



David L. Wacker
Division Manager
Production Department
Hobbs Division
North American Production

Conoco Inc.
726 East Michigan
P.O. Box 460
Hobbs, NM 88241
(505) 397-5800

November 15, 1988

New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503

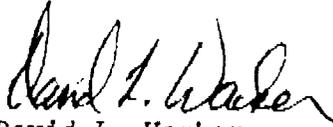
Attention William J. LeMay

Gentlemen:

Examiner Hearing November 22, 1988
Meridian Oil Inc. Compulsory Pooling
Cases No. 9535, 9536, 9538, 9540, 9541,
9542, 9545, 9546, and 9547

Conoco Inc. has been notified of the subject compulsory pooling cases for wells in which we have a working interest. Please enter Conoco Inc's. appearance in each of the cases numbered above.

Yours very truly,


David L. Wacker
Division Manager

HAI/tm
cc:
Tom Kellahin

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

RECEIVED
NOV 15 1968

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

OIL CONSERVATION DIVISION

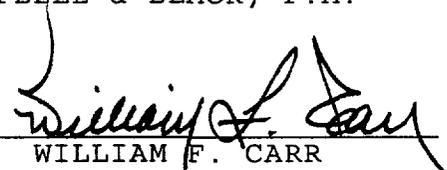
CASE NO. 9536

WITHDRAWAL OF COUNSEL

COMES NOW CAMPBELL & BLACK, P.A., and hereby withdraws as
counsel for Meridian Oil Inc., in the above-referenced case.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR
MERIDIAN OIL INC.

cc: W. Thomas Kellahin, Esq.

Tom Owen, Esq.
Meridian Oil Inc.

MERIDIAN OIL

February 8, 1989

CERTIFIED - RETURN RECEIPT REQUESTED

Amoco Production Company
Attention: Mr. Michael E. Cuba
Post Office Box 800
Denver, Colorado 80201

Re: Riddle A Com #260
W/2 Section 24, T-30-N, R-9-W
San Juan County, New Mexico
NMOCD Case No. 9536



Gentlemen:

Please reference our past correspondence on the captioned well. As you are aware Meridian Oil Inc. (Meridian) filed with the New Mexico Oil Conservation Division for compulsory pooling of the drilling unit for said well. After hearing the matter, the Oil Conservation Division has now issued Order No. R-8833, a copy of which is enclosed, pooling the acreage and interests necessary for drilling.

Meridian, pursuant to the terms of the enclosed order, is hereby notifying Amoco Production Company, as successor in interest to Tenneco Oil Company, of its right to participate in the well pursuant to this order. For your review, I am enclosing a copy of the itemized estimated well and facility costs, the Authority for Expenditure and the proposed Operating Agreement covering the well.

Meridian realizes that Amoco is now working towards voluntary joinder pursuant to the terms of a mutually acceptable Operating Agreement. Since that is the most desirable method of joinder for all parties involved, we will continue, during the thirty (30) day decision period imposed on you by the order, to work towards that end. If such an agreement is timely reached, we will make application to either vacate the Order or dismiss you from it.

If, however, you elect to participate in the well pursuant to the terms of the order you should do the following:

1. Evidence your election to participate by reviewing the estimated well costs and executing the enclosed Authority for Expenditure.
2. Prepay your 6.25% share of the \$372,790.00 total estimated completed well costs. The prepayment should be in the form of a cashiers check or certified bank check.

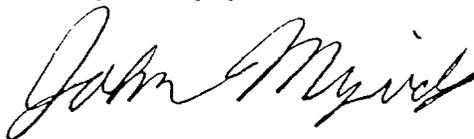
February 8, 1989

The executed Authority for Expenditure and the prepayment of well costs must be returned to Meridian at the letterhead address within thirty (30) days of your receipt of this letter.

If you do not voluntarily join the well within the thirty (30) day period or if we do not receive your joinder pursuant to the referenced order within the thirty (30) day period, it will be assumed that you have elected not to participate in the well. Meridian, under the terms of the order, has the right to drill the well and recover your pro-rata share of reasonable well costs from production. Meridian will also be allowed to recover an additional one-hundred-fifty-six percent (156%) of reasonable well costs as a charge for bearing the risk of drilling the well.

