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. 11089

APPLICATION OF MERIDIAN OIL INC.
TO CONTRACT THE VERTICAL LIMITS OF THE BARKER
CREEK-PARADOX (PENNSYLVIAN) GAS POOL, THE
AMENDMENT OF ORDER NO. R 46, AND THE CONCOMITANT
CREATION OF THREE NEW GAS POOLS EACH WITH SPECIAL
RULES AND REGULATIONS
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, N.M. 87499
Attn: Alan Alexander
(505) 326-9757

ATTORNEY

W. Thomas Kellahin
KELLAHIN AND KELLAHIN
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Santa Fe, NM 87504
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STATEMENT OF CASE

APPLICANT:

The Barker Creek Paradox Gas Pool ("Pool") was establish by Order R-13 issued March 15, 1950 and extended by Order R-6421 dated August 1, 1980.

There are currently some 11 wells in the pool. One of those wells is a salt water disposal well, one is a horizontal well with a non-standard proration and spacing unit, five other wells are located at unorthodox well locations and two "dry hole" wells.

Meridian Oil Inc. controls 100% of the gas operating rights in the Pool with 100% of the royalty being owned by the Ute Mountain Ute Tribe.

On November 21, 1950, the Commission issued Order R-46 which established 640-acre spacing units and required wells to be located "not closer than 330 feet to center and 1650 feet from boundary of each section" in the Pool.

The current vertical limits for Barker Creek Paradox (Pennsylvanian) Gas Pool is from the top of the Ismay formation at 8502 feet to the base of the Lower Alkali Gulch formation at 9430 feet, a total vertical distance of 928 feet, as identified in the log of Meridian's Ute Well No. 16 located in Unit I of Section 22, T32N, R13-1/2W, La Plata County, Colorado.

There are four separate and distinct intervals each of which constitutes one or more separate productive reservoirs within the current vertical limits of the Barker Creek Paradox (Pennsylvanian) Gas Pool.

The Pennsylvanian formation of Barker Creek Paradox Gas Pool is characterized by laterally continuous with occasionally porous and impermeable limestone and dolomite, anhydrites and black shales.

The inclusion of these four separate intervals into one pool has frustrated the complete and orderly development of these reservoirs within these intervals and has not resulted in the efficient recovery of hydrocarbons or exploration of the pool.

Reservoirs within each of these four intervals is geologically separated from and is not in pressure communication with any other. (See type log of the Ute #16 Well).

Further development of these reservoirs will be promoted by vertically contracting and redefining the Barker Creek Paradox (Pennsylvanian) Pool and further dividing the balance of the upper portion of the former pool into three new gas pools as follows.

the Ismay Pool,
the Desert Creek Pool, and
the Upper Barker Creek/Akah Pool,

In order to provide a common means for the orderly development of all four gas pools, each said pool initially should be subject to similar special rules and regulations as follows:

(a) the Ismay Pool, 160-acre spacing with 330 foot outer boundary setbacks and 20 foot inner boundary setbacks;

(b) the Desert Creek Pool, 320-acre spacing with 790 foot setbacks and 130 foot inner boundary setbacks;

(c) the Upper Barker Creek/Akah Pool, 320-acre spacing with 790 foot setbacks' and 130 foot inner boundary setbacks; and

(d) the Barker Creek Paradox Pool, 640-acre spacing with 790 foot outer boundary setbacks and 130 foot inner boundary setbacks.

The initial boundary for each new gas pool should be contiguous with the current boundary of the Barker Creek Paradox (Pennsylvanian) Gas Pool and all four pools should be expanded to include all of Sections 7, 8, 18, 30 and W/2 of Section 17 in T32N, R14W, NMPM.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Jim Hornbeck (geologist)	40 Min	8
Dean Price (landman)	15 min.	3
Chip Lane (petroleum engineer)	30 min.	6

PROCEDURAL MATTERS

None anticipated at this time

KELLAHIN AND KELLAHIN

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