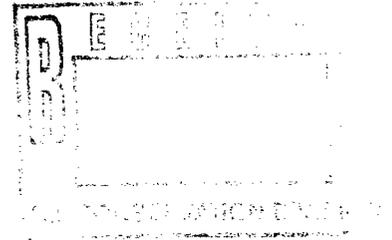


**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

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



CASE NO. 11136

APPLICATION OF MERIDIAN OIL INC.  
FOR DOWNHOLE COMMINGLING,  
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  
P.O. Box 2265  
Santa Fe, NM 87504  
(505) 982-4285

**STATEMENT OF CASE**

**APPLICANT:**

Meridian Oil Inc. seeks approval to downhole commingle conventional gas production from the Aztec-Pictured Cliffs Gas Pool with coal gas production from the Basin-Fruitland Coal Gas Pool within the wellbore of its existing ALBRIGHT "A" WELL NO. 1 which is a Pictured Cliffs well at a standard gas well location for both pools, San Juan County, New Mexico. As set forth in its application, Meridian will establish, among other things, that:

(1) Ownership is not identical within the spacing unit. However correlative rights will not be impaired because any remaining PC production will have to be abandoned unless commingled with the coal-gas and the allocation formula allows all parties to have their equitable and appropriate share of the respective production.

(2) That in this instance, Pictured Cliffs production is so low that Meridian cannot economically continue to produced it unless it is downhole commingled with the coal-gas;

(3) No reservoir damage will occur;

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

**PROPOSED EVIDENCE**

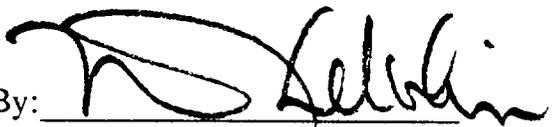
APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Jay Close (geologist)	10 min.	2
Dean Price (landman)	10 min.	4
Leonard Biemer (petroleum engineer)	10 min.	2

**PROCEDURAL MATTERS**

NONE.

KELLAHIN AND KELLAHIN

By: 

W. Thomas Kellahin  
P.O. Box 2265  
Santa Fe, New Mexico