

LE Bosch

- Awaiting notification
of McKenzie Stillman

- Bureau NSL Order No. ?

Received 5/4/90
Revised _____

May 25, 1990

Case 10024

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

Attention: Peggy Bradfield

Administrative Order NSL-*

Dear Ms. Bradfield:

Reference is made to your application dated May 3, 1990 for a non-standard Basin-Fruitland coal gas well location for your existing Morris Well No. 3 which was drilled in 1952 and completed in the Fulcher Kutz Pictured Cliffs Pool at a standard gas well location 420 feet from the South line and 400 feet from the East line (Unit P) of Section 14, Township 27 North, Range 10 West, NMPM, San Juan County, New Mexico.

It is my understanding that the Pictured Cliffs zone will be properly plugged back and said well will be recompleted to the Basin-Fruitland Coal Gas Pool, which pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order No. R-8768, is unorthodox. Further, the S/2 of said Section 14 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of Rule 8 of said Division Order No. R-8768, the above-described unorthodox coal gas well location is hereby approved.

Sincerely,

William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington



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

GARREY CARRUTHERS
GOVERNOR

June 4, 1990

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

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

Attention: Peggy Bradfield

Case 10024

McKenzie Methane Corp.
1625 Broadway, Suite 2580
Denver, CO 80202

Attention: Heather Roark

RE: BASIN FRUITLAND COAL GAS POOL DEVELOPMENT IN
SECTION 14, TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM,
SAN JUAN COUNTY, NEW MEXICO.

Dear Mss. Bradfield and Roark:

Reference is made to Meridian's application dated May 3, 1990 for an unorthodox coal gas well location for the Morris Well No. 3, located 420 feet from the South line and 400 feet from the East line (Unit P) of said Section 14 and to McKenzie's application dated May 8, 1990 for an unorthodox coal gas well location for the proposed Angel Peak 14-L Well No. 6 to be drilled 1835 feet from the South line and 640 feet from the West line (Unit L) of said Section 14 (see copies attached). Both wells are to have the S/2 of Section 14 dedicated therefor forming a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool. Our files also contain a Federal APD Form 3160-3 whereby McKenzie Methane Corporation proposes to drill its Angel Peak 14-H Well No. 5, at a standard coal gas well location 1755 feet from the North line and 1045 feet from the East line (Unit H) of said Section 14, the C-102 in this file also shows that the E/2 of said Section 14 to be dedicated to the well to form a standard 320-acre gas proration unit (also attached).

This situation is somewhat confusing; I will therefore hold both filings open pending resolution by both parties. Should either Meridian or McKenzie 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



J

0 14:07 OCD AZTEC NM

P.2

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

1000 THE GRAYSON ROAD
AZTEC, NEW MEXICO 87410
(505) 334-0178

REY CARRUTHERS
GOVERNOR

Date: 6-11-90

ATTN: MIKE STOGNER

Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

Case 10024

Re: Proposed MC _____
Proposed DHC _____
Proposed NSL X _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Gentlemen:

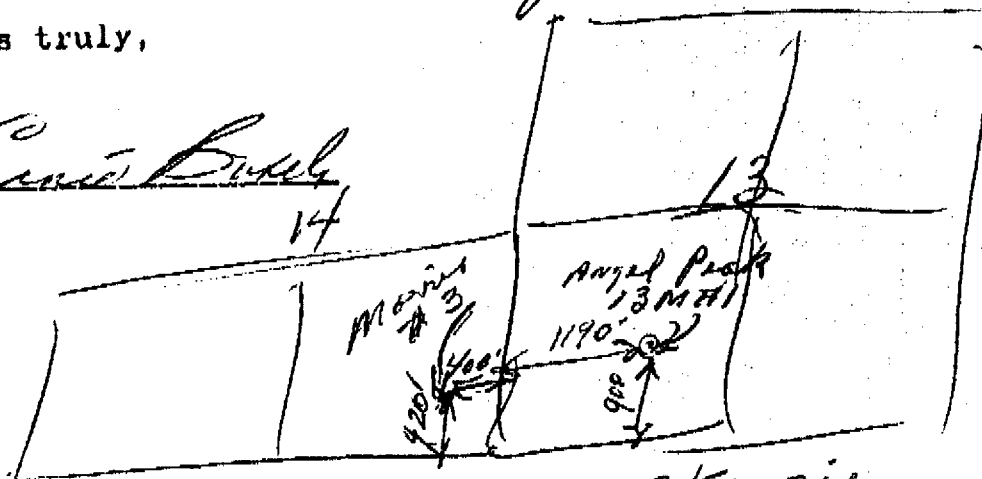
I have examined the application dated 6-7-90
for the Meridian Oil Inc MORRIS #3
Operator Lease & Well No.

