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August 1, 1990

HAND DELIVERED

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

Re: Meridian Oil Inc.,
for Unorthodox Location,
Payne 271 well, Cedar
Hills Coal Gas Pool,
San Juan County, New Mexico

Dear Mr. LeMay:

Enclosed please find the original and one copy of Meridian Oil Inc.'s application on behalf of El Paso Natural Gas Company, for approval of an unorthodox location in the Cedar Hills Coal Gas Pool, San Juan County, New Mexico. Please set this application for hearing on the examiner docket on August 22, 1990.

By copy of this letter and Application to all parties, we are notifying them by certified mail, return-recipt requested, 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 in opposition to the Application.

Sincerely,


W. Thomas Kellahin

WTK/tic
Encl.

xc: Mr. Alan Alexander
Meridian Oil Inc.
P.O. Box 4289
Farmington, New Mexico 87499-4289

Certified mail return-receipt

All parties listed on Exhibit "B"
of application

OIL CONSERVATION DIVISION
RECEIVED
90 AUG 1 PM 5 06



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

IN THE MATTER OF THE APPLICATION
OF MERIDIAN OIL INC, FOR APPROVAL
OF AN UNORTHODOX LOCATION, CEDAR HILLS
COAL GAS POOL, SAN JUAN COUNTY,
NEW MEXICO

Case No. _____

FIRST AMENDED
APPLICATION

COMES NOW Meridian Oil Inc., by and through its attorneys, KELLAHIN, KELLAHIN & AUBREY, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox Cedar Hills Coal gas well location for its Payne #271 well, 65 feet FNL and 300 feet FEL (NE/4 NE/4) of Section 27, T32N, R10W, San Juan County, New Mexico.

1. Meridian is the operator of the above-described proration and spacing unit.

2. Applicant proposes to form a standard proration and spacing unit consisting of the E/2 of Section 27, in accordance with the rules governing the Cedar Hills Coal Pool.

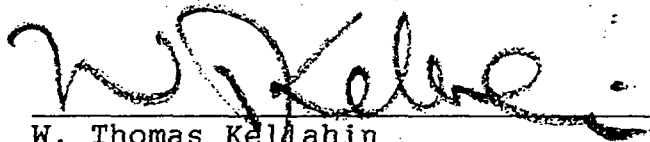
3. Due to terrain considerations, Applicant proposes to drill its Payne #271 well at an unorthodox gas well location 300 feet FEL and 65 feet FNL (NE/4 NE/4) of Section 27, T32N, R10W, San Juan County, New Mexico.

4. Attached as Exhibit A is a plat showing the described acreage and the proposed well location.

5. Pursuant to Division rules, a copy of this application was mailed by certified mail, return-recipt requested, to all parties listed on Exhibit "B" notifying them of the hearing set for August 22, 1990.

WHEREFORE, Applicant requests that after notice and hearing, the application be granted.

KELLAHIN, KELLAHIN & AUBREY

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahin', is written over a horizontal line.

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

Attorneys for Meridian Oil Inc.

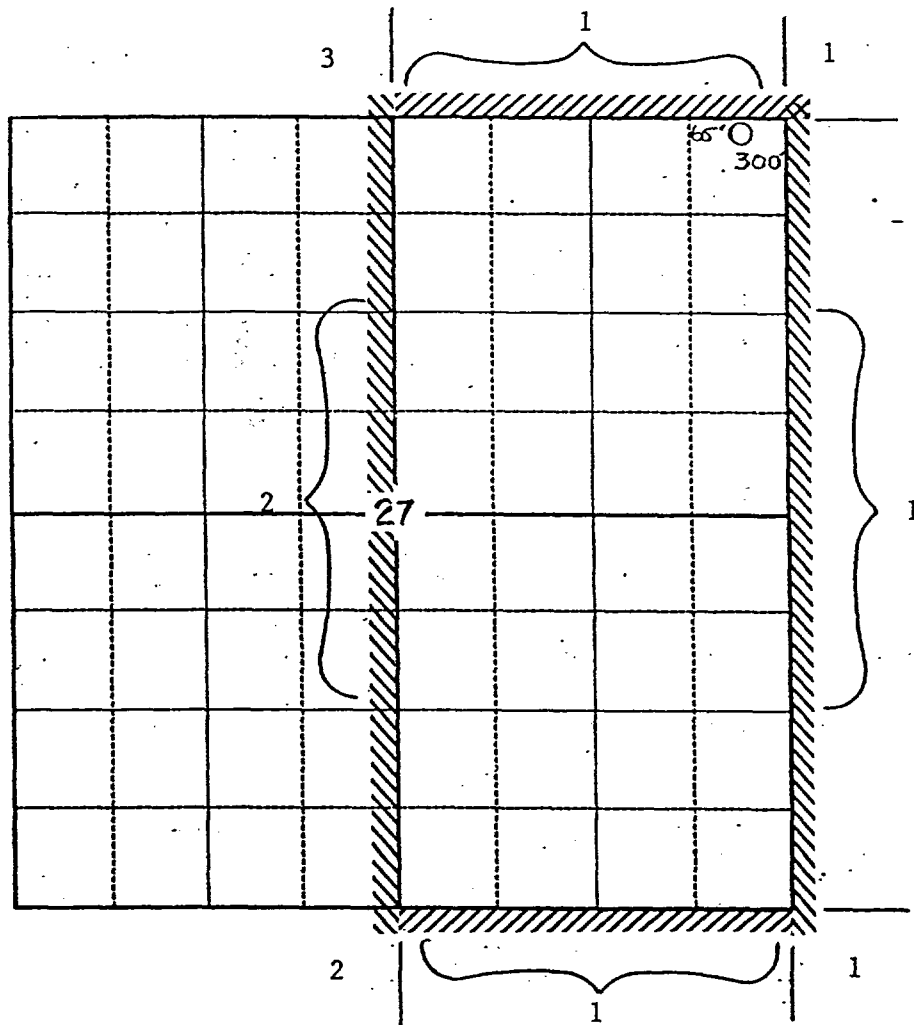
MERIDIAN OIL INC

Well Name Payne #271

Footage 65' FNL; 300' FEL

APPLICATION FOR NON-STANDARD LOCATION

County San Juan State New Mexico Section 27 Township 32N Range 10W



Remarks 1) Meridian Oil Inc

2) Amoco Production Co

3) Northwest Pipeline Corp