

CONSERVATION DIVISION
Mobil Exploration & Producing U.S. Inc.

'90 JUN 29 AM 9 50

P.O. BOX 633
MIDLAND, TEXAS 79702

June 25, 1990

MIDLAND DIVISION

State of New Mexico
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico

Case 10018

ATTENTION: Mr. William LeMay

NON-STANDARD LOCATION OBJECTION
MERIDIAN OIL INC.
HARGRAVE #3
SEC. 16, T27N, R10W
BASIN FRUITLAND COAL GAS POOL
SAN JUAN COUNTY, NEW MEXICO

Gentlemen:

Mobil Exploration and Producing US Inc. (MEPUS), as agent for Mobil Producing Texas and New Mexico Inc., and as offset operator to the subject well, hereby objects to the recompletion of the subject well because MEPUS believes its correlative rights will be impaired by the recompletion of this well.

If further information is needed to adequately lodge a protest to Meridian's request for the subject non-standard location, please call Ann Moore at (915) 688-1772.

Very truly,

C. A. Moore

for D. P. Klancher
Environmental and Regulatory/
LP Supervisor

Mobil Exploration & Producing US Inc
as Agent for
Mobil Producing Texas & New Mexico Inc

CAMoore

cc: Meridian Oil Inc.

OIL CONSERVATION DIV
RECEIVED
'90 JUL 2 AM 9 16

McKenzie Methane Corporation

June 26, 1990

Mr. William Lemay
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87503

Chg No. ~~1018~~
10018

RE: Meridian Oil Inc.
Application to Recomplete
Hargrave #3 Well
990' FSL, 1150' FEL
Section 16, T27N-R10W
San Juan County, NM

Dear Mr. Lemay:

McKenzie Methane Corporation ("McKenzie") holds Fruitland formation development rights in the W/2 of Section 15 and the W/2 of Section 16, T27N-R10W by virtue of farmouts from Amoco Production Company ("Amoco") and Mobil Exploration & Producing U.S., Inc. ("Mobil"). Mobil has provided us with copies of Meridian Oil Inc.'s ("Meridian's") letter dated June 5, 1990 requesting permission to recomplete the captioned well to the Fruitland Coals.

Meridian seeks to recomplete the Hargrave #3 Well to the Fruitland Coals. The Hargrave #3 Well is located in the SE/4 of Section 16, T27N-R10W in a non-standard gas well location for the Basin Fruitland Coal Pool. If McKenzie located its Amoco farmout Fruitland formation well in the SW/4 of Section 16, the correct, orthodox location, this location would result in only the S/2 of the Section 16, T27N, R10W being adequately developed. The N/2 of Section 16 would be essentially undeveloped, a result that would NOT happen if Fruitland formation wells were located in their orthodox locations, the NE/4 and the SW/4 of Section 16.

Additionally, two (2) wells located in the S/2 of Section 16, Meridian's unorthodox and McKenzie's orthodox locations, would most likely adversely drain each other. Accordingly, if Meridian is allowed the Hargrave #3 Well recompletion in the Fruitland formation, in all likelihood, McKenzie will be unfairly faced with having to seek an unorthodox location for its Amoco farmout well in the NW/4 of Section 16, not only to adequately drain Section 16, but also to avoid the risk of drainage from the Hargrave #3 Recompletion.

Further, McKenzie has drilled the Angel Peak 15M #7 Well in a standard location, the SW/4 Section 15, T27N-R10W. Meridian's proposed recompletion is located only 2000 feet to the west of our Fruitland Coal well. Production from McKenzie's Angel Peak 15M #7 Well would be impacted adversely should a recompletion of the Hargrave #3 Well be permitted.

McKenzie Methane Corporation wishes to protest the issuance of a permit to Meridian for the recompletion of the Hargrave #3 because 1) McKenzie's Angel Peak 15M #7 would be impacted and 2) diligent development of the Basin Fruitland Coal Pool would not occur in Section 16, T27N, R10W.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Lichty", written in a cursive style.

