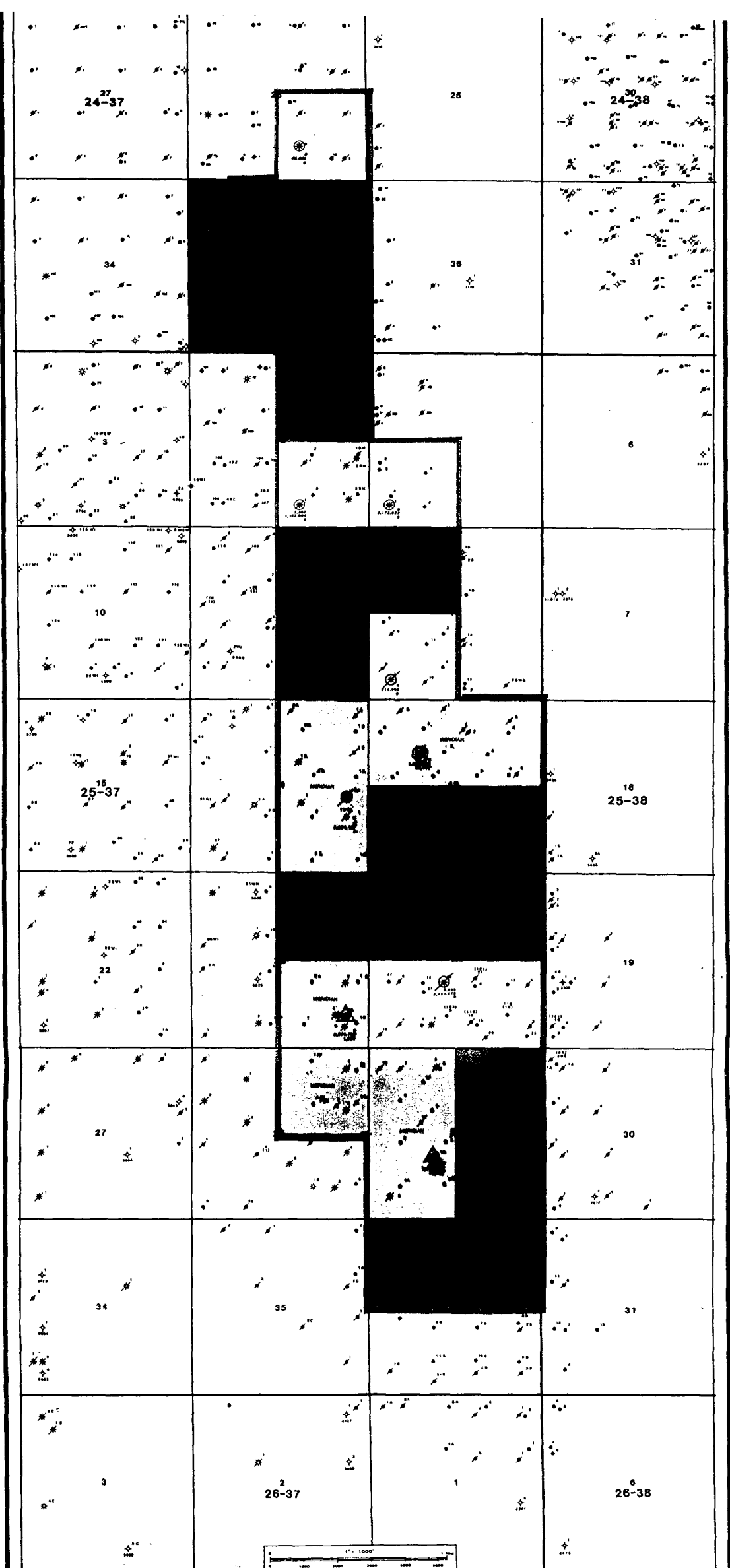


Case No.
10555



GLORIETA TOTAL PRODUCTION TO 1/1/81
100,848 BBLs OIL
67,725,895 MCF GAS
140,707 BBLs WTR

LITHOLOGY
The Glorieta member is a dolomitic, crystalline to saccharine, occasionally nodular, tan to brown, vertically fractured, rugged purpureous. The fossiliferous zone is contained within the top 150 feet of the Glorieta formation of Permian age.

