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JASON KELLAHIN (RETIRED 1991)

October 18, 1994

HAND DELIVERED

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

Re: **FIRST AMENDED APPLICATION**
NMOCD Case 11089
Application of MERIDIAN OIL INC.
to amend the Barker Creek Paradox Gas
Pool and to Create Three New Gas Pools, including
the Adoption of Special Rules therefor,
San Juan County, New Mexico

Dear Mr. Stogner:

The referenced case was originally set for hearing on September 15, 1994 and by decision of the NMOCD Director was continued to November 10, 1994.

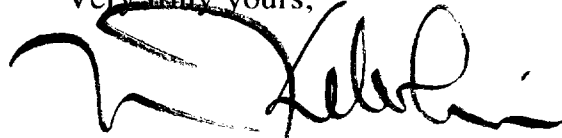
On behalf of Meridian Oil Inc., please find enclosed our First Amended Application as referenced above. We would appreciate the case being readvertised and set for hearing on the Examiner's docket now scheduled for November 10, 1994. Also enclosed is our suggested advertisement for this case.

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
October 18, 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, November 4, 1994, with a copy delivered to the undersigned.

Very truly yours,



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: (Readvertised and continued from the September 15, 1994 docket) Application of Meridian Oil Inc. to amend the Barker Creek Paradox (Pennsylvanian) Gas Pool, and to create three new gas pools with special rules and regulations therefor, San Juan County, New Mexico. Applicant, in the above styled cause, seeks to amend and redefine the Barker Creek Paradox (Pennsylvanian) Gas Pool by vertically contract the limits of said pool and to additionally create three new gas pools by dividing the balance of the Pennsylvanian formation thereby resulting in the Ismay Pool on 160 acre spacing, the Desert Creek Pool on 320 acre spacing, the Upper Barker Creek-Akah Pool on 320 acre spacing, and the Barker Creek Paradox Pool on 640 acre spacing, with each said pool being subject to special rules and regulations including well locations for any new wells not closer than 100 feet to the outer boundary of a spacing unit 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: 11089

APPLICATION OF MERIDIAN OIL INC.
TO AMEND THE BARKER CREEK PARADOX GAS POOL,
TO CREATE THREE 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 seeks to amend and redefine the Barker Creek Paradox (Pennsylvanian) Gas Pool by vertically contract the limits of said pool and to additionally create three new gas pools by dividing the balance of the Pennsylvanian formation thereby resulting in the Ismay Pool on 160 acre spacing, the Desert Creek Pool on 320 acre spacing, the Upper Barker Creek-Akah Pool on 320 acre spacing, and the Barker Creek-Paradox Pool on 640 acre spacing, with each said pool being subject to special rules and regulations including well locations for any new wells not closer than 100 feet to the outer boundary of a spacing unit 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 established 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 Ute 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 four separate and distinct intervals each of which constitutes a separate 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 four 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 four 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 vertically contracting and redefining the Barker Creek Paradox (Pennsylvanian) Pool and further dividing the balance of the upper portion of the former pool into three new gas pools as follows:

the Ismay Pool,
the Desert Creek Pool, and
the Upper Barker Creek/Akah Pool,

(12) In order to provide a common means for the orderly development of all four gas pools, each said pool initially should be subject to similar special rules and regulations including standard well locations not closer than 100 feet to the outer boundary of a spacing unit. However, any well currently within the pool(s) as identified on Exhibit "B" which is closer than 100 feet to an outer boundary should be granted an exception to this rule.

(13) In addition, Meridian seeks the adoption of gas spacing and proration units for each of the four pool as follows:

- (a) 160-acre spacing for the Ismay Pool,
- (b) 320-acre spacing for the Desert Creek Pool,
- (c) 320-acre spacing for the Upper Barker Creek/Akah Pool,
- (d) 640-acre spacing for the Barker Creek Paradox Pool

(14) The initial boundary for each new gas pool should be contiguous with the current boundary of the Barker Creek Paradox (Pennsylvanian) Gas Pool.

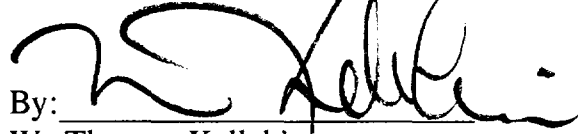
(15) As required, notice is provided to those interest owners as listed on Exhibit "D."