Roger Lichty
Vice President Land/Legal
Rocky Mountain Region

cc: Meridian Oil Inc.
Mobil Exploration & Producing U.S. Inc.

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

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

June 28, 1990

Meridian Oil, Inc.
P.O. Box 4289
Farmington, NM 87499-4289

Case 10018

Attention: Peggy Bradfield

RE: Administrative Application for an unorthodox coal gas well location; Hargrave Well No. 3, 990' FSL - 1150' FEL (Unit P), Section 16, Township 27 North, Range 10 West, NMPM, Basin Fruitland Coal Gas Pool, San Juan County, New Mexico.

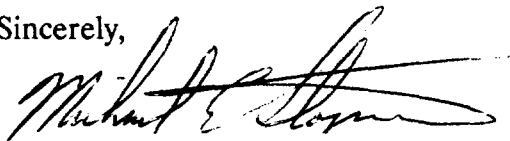
Dear Ms. Bradfield:

This agency has received an objection from McKenzie Methane Corporation to the subject filing in a timely manner (see copy attached); therefore, this matter will be set for hearing before an examiner on the next available docket scheduled for July 25, 1990.

Please provide adequate notice for such an application prior to the hearing as required by Division General Rule 1207.

If you should have any questions concerning this matter, please contact me.

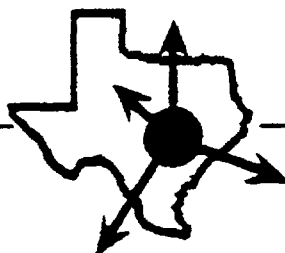
Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

MES/ag

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington
McKenzie Methane Corporation - Denver, CO



McKenzie Methane Corporation

FACSIMILE TRANSMISSION

DATE: 6/26/90

TO: Mike Stogner

FROM: Roger H. Lichty

McKenzie Methane Corporation
Denver, Colorado

NUMBER OF PAGES INCLUDING THIS COVER SHEET

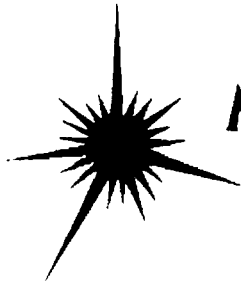
3

COMMENTS:

PLEASE CALL Mike
UPON ARRIVAL

Tnx.

Our fax machine is a Sharp FO-420 on a dedicated telephone line, 303/629-7908. If you experience a problem with this transmission, please call 303/629-6699.



McKenzie Methane Corporation

June 26, 1990

Mr. William Lemay
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87503

Case 10018

RE: Meridian Oil Inc.
Application to Recomplete
Hargrave #3 Well
990' FSL, 1150' FEL
Section 16, T27N-R10W
San Juan County, NM

Dear Mr. Lemay:

McKenzie Methane Corporation ("McKenzie") holds Fruitland formation development rights in the W/2 of Section 15 and the W/2 of Section 16, T27N-R10W by virtue of farmouts from Amoco Production Company ("Amoco") and Mobil Exploration & Producing U.S., Inc. ("Mobil"). Mobil has provided us with copies of Meridian Oil Inc.'s ("Meridian's") letter dated June 5, 1990 requesting permission to recomplete the captioned well to the Fruitland Coals.

Meridian seeks to recomplete the Hargrave #3 Well to the Fruitland Coals. The Hargrave #3 Well is located in the SE/4 of Section 16, T27N-R10W in a non-standard gas well location for the Basin Fruitland Coal Pool. If McKenzie located its Amoco farmout Fruitland formation well in the SW/4 of Section 16, the correct, orthodox location, this location would result in only the S/2 of the Section 16, T27N, R10W being adequately developed. The N/2 of Section 16 would be essentially undeveloped, a result that would NOT happen if Fruitland formation wells were located in their orthodox locations, the NE/4 and the SW/4 of Section 16.