AMERADA HESS CORP.
ARCO
EARL BRUNO INC.
CHEVRON
LANEXCO

MERIDIAN OIL INC.
TEXACO
PLUGGED WELL
MARGINAL WELL
NON-MARGINAL WELL
FIELD OUTLINE

| MERIDIAN OIL | | | |
|------------------------|---------|------------|--------|
| JUSTIS FIELD | | | |
| LEA COUNTY, NEW MEXICO | | | |
| GLORIETA PRODUCTION | | | |
| CUMS 1/1/81 | | | |
| DATE | PROD. | RESERVE | STATUS |
| 1/1/81 | 100,848 | 67,725,895 | 100% |
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JUSTIS GLORIETA FIELD BRIEF HISTORY & STATUS

- JUSTIS POOL CREATED IN JANUARY, 1950
- PRORATED IN 1954
- LAST WELL DRILLED IN 1981
- PRIOR WELL DRILLED IN 1972
- 21 COMPLETIONS
- 14 ACTIVE WELLS

Before the
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 10526 Exhibit No. 2
Submitted By: MERIDIAN OIL - NM
Hearing Date: 8/27/92

JUSTIS GLORIETA (GAS) POOL

| OPERATOR WELL | LOCATION | STATUS | ACREAGE | CURRENT AVG MCF/D |
|---|----------------------------|--------|---------|----------------------|
| AMERADA HESS CORPORATION STATE NJ A COM #3 | 02A-25S-37E | M | 160 | N/A |
| ARCO OIL & GAS COMPANY EATON B 1 WN #1 | 12E-25S-37E | M | 160 | N/A |
| WIMBERY JH FED COM #1 | 23H-25S-37E | N | 160 | 117.6 |
| EARL R. BRUNO CARLSON A 25 #1 | 25J-25S-37E | M | 320 | 181.9 |
| CHEVRON U.S.A. INC. ARNOTT RAMSAY NCT F #3 | 36B-25S-37E | M | 320 | 30.3 |
| LEARCY MCBUFFINGTON #7 | 13M-25S-37E | M | 320 | 111.4 |
| LANEXCO INC. JUSTIS BC FED. COM #2 JUSTIS BC FED. COM #3 P. U. SUMMARY | 02H-25S-37E 03P-25S-37E | N | 320 | N/A |
| MERIDIAN OIL INCORPORATED CARLSON FEDERAL #1 | 13F-25S-37E | M | 320 | 27.7 |
| CARLSON A FEDERAL #1 | 23P-25S-37E | N | 320 | 191.5 |
| CARLSON B FEDERAL #1 | 25K-25S-37E | N | 320 | 179.0 |
| TEXACO INC. G. L. ERWIN B FEDERAL NCT 2 #2 | 35J-24S-37E | N | 320 | 228.7 |
| C. C. FRISTOE B FEDERAL NCT 2 #8 | 35G-24S-37E | M | 320 | 78.6 |
| TEXACO PRODUCING INC. A. B. COATES C #1 | 24F-25S-37E | M | 320 | 188.9 |

Before the
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 10526 Exhibit No. 3
Submitted By: MERIDIAN OIL - NM
Hearing Date: 8/27/92