I look forward to hearing from you on this matter. If you have any questions or require further information, please advise.

Very truly yours,



John Myrick
Landman

JM:gm

File:

Document 233+

cc: Mr. Tom Kellahin (with AFE)

Mr. William LeMay, Director
NMOCD (with AFE)

MERIDIAN OIL INC.
 Farmington Region
 Post Office Box 4289
 Farmington, New Mexico 87499
 (505) 326-9700

AUTHORITY FOR EXPENDITURE

AFE No.: _____ Date: 7-20-88
 Lease/Well Name: Riddle A Com #260 Lease No.: _____
 Field/Prospect: Undesignated Fruitland Region: Farmington
 Location: NE/SW Section 24, T30N, R9W County: San Juan State: NM
 AFE Type: 01 Development Original X Supplement Addendum _____ API Well Type _____
 Operator Meridian Oil Inc.
 Objective Formation: Fruitland Coal Authorized Total Depth (Feet) 2395
 Project Description: Drill and complete the Fruitland Coal formation.

Est. Start Date: 11-01-88 Prepared By: L. Biemer
 Est. Completion Date: 12-15-88

	GROSS WELL COST DATA				Total
	Drilling	Workover, Completion	Construction or Facility		
Days:	<u>11</u>		<u>15</u>		<u>26</u>
This AFE:	<u>231,500</u>		<u>141,290</u>		<u>372,790</u>
Prior AFE'S:					
Total Costs:	<u>\$ 231,500</u>	<u>\$</u>	<u>\$ 141,290</u>	<u>\$</u>	<u>\$ 372,790</u>

Company	JOINT INTEREST OWNERS	
	Working Interest Percent	Net \$ Expenditures
		Dry Hole \$ Completed \$
OTHERS:	<u>12.50000%</u>	<u>46,599</u>
MERIDIAN OIL INC.	<u>87.50000%</u>	<u>326,191</u>
AFE TOTAL:	<u>100.00000%</u>	<u>\$ 372,790</u>

Recommended: [Signature] ^{7/26/88} Date: 7/26 MERIDIAN OIL APPROVAL
 Recommended: [Signature] Date: 8/19/88
 Recommended: [Signature] Date: 8/19 Approved: [Signature] Date: 8/22/88
 Title: Regional Operations Manager

PARTNER APPROVAL

Company Name: _____
 Authorized By: _____ Date: _____
 Title: _____

M E R I D I A N O I L I N C O R P O R A T E D
D R I L L I N G W E L L C O S T E S T I M A T E

WELL NAME: Riddle A #260
 COUNTY, STATE: San Juan Co., NM
 PROPOSED TD: 2310 /2510

PREPARED BY: J.D.Falconi DATE: 11-Jun-88
 APPROVED BY: DWB Swilane DATE: 6/10/88
 AFE TYPE: 01 Development Type 2

ACCT	AFE NOMENCLATURE	DRYHOLE	SUSPENDED 11 Days
248.	INTANGIBLE DRILLING COSTS		
02	Environmental studies-----		1,000
03	Location and roads construction-----		14,600
04	Surface restoration-----		1,500
05	Move in, move out-----		3,600
06	Contractor fees - Footage 2,310 @ \$11.25 /Ft.--		26,000
07	Contractor fees - Daywork 7.00 @ \$5,330 /Day--		37,300
09	Drilling fluids-----		
10	Gas and air drilling-----		12,000
16	Water-----		4,300
17	Bits-----		1,500
18	Primary cementing-----		9,100
20	Mud logging-----		900
21	Wireline logging-----		
22	Coring and Analysis-----		
23	Fuel-----		5,500
24	BOP and Wellhead rentals-----		
25	Drill and work string rentals-----		
27	Tank rentals-----		
28	Other rentals-----		4,500
29	Trucking and Transportation-----		6,800
33	Tubular inspection-----		8,100
34	Cased hole logging-----		
43	Consultants-----		3,000
45	Roustabout and contract labor-----		2,000
46	Miscellaneous-----		3,000
	Contingency - 5% -----		7,200
	 TOTAL INTANGIBLE DRILLING COST		 151,900
	 TANGIBLE DRILLING COSTS		
80	Casing-----		32,000
	225 Ft. 9 5/8" 32.3# H-40 @ \$15.72 /Ft.		
	2310 Ft. 7" 20.0# K-55 @ \$10.53 /Ft.		
	250 Ft. 5 1/2" 23.0# P-110 @ \$16.40 /Ft.		
81	Tubing-----		7,800
	2510 Ft. 2 3/8" 4.7# J-55 @ \$3.11 /Ft.		
84	Downhole equipment - Liner Hangers, accessories-----		3,800
86	Wellhead equipment-----		36,000
	 TOTAL TANGIBLE DRILLING COST		 79,600
	 TOTAL DRILLING COST ESTIMATE		 231,500

