

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.

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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

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

CASE #	WELL NAME	SPACING		EXISTING		EXISTING		RECOMP/		MARGINAL		LOC	LOC
		PC/FTC	FIELD #1	FORM	FIELD #2	FORM	LOCATION	NEW DRILL	FORM	FORM	PC		
10919	LODEWICK #1	NW/4 - W/2	FULCHER KUTZ P.C.	YES	FTC	NO	027N010W18D	RECOMP	PC	-	-	-	OPL
10918	NEUDECKER #2	NE/4 - E/2	AZTEC P.C.	YES	FTC	YES	029N010W13G	RECOMP	FTC	-	-	-	-
10918	ZACHRY #11	* - S/2	AZTEC P.C.	YES	FTC	NO	028N010W10M	RECOMP	FTC	NSP-APP	-	-	-
10918	PERCE FEDERAL A #1	NE/4 - N/2	AZTEC P.C.	YES	FTC	NO	029N010W34A	RECOMP	FTC	-	-	-	-
10921	HUBERFANO UNIT #74	SW/4 - W/2	FULCHER KUTZ P.C.	YES	FTC	NO	027N010W19M	RECOMP	PC	NSL-APP	-	-	-
10921	HUBERFANO UNIT #18	SW/4 - S/2	KUTZ P.C. WEST	YES	FTC	NO	027N010W32M	RECOMP	PC	-	-	-	-
10920	C. M. MORRIS #100	NE/4 - S/2	FULCHER KUTZ P.C.	NO	FTC	NO	027N010W10G	NEW DRILL	PC	NSL	-	-	-
10920	HUBERFANO UNIT COM #509	NW/4 - N/2	FULCHER KUTZ P.C.	NO	FTC	NO	027N010W10D	NEW DRILL	PC	NSL	NSL-APP	-	-

* Note: Lots 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