JUSTIS7.WK3

25-Aug-92

JUSTIS GLORIETA HEARING

JUSTIFICATION FOR F1 FACTOR INCREASE

1. Currently and for the remaining life of the Pool, the total deliverability of the wells in the Pool is not expected to exceed market demand for gas produced from the Pool. Prorating was originally instituted in 1954 because the capacity exceeded the demand.
2. Since the institution of prorating in the Pool, there have been substantial changes in Pool production, development, gas purchasing and marketing practices, and other factors affecting the oil and gas industry which make prorating of the Pool unnecessary.
3. Production limitations imposed by the prorated allowables has discouraged and will continue to discourage further developmental drilling, workovers, and compression projects.
4. Infill drilling alone is anticipated to add 14 BCFG of gas reserves which would otherwise not be recovered.
5. Increasing the prorated gas allowable will not impair correlative rights.
6. Meridian has contacted all seven operators in the pool concerning this matter and is not aware of any opposition to this Application.
7. Meridian has proposed that prorating for the Pool be terminated. A request has been made that this matter be set for hearing on the Examiners Docket now scheduled for October 15, 1992.
8. The current prorated gas allowable for this Pool is the lowest in Southeast New Mexico at 154 MCFPD/160 acres. The next highest prorated gas allowable is double this allowable.
9. The current prorated gas allowable for the overlying Jalmat Pool is 5 times higher at 817 MCFPD/160 acres and is 1500' shallower.
10. Sid Richardson has advised Meridian that the proposed increase in Pool production will not adversely effect any well in the Pool.

Before the
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 10526 Exhibit No. 4
Submitted By: MERIDIAN OIL - NM
Hearing Date: 8/27/92

JUSTIS GLORIETA FIELD NEW DRILL WELL

- ESTIMATED RESERVES OF 650 MMCFG
- INITIAL GAS PRICE OF \$1.41/MMBTU BASED ON THE LAST 12 MONTH AVERAGE AND HELD CONSTANT
- WI = 100 %, NRI = 87.5 %
- COMPLETED COST = \$339,900
 - TANGIBLE = \$130,300
 - INTANGIBLE = \$209,600
- OPERATING COST = \$1500/MONTH ESCALATED AT 5%
- CASE I (INITIAL RATE = 154 MCFPD)
 - ROR = 0 %
 - PAYOUT = N/A
- CASE II (INITIAL RATE = 600 MCFPD)
 - ROR = 26 %
 - PAYOUT = 3 YEARS

Before the
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 10526 Exhibit No. 5
Submitted By: MERIDIAN OIL - NM
Hearing Date: 8/27/92

JUSTIS GLORIETA FIELD HISTORICAL INFILL DRILL WELL RECOVERY

EXISTING WELLBORE

- EATON B 1 WN 1
 - LOCATED T25S-R37E, SECTION 12 (E)
 - CUMULATIVE PRODUCTION = 6.9 BCF
 - LAST PRODUCTION FEBRUARY, 1990

OFFSET WELL

- JUSTIS BC FED. COM NO. 2
 - LOCATED T25S-R37E, SECTION 11 (H)
 - CUMULATIVE PRODUCTION = 622 MMCF
 - ESTIMATED EUR = 1180 MMCF

RECOVERY

- $1180 \text{ MMCF} / 6900 \text{ MMCF} = 17 \%$

Before the
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 10526 Exhibit No. 6
Submitted By: MERIDIAN OIL - NM
Hearing Date: 8/27/92

JUSTIS GLORIETA FIELD ANTICIPATED FUTURE INFILL RECOVERY

- 17 % RECOVERY OF OFFSET RESERVES
BASED ON HISTORICAL DATA
- AVERAGE EUR/WELL IN THE JUSTIS GLORIETA
POOL IS 3.8 BCF

- ANTICIPATED OFFSET RECOVERY:

$$(3.8 \text{ BCF}) (.17) = 650 \text{ MMCF}$$

- TOTAL ESTIMATED POOL EUR = 84.4 BCF
- ANTICIPATED ADDITIONAL RECOVERY DUE TO
INFILL DRILLING:

$$(84.4 \text{ BCF}) (.17) = 14.3 \text{ BCF}$$

Before the
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 105-26 Exhibit No. 7
Submitted By: MERIDIAN OIL - NM
Hearing Date: 9/27/92

