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RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

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August 22, 1994

HAND DELIVERED

AUG 22 1994

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

11089

Re: Application of MERIDIAN OIL INC.
to Abolish the Barker Creek Paradox Gas
Pool and to Create Five New Gas Pools, including
the Adoption of Special Rules therefor,
San Juan County, New Mexico

Dear Mr. Stogner:

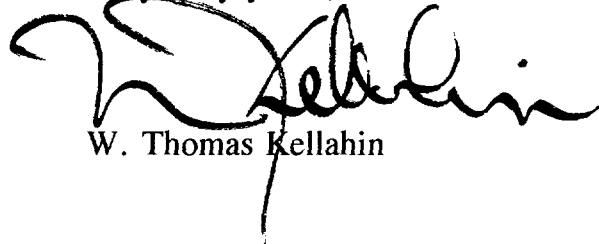
On behalf of Meridian Oil Inc., please find enclosed our Application as referenced above, which we request be set for hearing on the Examiner's docket now scheduled for September 15, 1994. Also enclosed is our suggested advertisement for this case.

By copy of this letter and application, sent certified mail, we are notifying all interested parties of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

Oil Conservation Division
August 22, 1994
Page 2.

Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, September 9, 1994, with a copy delivered to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name.

W. Thomas Kellahin

Enclosure

cc: Meridian Oil Inc.
Farmington, New Mexico
Attn: John F. Zent

By Certified Mail - Return Receipt

All Parties Listed on Exhibit "D" of Application

CASE 11089: Application of Meridian Oil Inc. to abolish the Barker Creek Paradox (Pennsylvanian) Gas Pool, and to create five new gas pools with special rules and regulations therefor, San Juan County, New Mexico. Applicant, in the above styled cause, seeks to abolish the Barker Creek Paradox (Pennsylvanian) Gas Pool and to create five new gas pools by dividing the Pennsylvanian formation into five separate pools being the Ismay formation, the Desert Creek formation, the Upper Barker Creek formation, the Lower Barker Creek formation and the Alkali Gulch formation, with each said pool being subject to special rules and regulations including 640-acre spacing, well locations for any new wells not closer than 790 feet to the outer boundary of a section within a horizontal area containing all or parts of Sections 7 through 10, 11, 14 through 23, 27 through 30, T32N, R14W, NMPM.

Said area is located approximately 9 miles west-northwest of La Plata, New Mexico

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE: 11059

APPLICATION OF MERIDIAN OIL INC.
TO ABOLISH THE BARKER CREEK PARADOX GAS POOL,
TO CREATE FIVE NEW GAS POOLS INCLUDING SPECIAL
RULES AND REGULATIONS THEREFOR,
SAN JUAN COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now MERIDIAN OIL INC., by and through its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division to abolish the Barker Creek Paradox (Pennsylvanian) Gas Pool and to create five new gas pools by dividing the Pennsylvanian formation into five separate pools being the Ismay formation, the Desert Creek formation, the Upper Barker Creek formation, the Lower Barker Creek formation and the Alkali Gulch formation, with each said pool being subject to special rules and regulations including 640-acre spacing, well locations for any new wells not closer than 790 feet to the outer boundary of a section within a horizontal area containing all or parts of Sections 7 through 10, 11, 14 through 23, 27 through 30, T32N, R14W, NMPM.

In support the Applicant states:

(1) The Barker Creek-Paradox Gas Pool ("Pool") was establish by Order R-13 issued March 15, 1950 and extended by Order R-6421 dated August 1, 1980.

(2) The current Pool boundaries are shown on Exhibit "A" attached and consists of the following acreage:

TOWNSHIP 32 NORTH, RANGE 14 WEST, NMPM

Sections 8-11: All
Sections 14-16: All
Section 17: E/2
Sections 19-22: All
Section 23: NW/4
Section 27: NW/4
Section 28: N/2
Section 29: All

(3) There are currently some nine wells in the pool as identified on Exhibit "B" attached. One of those wells is a salt water disposal well, one is a horizontal well with a non-standard proration and spacing unit and three other wells are located at unorthodox well locations.

(4) Meridian Oil Inc. controls 100% of the gas operating rights in the Pool with 100% of the royalty being owned by the Ute Mountain Tribe.