P-14-27N-10W and my recommendations are as follows:
Unit, S-T-R

Rocked for Healing - Leases meant to be
Communitized in the South half of
McKenzie methane but we were not informed
of that and well is too close to an offsetting
well in the SW/4 of Section 13 see below

Yours truly,

Eric Bush
14



mckenzie

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

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

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

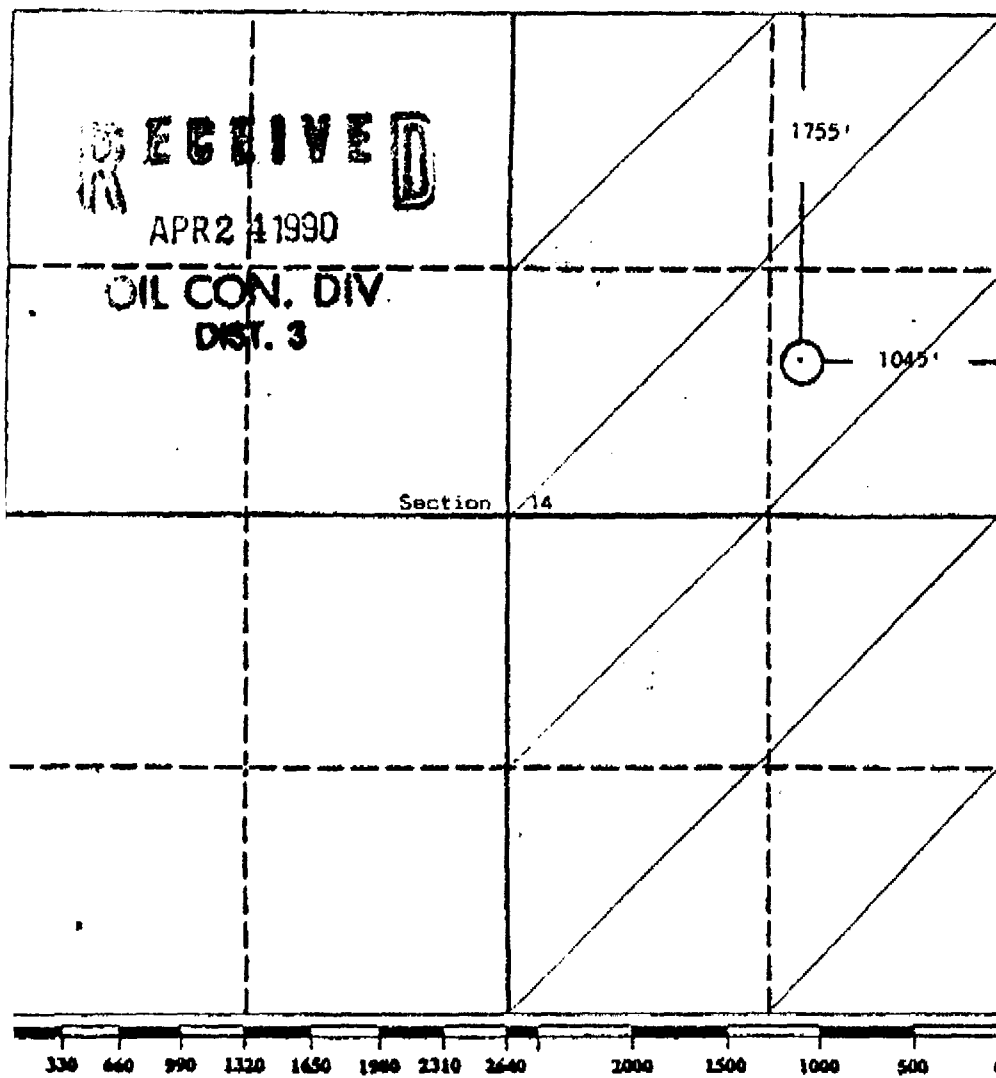
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator McKenzie Methane Corporation			Lease Angel Peak 14H		Well No. #5
Unit Letter H	Section 14	Township 27 North	Range 10 West	County San Juan	
Actual Footage Location of Well: 1755 feet from the North line and 1045 feet from the East line					
Ground level Elev. 6150	Producing Formation Fruitland Coal	Pool Basin Fruitland Coal	Dedicated Acreage: E/320 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
☐ Yes ☐ No If answer is "yes" type of consolidation _____
 If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Heather Roark*
Heather Roark