JUSTIS GLORIETA FIELD
LEARCY McBUFFINGTON NO. 7

- LEARCY McBUFFINGTON NO. 3
 - LOCATED T25S-R37E, SECTION 13 (O)
 - PRODUCED 3.3 BCF PRIOR TO 1970
 - CURRENTLY P&A'D
- LANGLIE FEDERAL NO. 1
 - LOCATED T25S-R37E, SECTION 14 (I)
 - PRODUCED 2.4 BCF PRIOR TO DRILLING LEARCY McBUFFINGTON NO. 7
 - PRODUCED 2.8 BCF PRIOR TO 1980
- LEARCY McBUFFINGTON NO. 7
 - LOCATED T25S-R37E, SECTION 13 (M)
 - INITIAL SITP = 1243 PSI
 - CUMULATIVE PRODUCTION = 2.9 BCF

Before the
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 10526 Exhibit No. 8
Submitted By: MERIDIAN OIL - NM
Hearing Date: 8/27/92

EFFECT OF INCREASED MINIMUM ALLOWABLE IN THE JALMAT (GAS) FIELD

- 1986
 - 7 WELLS COMPLETED
- 1987
 - 4 WELLS COMPLETED
- 1988
 - 4 WELLS COMPLETED
- 1989
 - ALLOWABLE SET AT 236 MCFPD
 - 22 WELLS COMPLETED
- 1990
 - ALLOWABLE SET AT 236 – 457 MCFPD
 - 57 WELLS COMPLETED
- 1991
 - ALLOWABLE SET AT 457 – 600 MCFPD
 - 22 WELLS COMPLETED

Justis Glorieta Hearing

Name: Michael S. Wilkinson

Employer: Meridian Oil Inc.

Responsibilities: Midland Region Supply Coordinator - Job responsibilities include the contracting for the gathering, transportation, processing, and sale for approximately 148 MMcf/d of company owned production located in our Midland region which includes the Justis Glorieta Field. I have been employed by Meridian for five (5) years.

1.) Demand Exceeds Current Supply

- Gas Daily Article dated 8/6/92, Fundamental Changes In Gas Industry references a study made by Arthur Anderson and Company with Cambridge Energy Research Associates stating "Demand growth has been the most important factor in tightening the market balance, as consumption rose nearly 20% over the past 5 years, according to the study. Supply on the other hand, declined last year when the top 40 reserve holders replaced only 72% of production."
- Gas Daily Article dated 8/20/92 1992 Demand Nears Record; 1993 to Follow Suit. " By all accounts, this is going to be a near-record year for gas demand, reaching over 20 trillion cf - a level not seen since 1979." "But next year, residential demand is expected to rise 8.2% and industrials demand will rise by more than 4%, according to EIA."
- As further evidence of the tightening of supply, is the unseasonable and rapid increase of mainline index prices in the Permian Basin as well as other supply areas. For the comparable periods of May, June, July and August of 1990, 1991 and 1992 the prices have continued to rise. The table below shows the average of the three Permian Basin Index's in \$/MMbtu.

| | <u>1990</u> | <u>1991</u> | <u>1992</u> |
|--------|-------------|-------------|-------------|
| May | 1.403 | 1.333 | 1.437 |
| June | 1.433 | 1.240 | 1.547 |
| July | 1.420 | 1.040 | 1.440 |
| August | 1.397 | 1.203 | 1.857 |

2.) Location Of Gas Supply

- Gas supply source is strategically located to service markets on the Gulf Coast, East Coast, and West Coast through various transportation arrangements on numerous pipelines and interconnects.

Before the
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 10526 Exhibit No. 10
Submitted By: MERIDIAN OIL - NM
Hearing Date: 8/27/92
— Two PAGES —

3.) Available Plant Capacity

- ♦ Sid Richardson's Jal Plant

Sid Richardson is actively pursuing new and retaining old gas supply.

Jal Plant design capacity is 140,000 MCF/D but is only processing 105,000 MCF/D for a plant 75% plant utilization.

Jal Plant is currently being upgraded by adding a Cryogenic facility for greater product recovery efficiencies.

- ♦ Texaco Eunice Plant

Texaco is actively pursuing new gas supplies in this area.

Texaco has recently extend its system to this area laying 18 miles of 10" & 20" mainline trunk. They have also installed 2 new compressor stations to handle this and other gas in this area.