(5) On November 21, 1950, the Commission issued Order R-46 which established 640-acre spacing units and required wells to be located "not closer than 330 feet to center and 1650 feet from boundary of each section" in the Pool.

(6) The current vertical limits for Barker Creek Paradox (Pennsylvanian) Gas Pool is from the top of the Ismay formation at 8502 feet to the base of the Lower Alkali Gulch formation at 9444 feet, a total vertical distance of 942 feet.

(7) There are five separate and distinct formations each of which constitutes a separate hydrocarbon productive reservoir within the current vertical limits of the Barker Creek Paradox (Pennsylvanian) Gas Pool.

(8) The Pennsylvanian formation of Barker Creek Paradox Gas Pool is characterized by occasionally porous limestone and dolomite, anhydrides and black shales.

(9) The inclusion of these five separate reservoirs into one pool has frustrated the complete and orderly development of these reservoirs and has not resulted in the efficient recovery of hydrocarbons or exploration of the pool.

(10) That each of these five reservoirs is geologically separated from and is not in pressure communication with any other. (See type log of the Ute #6 Well, Exhibit "C" attached).

(11) Further development of these reservoirs will be promoted by dividing the existing pool into five new gas pools as follows:

the Ismay Formation,
the Desert Creek Formation,
the Upper Barker Creek Formation,
the Lower Barker Creek Formation, and
the Alkali Gulch Formation.

(12) In order to provide a common means for the orderly development of all five new gas pools, each said pool initially should be subject to similar special rules and regulations including 640-acre spacing with standard well locations not closer than 790 feet to the outer boundary

of a section. However, any well currently within the pool(s) as identified on Exhibit "B" which is closer than 790 feet to an outer boundary should be granted an exception to this rule.

(13) In addition, the initial boundary for each new gas pool should be contiguous with the current boundary of the Barker Creek Paradox (Pennsylvanian) Gas Pool.

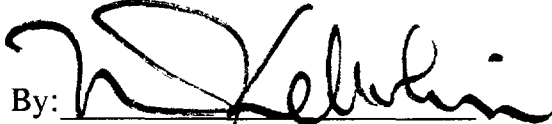
(14) As required, notice is provided to those offsetting interest owners as listed on Exhibit "D."

(15) The granting of this Application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this matter be set for hearing on September 15, 1994 before a duly appointed Examiner of the Oil Conservation Division and, after notice and hearing as required by law, the Division enter its Order granting this application.