Additionally, two (2) wells located in the S/2 of Section 16, Meridian's unorthodox and McKenzie's orthodox locations, would most likely adversely drain each other. Accordingly, if Meridian is allowed the Hargrave #3 Well recompletion in the Fruitland formation, in all likelihood, McKenzie will be unfairly faced with having to seek an unorthodox location for its Amoco farmout well in the NW/4 of Section 16, not only to adequately drain Section 16, but also to avoid the risk of drainage from the Hargrave #3 Recompletion.

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McKenzie Methane Corporation wishes to protest the issuance of a permit to Meridian for the recompletion of the Hargrave #3 because 1) McKenzie's Angel Peak 15M #7 would be impacted and 2) diligent development of the Basin Fruitland Coal Pool would not occur in Section 16, T27N, R10W.

Sincerely,



Roger Lichty
Vice President Land/Legal
Rocky Mountain Region

cc: Meridian Oil Inc.
Mobil Exploration & Producing U.S. Inc.

KELLAHIN, KELLAHIN AND AUBREY

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN
OF COUNSEL

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

July 19, 1990

*Dec
m 5*

HAND DELIVERED

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

RECEIVED

JUL 19 1990

OIL CONSERVATION DIV.
SANTA FE

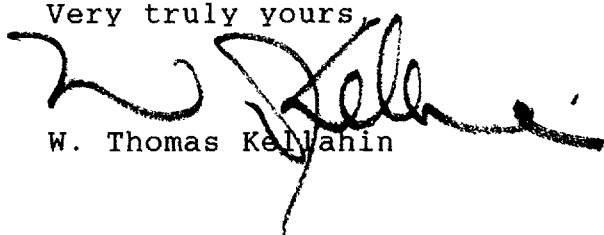
Re: NMOCD Case No. 10018
Hargrave Well No. 3
990' FSL, 1150' FEL
Section 16, T27N, R10W,
San Juan County, New Mexico

Dear Mr. LeMay:

On behalf of Meridian Oil, Inc., I filed an application for the above referenced case which is scheduled for Examiner hearing on July 25, 1990.

Meridian desires that this case be dismissed. Accordingly, we would appreciate you having an order of dismissal entered in this matter.

Very truly yours,


W. Thomas Kellahin

WTK/tic

cc: Bob Hopkins
Meridian Oil, Inc.
Post Office Box 4289
Farmington, New Mexico 87499-4289

Amoco Production Company
Post Office Box 800
Denver, Colorado 80201

Mobil Producing Texas & New Mexico
Post Office Box 650232
Dallas, Texas 75265-0232

McKenzie Methane Corporation
1625 Broadway, Suite 258
Denver, Colorado 80202

KELLAHIN, KELLAHIN AND AUBREY, P.C. CONSERVATION DIVISION
ATTORNEYS AT LAW
RE: NMOCD

W. THOMAS KELLAHIN
KAREN AUBREY

EL PATIO BUILDING
117 NORTH GUADALUPE
POST OFFICE BOX 2265

'90 AUG 18 1990
TELEPHONE (505) 982-2285
TELEFAX (505) 982-2047

CANDACE HAMANN CALLAHAN

SANTA FE, NEW MEXICO 87504-2265

JASON KELLAHIN
OF COUNSEL

August 6, 1990

DELIVERED BY FAX TO 827-5741

Mr. Micheal Stogner
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87502-2088

RE: Meridian Oil Inc.
Hargrave Well No. 3
~~NMOCD Case 10018~~

Meridian Oil Inc.
Morris Well No. 3
NMOCD Case 10024

Meridian Oil Inc.
Morris Well No. 1
NMOCD Case 10017

McKenzie Methane Corporation
Angel Peak "14-L Well No. 6
NMOCD Case 10025

Dear Mr. Stogner:

On behalf of Meridian Oil Inc., this letter will confirm that we are dismissing NMOCD Cases 10018, 10024 and 10017. In addition, we are withdrawing any objection to case 10025.

Please call me if you have any questions.

