

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. 10699

APPLICATION OF MERIDIAN OIL INC.  
FOR DOWNHOLE COMMINGLING AND A  
NON-STANDARD SPACING UNIT,  
SAN JUAN COUNTY, NEW MEXICO.

**PRE-HEARING STATEMENT**

This pre-hearing statement is submitted by 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

**OPPOSITION OR OTHER PARTY**

**ATTORNEY**

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### STATEMENT OF CASE

#### APPLICANT:

Meridian Oil Inc. seeks approval to downhole commingle Blanco-Pictured Cliffs Gas Pool and Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed San Juan 29-7 Unit #583 Well to be drilled at a standard gas well location in Unit L of Section 6, T29N, R7W, San Juan County New Mexico. As set forth in its application, Meridian will establish, among other things, that:

(1) Ownership is common to both spacing units and thus correlative rights will not be impaired;

(2) The Fruitland Coal Gas and the Pictured Cliffs gas at this location cannot economically be produced in any other means than downhole commingling; and

(3) No reservoir damage will occur.

The proposed Basin-Fruitland Coal Gas Pool spacing unit is the W/2 equivalent of Section 6 being 215.22 acres. The proposed Blanco-Pictured Cliffs Pool spacing unit is the SW/4 equivalent of Section 6 being 110.66 acres. Both are non-standard in size for their respective pools and require approval as non-standard spacing units. Section 6 is "undersized" and therefore makes the non-standard unit necessary in order to confine the spacing units to acreage

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**PROPOSED EVIDENCE**

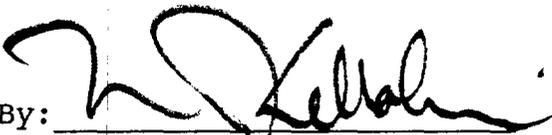
APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Chip Head (geologist)	15 min.	2
Alan Alexander (landman)	10 min.	4
David Jensen (petroleum engineer)	15 min.	2

**PROCEDURAL MATTERS**

None applicable at this time.

KELLAHIN AND KELLAHIN

By: 

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Attorney for Applicant