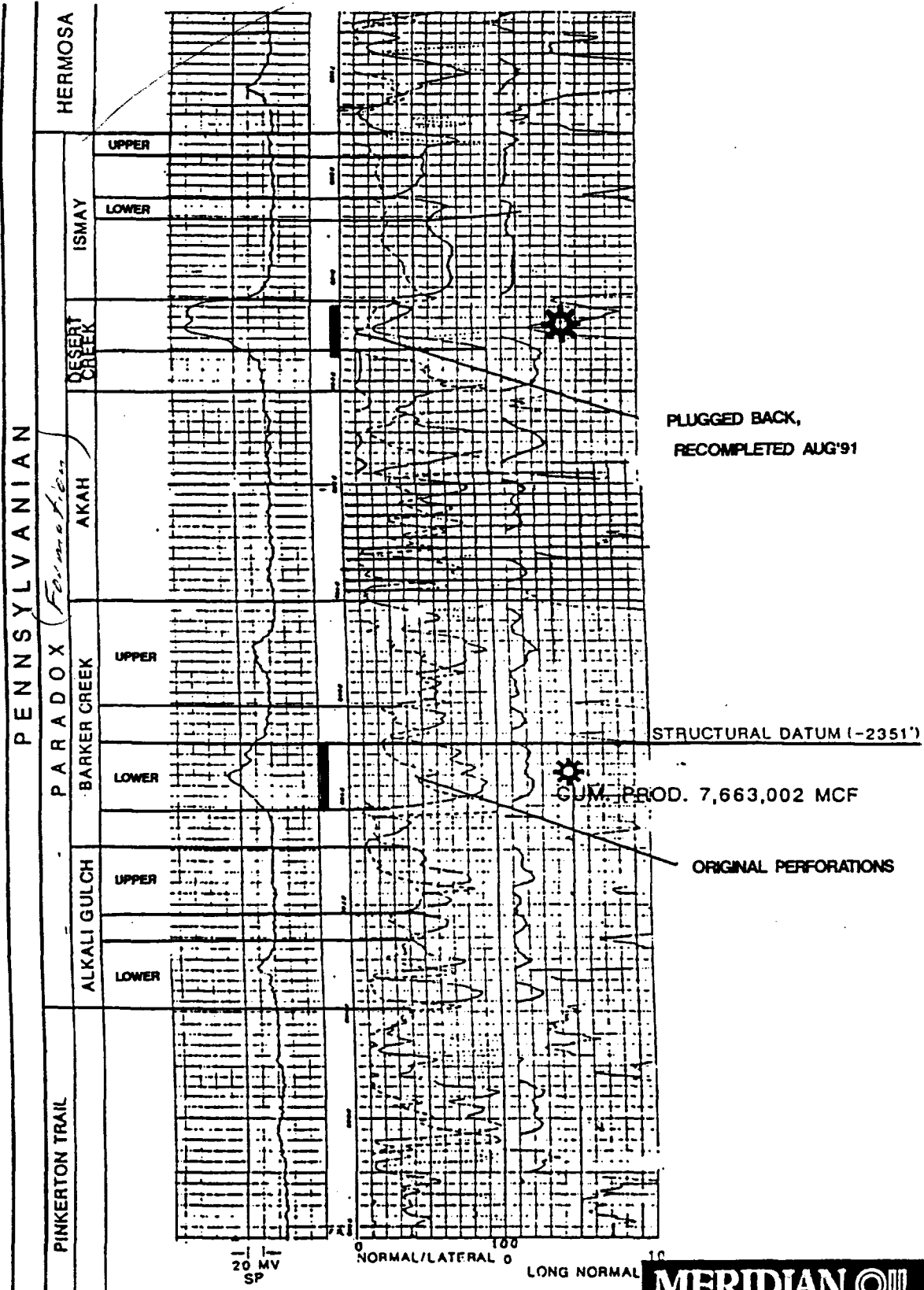
Respectfully submitted,

KELLAHIN and KELLAHIN

By: 

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

UTE #6
SW 17-32N-14W
SAN JUAN CO., NEW MEXICO



PLUGGED BACK,
RECOMPLETED AUG'91

MERIDIAN OIL
TYPE LOG
BARKER CREEK DOME
SAN JUAN CO., NEW MEXICO

COMPLETED: 12/51, perforations 8546'-8612' (2nd sour)

Exhibit C

CURRENT BARKER CREEK PARADOX GAS WELLS

MOI DP#	WELL NAME	CURRENT PRODUCTION ZONE	LOCATION	CURRENT DEDICATION	PROPOSED DEDICATION	STATUS	COMMENTS
3947	Ute #1	SWD Well	SW/4 SW/4 Section 11, T32N, R14W	N/A	N/A	Injecting	
3948	Ute #4	Ismay	540' FSL & 1980' FWL		All Section 10 T32N, R14W		
3949	Ute #6	Desert Creek	1100' FSL & 1000' FWL		All Section 17, T2N, R14W	Flowing	
3950B	Ute #8	Ismay	Surface 1750' FSL & 940' FWL Section 15, T32N, R14W BH.	All Section 15 & 16	All Section 15 & 16, T32N, R14W	Flowing	Horizontal Recompletion NMOCD Order R-9889
3943	Ute #11	Inactive Non-Producing	2310' FNL & 2310' FWL		All Section 21, T32N, R14W	T/A	
3944	Ute #12	Lower Barker Creek	2708' FSL & 1608' FWL		All Section 16, T32N, R14W	Flowing	
3945	Ute #13	Inactive T&A	660' FNL & 1980' FEL		All Section 29, T30N, R14W	T/A	
3942	Ute #14	Lower Barker Creek	275' FNL & 1364' FEL		All Section 21, T32N, R14W	Flowing	
38949A	Ute #24	Desert Creek (W.O.C.)	1595' FNL & 1258' FWL	All Section 20	All Section 20, T32N, R14W	W.O.C.	