Very Truly Yours,


W. THOMAS KELLAHIN

WTK/clp

cc: Bob Hopkins
Meridian Oil, Farmington, NM



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

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

August 7, 1990

Kellahin, Kellahin & Aubrey
P.O. Box 2265
Santa Fe, NM 87504-2265

Attention: W. Thomas Kellahin
General Counsel for Meridian Oil, Inc.

RE: Case Nos. ~~10016~~, 10017 and 10024

Dear Mr. Kellahin:

This letter is to confirm our telephone conversation on Tuesday August 7, 1990. It is my understanding that each of the subject cases is to be dismissed from the August 8, 1990 docket and such matters are to be withdrawn from administrative consideration as well.

If you should have any questions concerning this matter, please contact me.

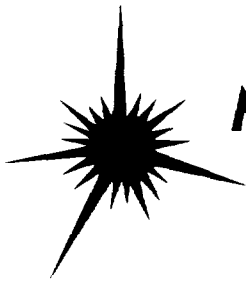
Sincerely,

A handwritten signature in cursive script, appearing to read "Michael E. Stogner", with a long horizontal line extending to the right.

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/ag

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington
Meridian Oil, Inc. - Farmington



McKenzie Methane Corporation

'90 AUG 6 AM 9 03

August 8, 1990

Mr. Michael Stogner
Chief Hearing Officer/Engineer
Oil Conservation Division
Energy, Minerals & Natural Resources Dept.
State of New Mexico

Case #10018

Re: Docket Case # 10025
McKenzie Methane Corp.'s
Request for unorthodox
location - 14L #6 Well
SE/4 Sec. 14 T27N-R10W
San Juan County, NM

Dear Mr. Stogner:

In connection with our conferences and the above captioned docket matter which is to be heard August 8, 1990, McKenzie Methane Corporation respectfully requests with this letter that our request for an unorthodox location for the above well be granted as an administrative matter for the reason that McKenzie Methane Corporation and Meridian Oil Inc. have resolved differences of opinion and protests regarding the following wells: the CM Morris #3 Well, SE/4 Sec. 14, the CM Morris #1 Well, SE/4 Sec. 15, and the Hargrave #3 Well, SE/4 Sec. 16, all in T27N-R10W, San Juan County, NM. Requests for unorthodox locations and/or recompletions by Meridian Oil Inc. on these wells will be withdrawn before August 8, 1990 to the best of McKenzie's knowledge.

Also, to the best of McKenzie's knowledge, we are not opposed in our request for the above unorthodox location. Further, parties who might be impacted by us, Amoco Production Company and Mobil Producing Texas & New Mexico Inc. by Mobil Exploration & Producing U.S. Inc. have granted farmout agreements to McKenzie Methane Corporation regarding the lands in Sections 13 and 15, lands adjacent to Section 14. Also, we are finalizing an acreage trade with Meridian Oil Inc. whereby Meridian won't oppose our requested unorthodox location as above.

Subject to any further documentation you may require and Meridian Oil Inc.'s confirmation of the above facts, McKenzie Methane Corporation hereby respectfully requests we be granted our requested location in the above docketed matter administratively.

Please feel free to call the undersigned at (303) 629-6699 if I may be of further assistance. Thank you for your help and patience on this matter.

Very Truly Yours,

R. Lichty
Roger H. Lichty

Vice President Land/Legal

Page 2
Letter to Michael Stogner
McKenzie Methane Corporation
Docket Matter #10025

cc: Meridian Oil Inc.
3535 East 30th Street
Farmington, NM 87401
Atten: Mr. Bob Hopkins

Amoco Production Company
P.O. Box 800
Denver, CO 80201
Atten: Mr. Michael Cuba

Mobil Exploration & Producing U.S. Inc.
Midland Division
201 Wes Wall Street
Midlan, TX 79702
Atten: Ms. Diane Klancher
Environmental/Regulatory



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

August 15, 1990

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Mr. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 10018
ORDER NO. R-9252

Applicant:

Meridian Oil, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD x

Other Roger Lichty