

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

RECEIVED

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

JUL 1 1987  
OIL CONSERVATION DIVISION

CASE NO. 10488

APPLICATION OF MERIDIAN OIL INC. FOR  
A HIGH ANGLE/HORIZONTAL DIRECTIONAL  
DRILLING PILOT PROJECT, SPECIAL OPERATING  
RULES THEREFOR AND OTHER RELIEF,  
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, NM 87499  
ATTN: Alan Alexander

ATTORNEY

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

OPPOSITION OR OTHER PARTY

ATTORNEY

N/A

**STATEMENT OF CASE**

APPLICANT

Applicant seeks to initiate a high angle/horizontal directional drilling pilot project in the Gallup Formation comprising the SW/4 of Section 24, Township 32 North, Range 13 West, NMPM, San Juan County, New Mexico. Applicant further seeks the formation of a 160-acre non-standard oil spacing and proration unit, special operating rules therefor, a special project allowable, and special GOR assignment.

Meridian Oil Inc. proposes to utilize its existing USA Well No. 2, located 930 feet from the South line and 1050 feet from the West line (Unit M) of said Section 24, by sidetracking and drilling a lateral borehole within said project area. Applicant further seeks special rules and provisions within the pilot project area, including the designation of a prescribed area limiting the horizontal displacement of the wellbore such that its producing interval be no closer than 330 feet from the subject area. Also to be considered will be special allowable provisions for a spacing unit larger than the statewide accepted 40-acre oil proration unit.

OPPOSITION OR OTHER PARTY

N/A

**PROPOSED EVIDENCE**

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Scott Daves Reservoir Engineer	15 Min.	3 Exhibits
Jim Hornbeck Geologist	15 Min.	3 Exhibits
Alan Alexander Landman	10 Min.	1 Exhibit
Paul Allan Drilling Engineer	10 Min.	2 Exhibits

OPPOSITION

WITNESSES	EST. TIME	EXHIBITS
SEE OPPOSITION FILING, IF ANY		

**PROCEDURAL MATTERS**

None applicable at this time.

KELLAHIN, KELLAHIN & AUBREY

By: 

Karen Aubrey for  
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ATTORNEYS FOR APPLICANT