Printed Name
Technician

Position
McKenzie Methane Corp.

Company
March 27, 1990

Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
January 25, 1990

Signature & Seal of Professional Surveyor

Edgar L. Risenhoover
Edgar L. Risenhoover
Professional Surveyor
New Mexico
No. 13979
Exp. 12/31/95

Form 3160-3
(November 1983)
(formerly 9-331C)

SUBMIT IN TRIPPLICATE*
(Other instructions on
reverse side)

30-043-27747
Form approved.
Budget Bureau No. 1004-0136
Expires August 31, 1985

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☐

GAS
WELL ☒

OTHER

SINGLE
ZONE ☒

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

McKenzie Methane Corporation

3. ADDRESS OF OPERATOR

1625 Broadway, Suite 2580, Denver, CO 80202

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

1755' FNL, 1045' FEL

At proposed prod. zone

same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

±5 miles south, south-east of Bloomfield, New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

1045'

16. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

±600'

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

6170' GR

23. This action is subject to technical and

procedural review pursuant to 43 CFR 3160.3

and is subject to 43 CFR 3160.4.

24. PROPOSED CASING AND CEMENTING PROGRAM

25. PROPOSED CEMENTING PROGRAM

26. PROPOSED CEMENTING PROGRAM

27. PROPOSED CEMENTING PROGRAM

28. PROPOSED CEMENTING PROGRAM

29. PROPOSED CEMENTING PROGRAM

30. PROPOSED CEMENTING PROGRAM

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80. PROPOSED CEMENTING PROGRAM

81. PROPOSED CEMENTING PROGRAM

82. PROPOSED CEMENTING PROGRAM

83. PROPOSED CEMENTING PROGRAM

RECEIVED

APR 24 1990

OIL CON. DIV
DIST. 3

hold for the contractor's rights
of title to this lease.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program if any.

24.

SIGNED

Heather Roark

TITLE Technician

DATE

March 27, 1990

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

CONDITIONS OF APPROVAL, IF ANY:

NMOCD

*See Instructions On Reverse Side

APPROVED
AS AMENDED

APR 20 1990

AREA MANAGER

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.



McKenzie Methane Corporation

JUN 18 AM 9 10

June 15, 1990

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

Case 10024

RE: Meridian Oil Application
to Recomplete Unorthodox
Location in Option
Quarter Section C. M.
Morris #3 SE 14-T27N-R10W

Dear Mr. LeMay:

McKenzie Methane Corporation holds Fruitland Formation development rights in the N/2 and SW/4 of Section 14 Township 27 North, Range 10 West by virtue of farmouts from Amoco Production Company and Mobil Exploration & Producing U. S. Inc. Amoco has provided us with copies of Meridian's letters to you requesting a permit to recomplete the captioned well in the Fruitland coals.

