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DATE: 01/ 04/ 1995 TIME: 2:15 PM

PAGES: 6 with cover sheet A HARD COPY WILL FOLLOW.

REF: Pre-hearing Statement for Meridian Oil Inc.
Case No 11179

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**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. 11179

APPLICATION OF MERIDIAN OIL INC.FOR
DESIGNATION OF A PORTION OF THE ENTRADA
FORMATION AS AN "EXEMPTED AQUIFER,
AND TO AMEND ORDER R-10168
RIO ARRIBA 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

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STATEMENT OF THE CASE

APPLICANT:

By Order R-10168 issued August 25, 1994, the Division authorized Meridian Oil Inc. ("Meridian") to drill its Jillson Federal "SWD" Well No. 1 ("Jillson Well") at a location 2305 feet from the North line and 2415 feet from the West line (Unit F) of Section 8, Township 24 North, Range 3 West, NMPM, Rio Arriba County, New Mexico for the purpose of disposing of produced salt water into the Entrada formation through perforations from approximately 8441 feet to 8683 feet.

In accordance with Order R-10168, Meridian drilled its Jillson Well and completed it on November 3, 1994 for injection into the Entrada formation with the actual perforated interval being from 8408 feet to 8659 feet all of which is within the vertical limits of the Entrada formation.

Prior to commencing disposal of produced salt water into the Jillson Well and to insure compliance with Division Rule 701-E(2), Meridian obtained a sample of the fluids in the Entrada formation and obtained an analysis which shows that the water present in the Entrada formation underlying this location contains waters having total dissolved solids concentrations of 7,730 mg/l.

Division Rule 701-E(2) requires:

"Disposal will not be permitted into zones containing waters having total dissolved solids concentrations of 10,000 mg/l or less except after notice and hearing, provided however, that the Division may establish "exempted aquifers" for such zones wherein such injection may be approved administratively.

In accordance with the federal "Safe Drinking Water Act" (40 CFR 146.4) provides:

"Sec. 146.4 Criteria for exempted aquifers:

An aquifer or a portion thereof which meets the criteria for an "underground sources of drinking water" in Sec 146.3 may be determined under 40 CFR 144.8 to be an "exempted aquifer" if it meets the following criteria:

(a) It does not currently serve as a source of drinking water;

and

(b) It cannot now and will not in the future serve as a source of drinking water because:

(1) It is mineral, hydrocarbon or geothermal energy producing, or can be demonstrated by a permit applicant as part of a permit application for a Class II or III operation to contain minerals or hydrocarbons that considering their quantity and location are expected to be commercially producible;

(2) It is situated at a depth or location which makes recovery of water for drinking water purposes economically or technologically impractical;

(3) It is so contaminated that it would be economically or technologically impractical to render that water fit for human consumption; or

(4) It is located over a Class III well mining area subject to subsidence or catastrophic collapse; or

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(c) The total dissolved solids content of the ground water is more than 3,000 and less than 10,000 mg/l and it is not reasonably expected to supply a public water system.

The Oil Conservation Division of New Mexico ("Division") has been authorized by the U. S. Environmental Protection Agency to protect underground sources of drinking water within the State of New Mexico through the implementation and oversight of the Underground Injection Control (UIC) program.

In accordance with both federal and state laws, rules and regulations, the Division is authorized to designate that portion of the Entrada formation underlying said Section 8 as an "exempted aquifer".

Meridian seeks the designation of that portion of the Entrada formation underlying Section 8 as an "exempted aquifer" because it meets the exempted aquifer criteria described in 40 CFR 146.4(a),(b)(2)(3)(4),(c), BECAUSE:

(1) the referenced aquifer is not now used as a drinking water source and cannot in the future serve as a drinking water source because it is situated at a depth and location which makes recovery of water for drinking water purpose economically impractical; and (2) the total dissolved solids (TDS) content of this ground water is more than 3,000 and less than 10,000 mg/l and it is not reasonably expected to supply a public water system.

(2) it is estimated that it would cost in excess of \$4 million dollars to drill, complete and facilitate a water source well to the Entrada Aquifer at this location. In addition, annual operating expenses of \$295,000 are estimated in order to produce approximately 1,200 barrel of water per day.

(3) The estimated area of influence for this well is calculated to be 1422 acres having a circular pattern with a radius of 4440 feet with the Jillson well at the center of that pattern.



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A copy of this application is being sent to all owners of production and all surface owners within 2 miles of the Jillson Well.

PROPOSED EVIDENCE

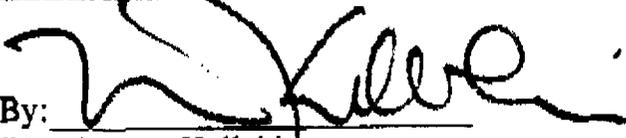
APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Van Goebel (landman)	15 min.	4
Bill Hobbs (geologist)	20 Min.	3
Brian Ault (petroleum engineer)	30 min.	5

PROCEDURAL MATTERS

None anticipated at this time

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By: 

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