Exhibit B

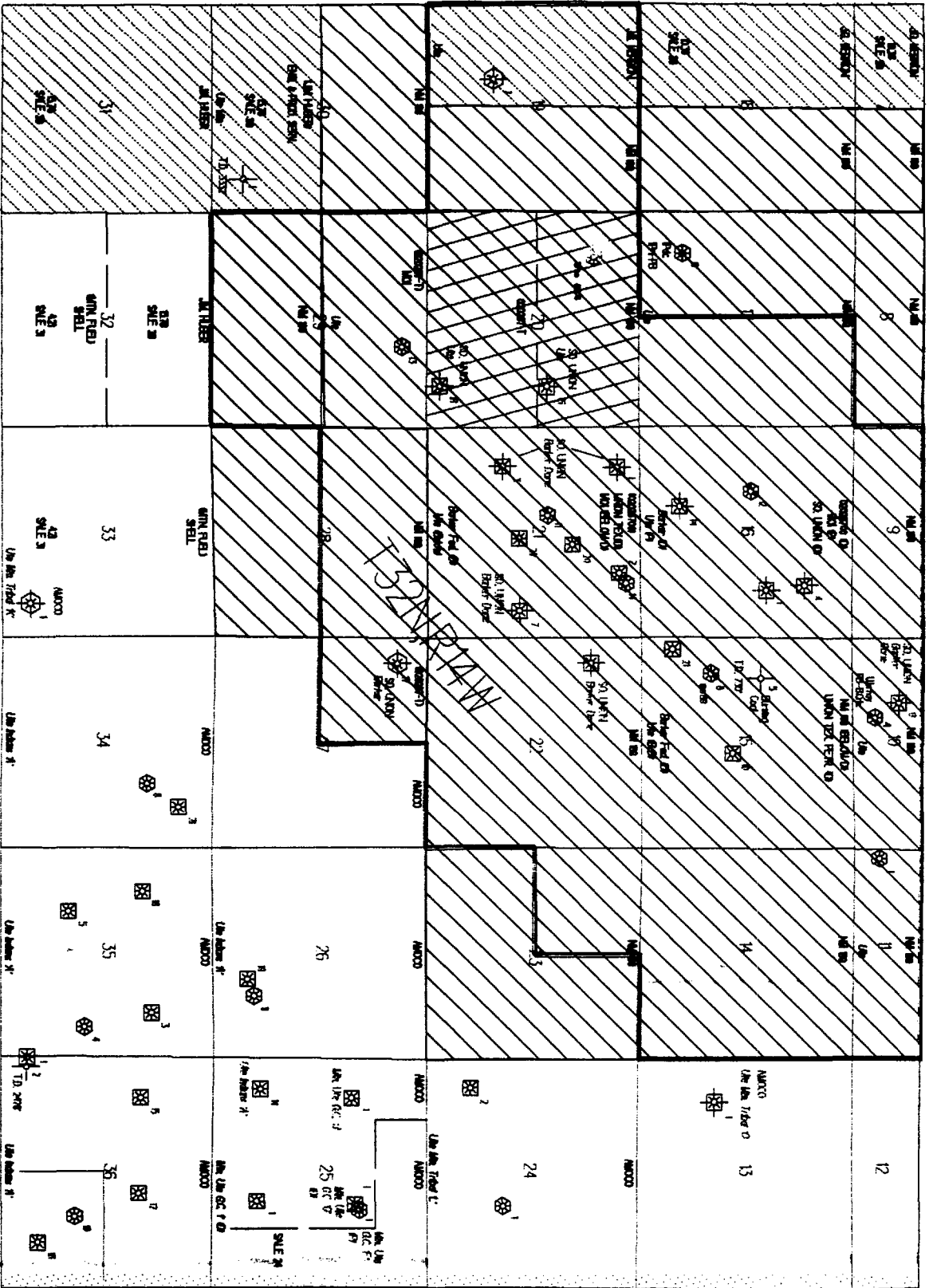


Exhibit A

Exhibit "D"

Interest Owners in Pool(s)

Meridian Oil Inc.
.....

Ute Mountain Ute Indian Tribe
PO Box 42
Towaoc, CO 81334

Bureau of Indian Affairs
Ute Mountain Agency
Towaoc, CO 81334

Bureau of Land Management
Federal Building
701 Camino Del Rio
Durango, CO 81301

Operators Offset Pools

Amoco Production Company
PO Box 800
Denver, CO 80201

Ute Mountain Indian Tribe
PO Box 42
Towaoc, CO 81334