When McKenzie first obtained information relative to this request to recomplete, we called both the Santa Fe and Aztec offices of the Conservation Division to ascertain our rights and lodge a verbal complaint regarding this petition. Upon due deliberation, we now wish to formalize our objections as follows:

1. Meridian seeks to recomplete the Morris #3, a well already located in an unorthodox location being less than 420 feet from both the south and east lines of the section and a well outside the "window" specified by the Conservation Division in the proper quarter section. McKenzie Methane has drilled the Angel Peak 13M #1 in a legal location in Section 13, which well is less than 1,600 feet from Meridian's proposed recompletion, thus Meridian's recompletion would impact the Basin Fruitland production from the 13M #1 as well as affect the owners of Fruitland rights in the sections to the south.

Mr. William LeMay
June 15, 1990

Page 2.

2. McKenzie Methane has an approved APD for a well in the authorized "window" in the NE/4 of Section 14, i.e., the Angel Peak 14H #5, with the spacing unit set for the E/2.

3. McKenzie Methane has an application for a well, the Angel Peak 14L #6, for a W/2 spacing unit which we find is in an unorthodox location because of topographic problems. We understand that the unorthodoxy of said location has not been objected to by any of the offset operators.

4. Two locations in the S/2 or E/2 of Section 14, which would be the case if the Conservation Division approves Meridian's application, would leave a substantial portion of the section undrilled and the resources undeveloped.

McKenzie Methane wishes to protest the issuance of a permit to Meridian for the recompletion of the Morris #3 because it would not allow diligent development of the Fruitland coals in Section 14 and because it would impact McKenzie's orthodox location in Section 13, i.e., the Angel Peak 13M #1.

Very truly yours,

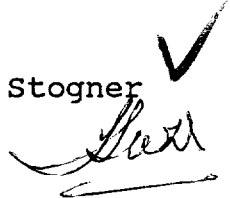
MCKENZIE METHANE CORPORATION



Howard W. Dennis
Vice President

HWD:me

xc: Mr. Michael Stogner



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

July 2, 1990

GARREY CARRUTHERS
GOVERNOR

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

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

Attention: Peggy Bradfield

Case 10024

McKenzie Methane Corp.
1625 Broadway, Suite 2580
Denver, CO 80202

Attention: Howard W. Dennis

RE: MERIDIAN'S APPLICATION DATED MAY 3, 1990 FOR AN UNORTHODOX COAL GAS WELL LOCATION FOR THE MORRIS WELL NO. 3, LOCATED 420 FEET FROM THE SOUTH LINE AND 400 FEET FROM THE EAST LINE (UNIT P) OF SAID SECTION 14 AND MCKENZIE'S APPLICATION DATED MAY 8, 1990 FOR AN UNORTHODOX COAL GAS WELL LOCATION FOR THE PROPOSED ANGEL PEAK 14-L WELL NO. 6 TO BE DRILLED 1835 FEET FROM THE SOUTH LINE AND 640 FEET FROM THE WEST LINE (UNIT L) OF SAID SECTION 14.

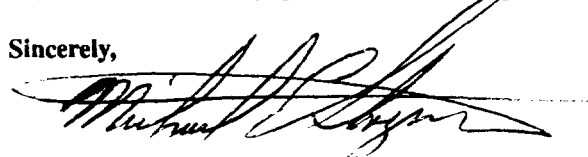
Dear Ms. Bradfield and Mr. Dennis:

Please refer to McKenzie Methane Corporation's letter dated June 15, 1990 (see copy attached) whereby an objection to Meridian's Morris Well No. 3 was filed. Also, as I understand, McKenzie is amending their request to dedicate the W/2 of said Section 14 to their Angel Peak 14-L Well No. 6 instead of the N/2 as originally proposed.

In reviewing this situation, it is the Division's position that both cases should be set to hearing before a Division Examiner. I have therefore scheduled both applications on the next available docket for the July 25, 1990 hearing. 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.

