

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

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Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

W. Thomas Kellahin
Karen Aubrey

Jason Kellahin
Of Counsel

RECEIVED

August 6, 1987

AUG 07 1987

OIL CONSERVATION DIVISION

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

"Hand Delivered"

Re: Compulsory Pooling Application
of Meridian Oil Inc. for the
NE/4NE/4 of Section 35, T18S,
R35E, Lea County, New Mexico

Case 9202

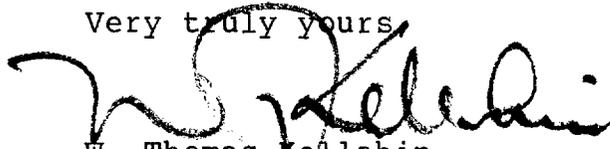
Dear Mr. LeMay:

On August 4, 1987 we hand delivered an application for compulsory pooling for Meridian Oil Inc. requesting the pooling of the NE/4NE/4 of Section 35, T18S, R35E, NMPM, Lea County, New Mexico.

That application contained two errors which we request you correct on your copies of our application: (1) Paragraph 8 states that Meridian Oil Inc. is to receive its farmout from Union Texas Petroleum Company. The farmout is in fact from Union Oil Company of California; and (2) the well is to be drilled to the base of the Strawn formation and not the Devonian.

It is our understanding that neither error will require re-advertisement of the application and that the hearing will still be held on August 26, 1987.

Very truly yours,


W. Thomas Kellahin

WTK:ca
Enc.

cc: Mr. Don Davis
Meridian Oil Inc.
21 Desta Drive
Midland, Texas 79705

KELLAHIN, KELLAHIN & AUBREY

Mr. William J. LeMay
August 6, 1987
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ARCO Oil & Gas Company
Attn: Mr. Ed Birdshead
P. O. Box 1610
Midland, Texas 79702

Conoco Inc.
Attn: Mr. Boyd Nelson
P. O. Box 1959
Midland, Texas 79702

Hondo Oil & Gas
Attn: Mr. Gene Wentworth
P. O. Box 2208
Roswell, New Mexico 88201

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Santa Fe, New Mexico 87504

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Re: Compulsory Pooling Application
of Meridian Oil Inc. for the
NE/4NE/4 of Section 35, T18S,
R35E, Lea County, New Mexico

Case 9202

Dear Mr. LeMay:

On behalf of Meridian Oil Inc., please set the enclosed application for hearing at the next Examiner hearing now scheduled for August 26, 1987.

By copy of this letter, with enclosed application, we are notifying all parties of interest of this application and the August 26, 1987 hearing date. All parties have the right to appear and present evidence or statement of support or opposition at this hearing and should contact either the undersigned or the Division staff attorney for further information.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Mr. Don Davis
Meridian Oil Inc.
21 Desta Drive
Midland, Texas 79705

ARCO Oil & Gas Company
Attn: Mr. Ed Birdshead
P. O. Box 1610
Midland, Texas 79702

"Certified Mail"

KELLAHIN, KELLAHIN & AUBREY

Mr. William J. LeMay
August 4, 1987
Page 2

Conoco Inc.
Attn: Mr. Boyd Nelson
P. O. Box 1959
Midland, Texas 79702

"Certified Mail"

Hondo Oil & Gas
Attn: Mr. Gene Wentworth
P. O. Box 2208
Roswell, New Mexico 88201

"Certified Mail"

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

RECEIVED

AUG 04 1987

OIL CONSERVATION DIVISION

IN THE MATTER OF THE
APPLICATION OF MERIDIAN OIL INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE: 9202

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 all mineral interests from the surface to the base of the Devonian Formation underlying the NE/4NE/4 of Section 35, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico, for the formation of a proration and spacing unit for the said production, and in support thereof would show the Division.

1. Applicant is the owner of the right to drill and develop the NE/4NE/4 of Section 35, Township 18 South, Range 35 East.

2. Applicant proposes to drill a well to test the Devonian formation by drilling a well at a standard location to a total depth of approximately 10,800 feet.

3. Applicant has sought to obtain the cooperation of all parties.

4. In order to obtain their just and equitable share of the production underlying the above lands, Applicant needs an order pooling the mineral interest involved.

5. Those who have not consented to join in the drilling of the well, with their address, to the best of the applicant's information and belief, are as follows:

Interest

ARCO Oil & Gas Company
Attn: Mr. Ed Birdshead
P. O. Box 1610
Midland, Texas 79702 (Arco & Hondo Combined)
9.523809%

Hondo Oil & Gas
Attn: Mr. Gene Wentworth
P. O. Box 2208
Roswell, New Mexico 88201

Conoco Inc. 28.571429%
Attn: Mr. Boyd Nelson
P. O. Box 1959
Midland, Texas 79702

6. Applicant has contacted Conoco Inc. and is in the process of obtaining a farmout from Conoco, but has not yet completed this voluntary agreement.

7. Applicant has also contacted both Hondo and Arco and is of the opinion that the interest now held by Arco will be assigned to Hondo Oil & Gas but has not yet been

completed. Applicant is further of the belief that Hondo will reach a voluntary agreement with applicant but is unable to determine when that will be.

8. Applicant must commence the drilling of this well on or before September 12, 1987 in order to fulfill the terms of its farmout agreement with Union Texas Petroleum Company and despite its good faith efforts has not been able to complete voluntary agreements with all working interest owners.

9. Applicant seeks a compulsory order which will allow it to commence the drilling of the subject well in the event it is unable to obtain voluntary agreement from all working interest owners.

10. The parties named in paragraph 5 above have been furnished a copy of this application.

WHEREFORE, applicant prays that this applicant 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. Applicant further prays that it be named operator of the well, and that the order make provisions for applicant to recover out of production its costs of drilling the subject well, completing and

equipping it, costs of operation, including costs of supervision and a risk factor in the amount of 200% for the drilling of the well, for such other and further relief as may be proper.

Respectfully Submitted:

Meridian Oil Company

By

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

W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
P. O. Box 2265
Santa Fe, New Mexico 87504