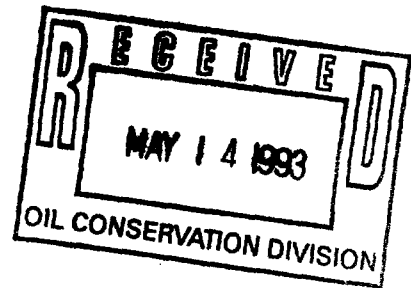


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 10729

APPLICATION OF MERIDIAN OIL INC.
FOR A HIGH ANGLE/HORIZONTAL DIRECTIONAL
DRILLING PILOT PROJECT, SPECIAL OPERATING
RULES, A SPECIAL PROJECT GAS ALLOWABLE
AND A NON-STANDARD GAS PRORATION 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

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1961

STATEMENT OF CASE

APPLICANT:

Meridian Oil Inc. seeks approval for a high angle/horizontal directional drilling pilot project for its Canyon Largo Unit #388 Well in the Blanco-Mesaverde Gas Pool, Rio Arriba County, New Mexico.

The proposed project includes all of Section 3, T25N, R6W, Rio Arriba County, New Mexico.

The spacing for the pool is 320 acres and Meridian proposes to put together two 320-acre spacing and proration units to be dedicated to the well which will have a producing lateral extending across both spacing units.

All of the project area is under identical ownership.

Applicant requests a non-standard gas spacing unit consisting of 640 acres.

Applicant proposes to drill its Canyon Largo Unit #388 Well which is at standard gas well location 1625 feet FWL and 2040 feet FSL (Unit K) Section 3 and to drill in an east-northeast direction so that the producing lateral will extend across section 3 but with the final end point of the producing lateral to be not closer than 790 feet to the outer boundary of the project area.

This is a low permeability reservoir and Meridian is seeking to determine if horizontal drilling will result in increased ultimate recovery from this pool thereby preventing waste.

PROPOSED EVIDENCE

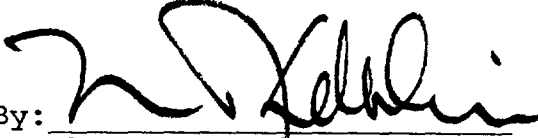
APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Mike Dawson (geologist)	15 min.	2
Alan Alexander (landman)	10 min.	3
Paul Allen (drilling engineer)	15 min.	1

PROCEDURAL MATTERS

None applicable at this time.

KELLAHIN AND KELLAHIN

By: 

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