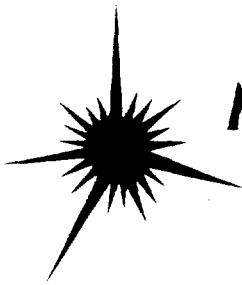
Sincerely,



Michael E. Stogner
Chief Hearing Officer/Engineer

MES/ag

cc: Oil Conservation Division - Aztec
US Bureau of Land Management - Farmington



McKenzie Methane Corporation

601-10-16 2:19 10

June 15, 1990

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

Case 10024

RE: Meridian Oil Application
to Recomplete Unorthodox
Location in Option
Quarter Section C. M.
Morris #3 SE 14-T27N-R10W

Dear Mr. LeMay:

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When McKenzie first obtained information relative to this request to recomplete, we called both the Santa Fe and Aztec offices of the Conservation Division to ascertain our rights and lodge a verbal complaint regarding this petition. Upon due deliberation, we now wish to formalize our objections as follows:

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Mr. William LeMay
June 15, 1990

Page 2.

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3. McKenzie Methane has an application for a well, the Angel Peak 14L #6, for a W/2 spacing unit which we find is in an unorthodox location because of topographic problems. We understand that the unorthodoxy of said location has not been objected to by any of the offset operators.
4. Two locations in the S/2 or E/2 of Section 14, which would be the case if the Conservation Division approves Meridian's application, would leave a substantial portion of the section undrilled and the resources undeveloped.

McKenzie Methane wishes to protest the issuance of a permit to Meridian for the recompletion of the Morris #3 because it would not allow diligent development of the Fruitland coals in Section 14 and because it would impact McKenzie's orthodox location in Section 13, i.e., the Angel Peak 13M #1.

Very truly yours,

MCKENZIE METHANE CORPORATION



Howard W. Dennis
Vice President

HWD:me
xc: Mr. Michael Stogner

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

Handwritten initials: WTK

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. 10017
Morris Well No. 1
1190' FSL, 900' FEL,
Section 15, T27N, R10W,
San Juan County, New Mexico

NMOCD Case No. 10024
Morris Well No. 3
420' FSL, 400' FEL,
Section 14, T27N, R10W,
San Juan County, New Mexico

Dear Mr. LeMay:

On behalf of Meridian Oil, Inc., we would appreciate you continuing the referenced cases from the Examiner's docket now set for ~~July 25, 1990~~ to the Examiner's docket scheduled for August 8, 1990.

By copy of this letter, we are notifying the offsetting operators of this request for continuance.

Very truly yours,

Handwritten signature of W. Thomas Kellahin

W. Thomas Kellahin

WTK/tic

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

KELLAHIN, KELLAHIN AND AUBREY, P.C. OIL AND GAS DIVISION
ATTORNEYS AT LAW
RE. 100

W. THOMAS KELLAHIN
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN
OF COUNSEL

EL PATIO BUILDING
117 NORTH GUADALUPE
POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

'90 AUG 8 1990
TELEPHONE (505) 982-2285
TELEFAX (505) 982-2017

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

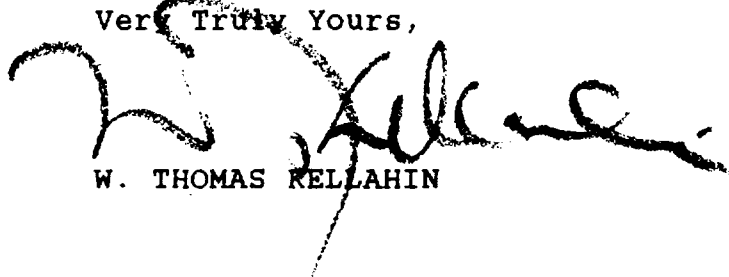
McKenzie Methane Corporation
Angel Peak "14-L Well No. 6
NMOCD Case 10025

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. 10018, 10017 and [REDACTED]

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.

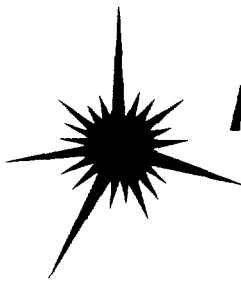
Sincerely,

A handwritten signature in cursive script, reading "Michael E. Stogner".

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

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:

10024
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 21, 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. 10024
ORDER NO. R-9264

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 Howard W. Dennis