LEASE/WELL NAME: RIDDLE A #260
 WELL TYPE: FRUITLAND
 AFE TYPE: DEVELOPMENT 01

SW SEC 24 , T-30 -N R- 9 -W NM

PREPARED BY: W.S.SMITHWICK
 DATE: 6-16-88
 APPROVED BY: *RBF*

ACCOUNT NUMBER

TANGIBLE FACILITY COSTS

DATE: 4/2/88

FACILITY		INCLUDING WATER LINE & GAS TIE
247		
03	TRANSPORTATION	
	14 HRS LOC FACILITIES & PIPE HAULING @ \$75/HR.....	1,050
12	COMPANY SUPERVISION AND OVERHEAD	
	9 DAYS @ \$200/DAY W/LOC AND GAS.....	1,800
26	SEPARATORS	
	18" x 12', 2 PHASE VERTICAL COAL SLURRY TYPE, 1440 PSI WP.....	14,000
27	HEATERS-TREATERS.....	
29	PUMPING UNIT.....	
31	PRIME MOVER.....	
32	TANKS AND PITS	
	50 BBL GLASS PIT @ \$1900 INSTALLED, 5 -500 BBL HEATED @ \$5480.....	29,300
33	METERING EQUIPMENT	
	AUTOMATION EQUIP. & TELEMETRY - \$11,500 / GAS METERING - \$4800.....	16,300
34	FLOW LINES	
	400 FT-4" @ \$2.38/FT, 300 FT-2" @ \$2.28/FT.....	
	LOC LABOR @ \$164/HR 84 HR.....	15,450
35	COMPRESSORS - COMPANY OWNED	
36	BUILDINGS	
39	PIPING, VALVES AND FITTINGS	
	MISC. VALVES & CONTROLLERS - \$17070 / MISC. ASSOC. W/GAS \$5600.....	22,670
44	TECHNICAL CONTRACT SERVICES	
	PIPELINE INSPECTION @ \$35/HR11 HRS.....	385
47	COMPRESSOR RENTAL	
48	EQUIPMENT RENTAL.....	
49	CATHODIC PROTECTION.....GROUND BED & TRANSFORMER.....	5,000
50	RIGHT OF WAY, SURVEY, ARCHY	
	SURV @ \$.46/FT, ARCHY @ \$.29/FT, ROW @ \$1.21/FT	
	GAS= 1120 FT WTR= 0 FT	2,195
51	MINOR PIPELINES	
	1120 FT, 4" SCH-40 @ \$2.38 /FT CONST @ \$5.15 /FT	8,434
52	ARTIFICIAL LIFT EQUIPMENT.....	
53	CHEMICAL PUMPS.....	
54	ELECTRICAL ACCESSORIES.....UTILITY HOOKUP.....	5,000
94	DEHYDRATION UNIT	
	3 MMCF/D, 1000 PSI WP, 1/8" CORROSION ALLOW. 350 PSI STD.OP.PRESS.....	12,980
55	MISC. FACILITY EXPENSE (5% CONTINGENCY COST).....	6730
=====		=====
	TOTAL FACILITIES	141,290

* NOTE: FACILITY COST DOES NOT INCLUDE WTR LINE !