

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:

FEB 14 1991

APPLICATION OF MERIDIAN OIL INC. FOR      CASE NO. 10918  
DOWNHOLE COMMINGLING,  
SAN JUAN COUNTY, NEW MEXICO

APPLICATION OF MERIDIAN OIL INC.      CASE NO. 10919  
FOR AN UNORTHODOX GAS WELL LOCATION  
AND FOR DOWNHOLE COMMINGLING,  
SAN JUAN COUNTY, NEW MEXICO.

APPLICATION OF MERIDIAN OIL INC.      CASE NO. 10920  
FOR DOWNHOLE COMMINGLING AND  
UNORTHODOX GAS WELL LOCATIONS,  
SAN JUAN COUNTY, NEW MEXICO

APPLICATION OF MERIDIAN OIL INC      CASE NO. 10921  
FOR DOWNHOLE COMMINGLING,  
SAN JUAN COUNTY, NEW MEXICO

CONSOLIDATED  
PRE-HEARING STATEMENT

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

Pre-Hearing Statement  
Case No. 10919  
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#### 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:

In these consolidated cases, Meridian Oil Inc. seeks approval to downhole commingle Pictured Cliffs Gas in various Pools with Basin-Fruitland Coal Gas Pool production within the wellbore of six existing Pictured Cliffs formation wells and within two new wells to be drilled.

In addition, certain wells will also be unorthodox in either the Basin-Fruitland Coal Gas Pool and/or the Pictured Cliffs Pool due to topography, BLM limitations, and utilization of existing wells to reduce costs.

Attached as Exhibit "A" is a summary of the requested relief for each well.

As previously approved by the Division in other cases, Meridian will propose a monthly allocation formula based on initial production tests and know/assumed parameters from the Pictured Cliffs zones whereby its initial rate, estimated ultimate recovery and decline rates can be determined with any production rate over what is calculated for the Pictured Cliffs being attributed to the Fruitland coal gas interval.

As previously approved by the Division in other cases, Meridian will present a graph to be utilized as an accurate and reliable means by which to establish an Economic Limit for the downhole commingling of production from either of these two pools.

As set forth in four separate applications, Meridian will establish, among other things, that:

(1) Ownership is NOT identical within each spacing unit;

(2) That in each instance on an existing well, either the Pictured Cliffs' production and/or the Basin Fruitland Coal Gas production is of such low productivity that it cannot be economically continued unless it is done so by downhole commingling that production with Basin Fruitland Coal Gas production in this well;

(3) That in each instance for a new well to be drilled, the Pictured Cliffs' production is expected to be of such low productivity that it cannot be economically produced unless it is done so by downhole commingling that production with Basin Fruitland Coal Gas production in the well;

(4) There will be no crossflow and no reservoir damage will occur;

(5) The value of the commingled production will not be less than the sum of the values of the individual production;

(6) Approval will allow the economic recovery of gas which might otherwise be left in the reservoirs thereby preventing waste.

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**PROPOSED EVIDENCE**

**APPLICANT**

WITNESSES	EST. TIME	EXHIBITS
Jay Close (geologist)	20 min.	est. 8
Alan Alexander (landman)	20 min.	est. 16
Scott Daves (petroleum engineer)	30 min.	est. 16

**PROCEDURAL MATTERS**

NONE.

KELLAHIN AND KELLAHIN

By: 

W. Thomas Kellahin  
P.O. Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285

**NMCCD CASES 10918 - 10921  
FEBRUARY 17, 1994**

CASE #	WELL NAME	SPACING		FIELD #1	EXISTING		FIELD #2	EXISTING		LOCATION	RECOMP/		MARGINAL	LOC	LOC
		PG/ETC	FORM		FORM	FORM		FORM	FORM		NEW DRILL	FORM		PC	FTC
10919	LODEWICK #1	NW/4 - W/2	YES	FULCHER KUTZ P.C.	FTC	NO	027N09W18D	RECOMP	PC	-	OPL				
10918	NEUDECKER #2	NE/4 - E/2	YES	A/TEC P.C.	FTC	YES	029N010W15G	RECOMP	FTC	-					
10918	ZACHERY #11	* - S/2	YES	A/TEC P.C.	FTC	NO	028N010W10M	RECOMP	FTC	NSL-APP					
10918	PIERCE FEDERAL A #1	NE/4 - N/2	YES	A/TEC P.C.	FTC	NO	029N010W14A	RECOMP	FTC	-					
10921	HUBERANO UNIT #74	SW/4 - W/2	YES	FULCHER KUTZ P.C.	FTC	NO	027N010W19M	RECOMP	PC	NSL-APP					
10921	HUBERANO UNIT #18	SW/4 - S/2	YES	KUTZ P.C. WEST	FTC	NO	027N010W32M	RECOMP	PC	-					
10920	C M MORRIS #100	NE/4 - S/2	NO	FULCHER KUTZ P.C.	FTC	NO	027N010W10G	NEWDRILL	PC	NSL					
10920	HUBERANO UNIT COM #509	NW/4 - N/2	NO	FULCHER KUTZ P.C.	FTC	NO	027N010W10D	NEWDRILL	PC	NSL					

\* Note: Lot 1, SE/SE Sec. 9, Lots 3, 4, S/2 SW/4 Sec. 10

\*\* FTC = Basin Fractured Coal

NSL = Non-Standard Location

OPL = Off Pattern Location

NSP-APP = Non-Standard Spacing Unit previously approved

NSL-APP = Non-Standard Location previously approved