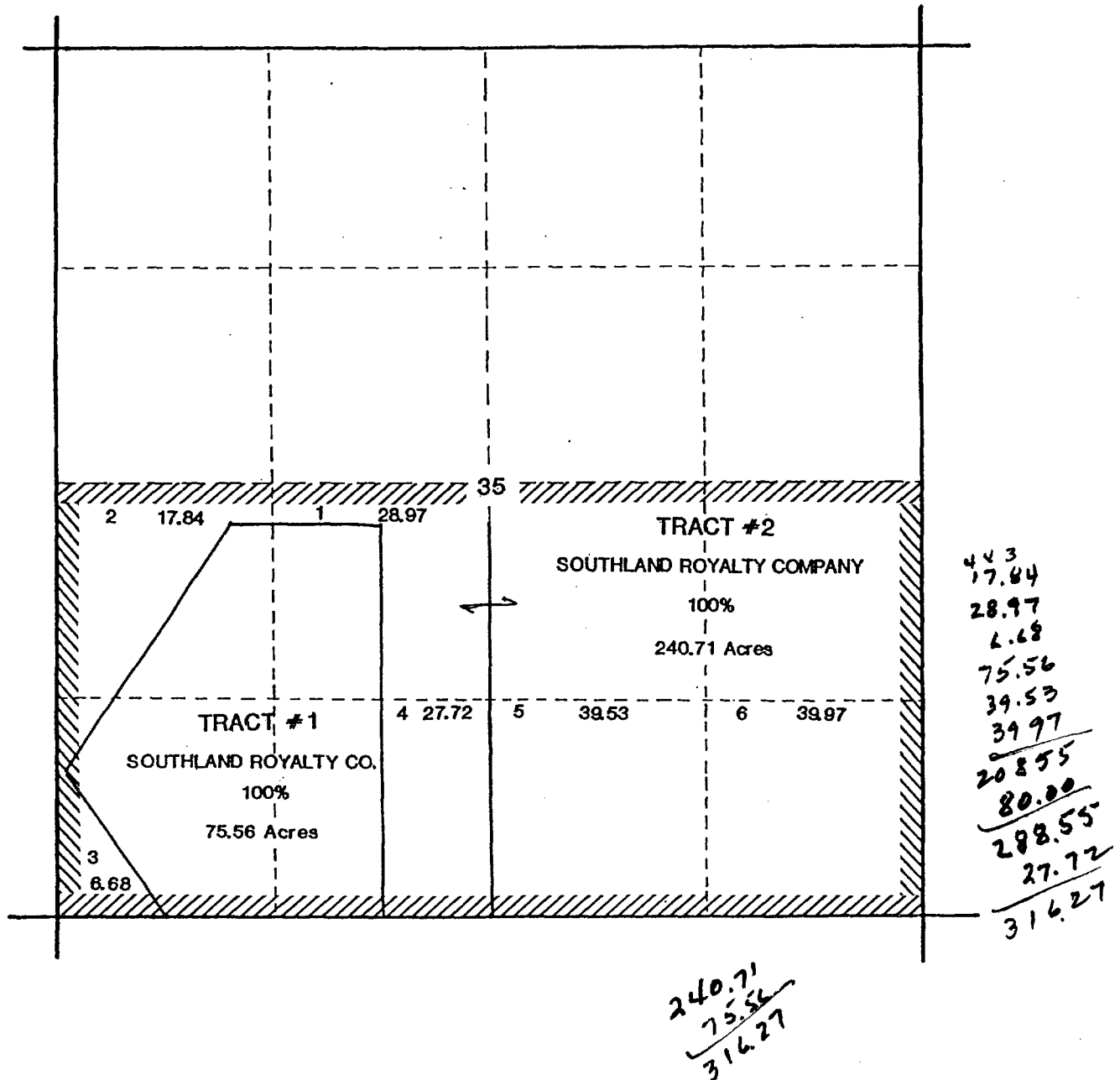


EXHIBIT "B"

Ms. Kathleen Cone  
P.O. Drawer 1509  
Lovington, NM 88260

50% record title

Mr. Kenneth G. Cone  
P.O. Box 11310  
Midland, TX 79702

10% record title

Mr. Clifford Cone  
P.O. Box 6010  
Lubbock, TX 79493

10% record title