(16) 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 November 10, 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, as amended.

Respectfully submitted,

KELLAHIN and KELLAHIN

By: 

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

-  Barker Creek, Paradox Gas Pool
-  Ute Mt. Ute Tribe Unleased
-  Meridian Oil Inc.

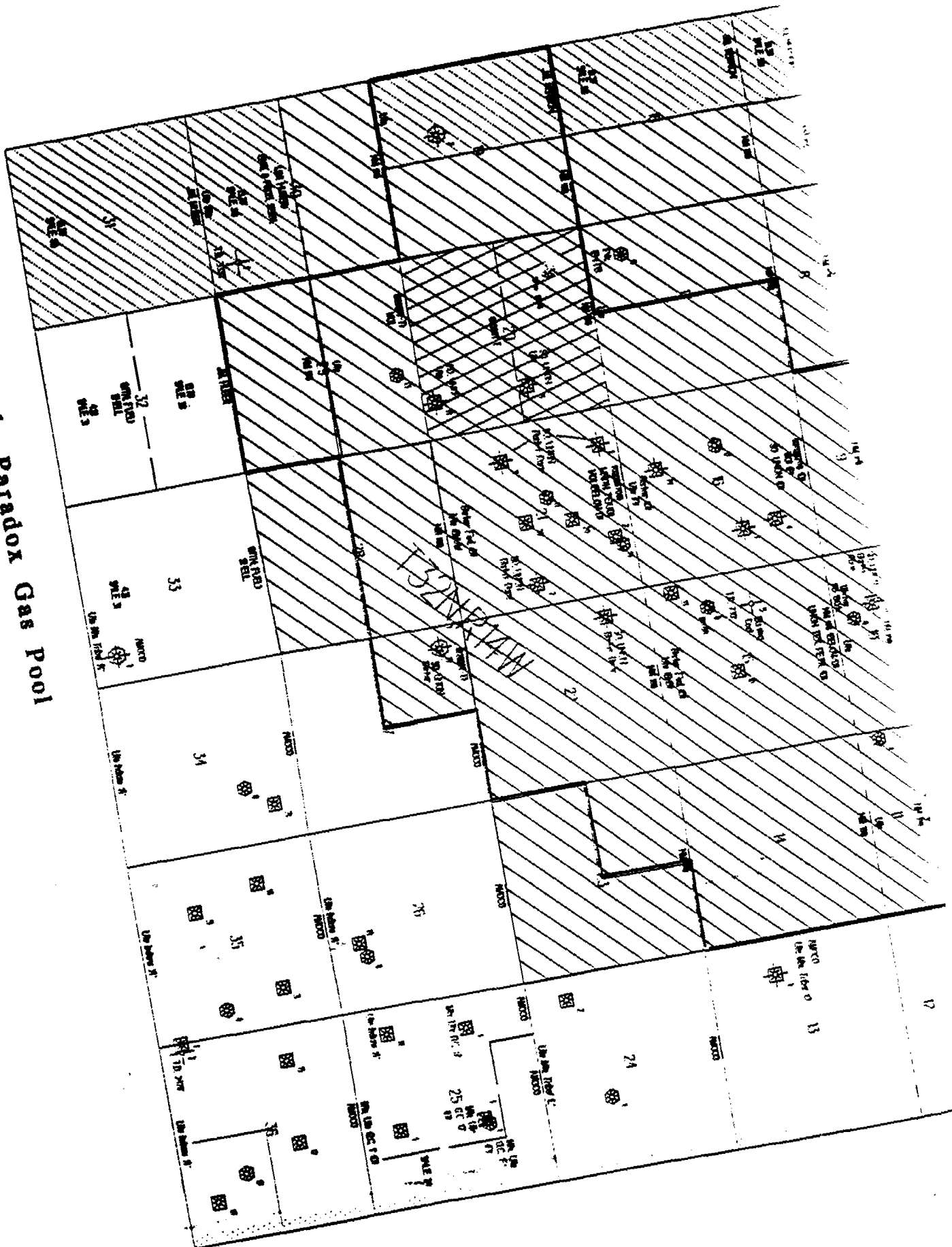


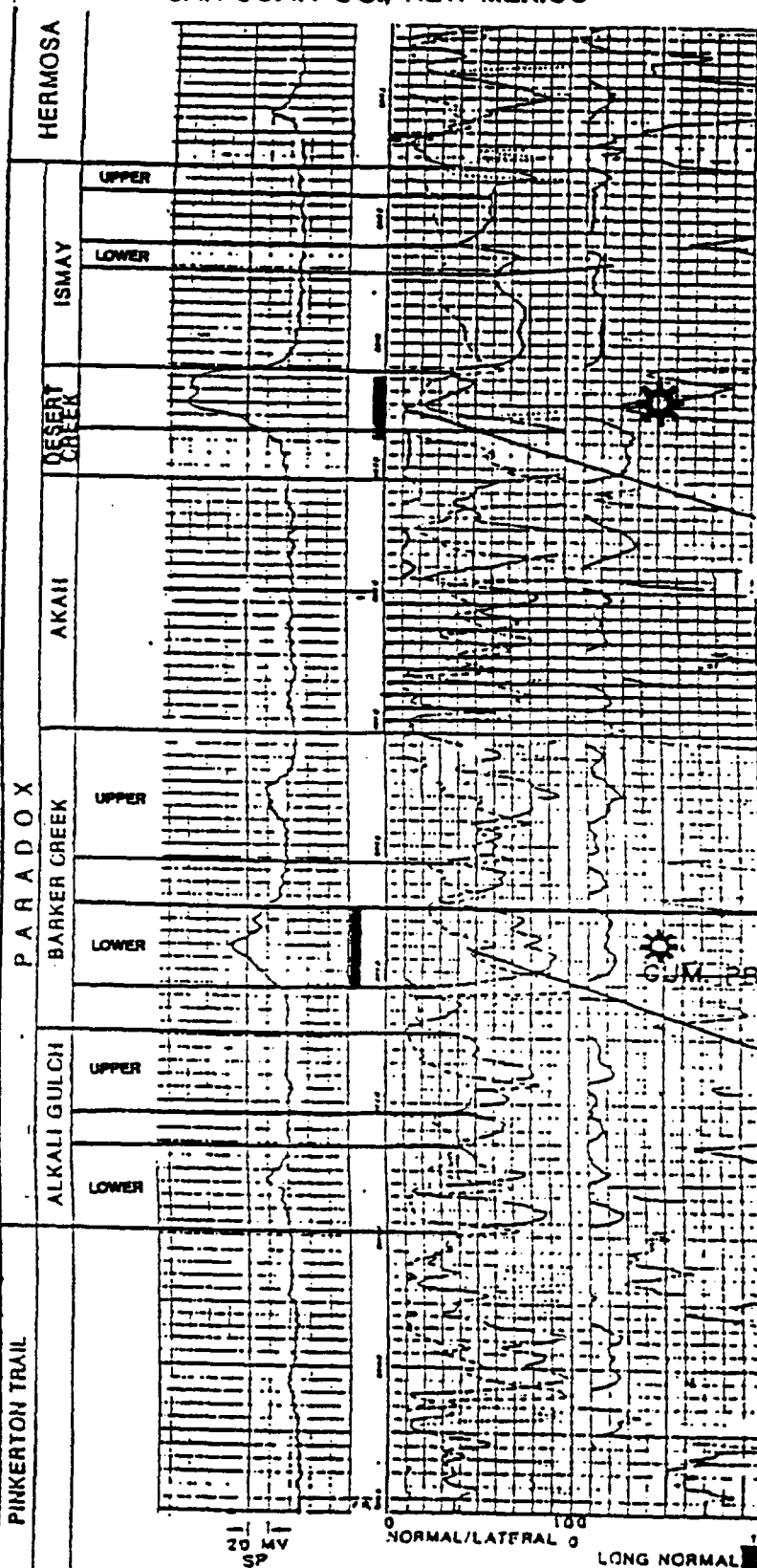
Exhibit A

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 18, 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. | |

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

PENNSYLVANIAN



PLUGGED BACK,
 RECOMPLETED AUG'91

STRUCTURAL DATUM (-2351')

GUM PROD. 7,663,002 MCF

ORIGINAL PERFORATIONS

-1 1-
 20 MV
 SP
 0 100
 NORMAL/LATERAL
 LONG NORMAL

COMPLETED: 12/51, perforations 8548'-8612' (2nd sand)

Exhibit C

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

Exhibit "D"

Interest Owners in Pool(s)

Meridian Oil Inc.
P.O. Box 1000, ,

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