Eunice Plant design is 140,000 MCF/D but is only processing 100,000 MCF/D for a plant utilization of 71%.

4.) Natural Gas Liquids

- ♦ Currently there is an exceptionally strong market for NGL's, with chemical plant demands overloading the NGL pipeline transportation system and keeping the price high for this time of year.

- ♦ Seminole Pipeline/Mapco has constructed a new liquids pipeline from the Hobbs area to Mount Belview, Texas to be completed in January 1993, that adds an additional 150,000 barrels/d capacity which will alleviate any future capacity constraints.

5) Sales Agreements

- ♦ Meridian Oil has in place gathering, processing, and marketing arrangements for our current and additional supplies of gas if the allowable is increased for this field.

- ♦ See attached letter from Sid Richardson Carbon and Gasoline Company, stating the available capacity and desire to purchase additional volumes.

I, Michael S. Wilkinson certify that the information as stated is true and correct to the best of my knowledge and belief.



Michael S. Wilkinson

Meridian Oil Inc.

Regional Supply Coordinator

SID RICHARDSON CARBON & GASOLINE CO.

FIRST CITY BANK TOWER
201 MAIN STREET
FORT WORTH, TEXAS 76102
817/390-8600

July 27, 1992

File: 1-Wi-063-92
LC-004

Mr. Mike Wilkinson
MERIDIAN OIL, INC.
Post Office Box 4239
Houston, Texas 77210

Re: Justis Glorieta Field
Lea County, New Mexico

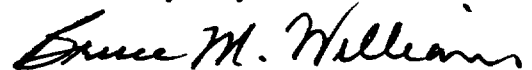
Dear Mike:

At your request, I have reviewed the attached list of leases and/or wells in the referenced producing field. I have determined that all of this production is currently under gas purchase agreements with Richardson, except for the two Texaco operated leases (Fristoe and Erwin).

Furthermore, Richardson would have the capacity and would be willing to purchase any additional production from these leases should more be available.

If I can be of further assistance, please call.

Yours very truly,



Bruce M. Williams
Manager, Gas Contracts

BMW/kir
Attachments

Before the
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 10526 Exhibit No. 11
Submitted By: MERIDIAN OIL - NM
Hearing Date: 8/27/92

SID RICHARDSON CARBON & GASOLINE CO.

WEST TEXAS AREA OFFICE

5030 E. UNIVERSITY
SUITE C-104
ODESSA, TEXAS 79762
TELEPHONE: (915) 367-2867
FAX: (915) 367-2862

July 20, 1992

Meridian Oil Company
3300 N. A Street, Bldg. 6
Midland, Texas 79705

Attn: Mr. Kevin Midkiff

Re: Justis Glorieta Pool Wells
Lea County, New Mexico

Gentlemen:

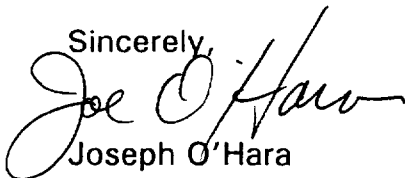
As per our recent conversation concerning the potential increase in volume of certain wells in the Justis Glorieta field, please be advised that I can find no reason the projected increase would adversely affect any other well on Sid Richardson's gathering system.

The below listed wells enter Richardson's gathering system through different laterals and the infusion of the projected 1.05 mmcf/d should have no effect on any other well in said system.

| <u>Well Name</u> | <u>Current (mcf/d)</u> | <u>Projected(mcf/d)</u> |
|---------------------------|------------------------|-------------------------|
| Meridian Oil, Carlson A#1 | 250 | 650 |
| Meridian Oil, Carlson B#1 | 250 | 800 |
| Texaco Prod. A.B.Coates C | 250 | 350 |

If I can be of further assistance concerning this matter, please do not hesitate to call.

Sincerely,



Joseph O'Hara
Gas Supply Representative

Before the
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 19526 Exhibit No. 12
Submitted By: MERIDIAN OIL - NM
Hearing Date: 8/27/92