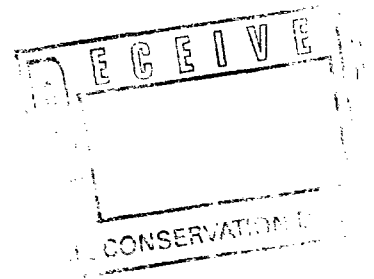


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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



CASE NO. 11047

APPLICATION OF MERIDIAN OIL INC.
FOR UNORTHODOX COAL GAS WELL LOCATION,
SAN JUAN COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by MERIDIAN OIL INC.
as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

MERIDIAN OIL INC.
P. O. Box 4289
Farmington, N.M. 87499
Attn: Alan Alexander
(505) 326-9757

ATTORNEY

W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

STATEMENT OF CASE

APPLICANT:

Meridian Oil Inc. is the operator of the coal-gas wells in Sections 21, 22, 27 and 28 of T27N, R10W, N.M.P.M, San Juan County, New Mexico, which is to be the "Johnson-Fruitland Coal Gas Reservoir Study Project ("Project") to be conducted within an area referred to as the "Project Area." The Project Area will include the eight (8) currently productive coal gas wells and also contains the Pictured Cliffs wells.

Division Order R-8768-A issued July 16, 1991 found among other things that "traditional engineering methods such as decline curve analysis, volumetric calculations and material balance which are usually utilized to determine drainage areas are inapplicable to the Basin-Fruitland Coal Gas Pool due to the unique producing characteristics of the coal seams."

The Project is to be a reservoir study of a portion of the Basin-Fruitland Coal Gas Pool to obtain reservoir characterization data, to define Fruitland Coal-Gas Pool production characteristics, and to allow Meridian Oil Inc. an opportunity to refine it's Fruitland Coal-Gas reservoir simulation model.

The unorthodox coal-gas well location for the Johnson POW #1 Well is needed in order to place the Johnson POW #1 Well at the approximate center of a group of 8 coal-gas wells all within the Project Area.

An interference test will be conducted in the basal and upper coal zones within the Project Area by shutting-in the 8 coal gas wells and all of the Pictured Cliffs wells and producing the Johnson POW #1 Well with the nearest four coal-gas wells used as pressure observation wells. Upon completion of the Pilot Project, the Johnson POW #1 Well will be used as a pressure observation well and the other wells returned to production.

PROPOSED EVIDENCE

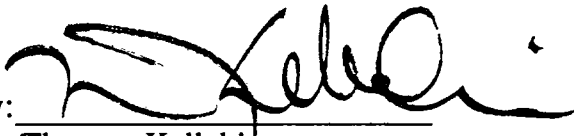
APPLICANT

WITNESSES	EST. TIME	EST EXHIBITS
Dean Price (landman)	15 Min.	3
Jay Close (geologist)	20 Min	4
Keith Swainson (petroleum engineer)	30 min.	8

PROCEDURAL MATTERS

None anticipated at this time

KELLAHIN AND KELLAHIN

By: 
W. Thomas Kellahin
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