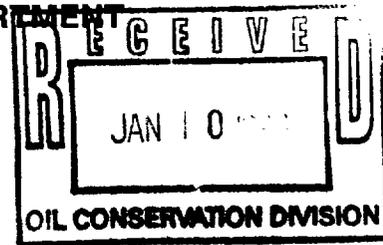


**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**



**APPLICATION OF MERIDIAN OIL INC.
FOR COMPULSORY POOLING AND AN
UNORTHODOX GAS WELL LOCATION, SAN
JUAN COUNTY, NEW MEXICO - PURPOSED
SEYMOUR WELL NO. 7A**

CASE NO. 11434

AMENDED PRE-HEARING STATEMENT

This Amended Pre-Hearing Statement is submitted by Doyle Hartman and Margaret Hartman, d/b/a Doyle Hartman, Oil Operator ("Hartman"), as required by the Oil Conservation Division and in Response to Meridian Oil, Inc.'s Pre-Hearing Statement served on Hartman January 8, 1996.

APPEARANCES OF PARTIES

APPLICANT

Meridian Oil Inc.
Post Office Box 4289
Farmington, NM 87499-4289

ATTORNEYS

Tom Kellahin
Kellahin and Kellahin
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Santa Fe, NM 87504-2265

OPPOSITION OR OTHER PARTY

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To Hartman's knowledge, no other party has entered an appearance or filed opposition in this matter.

PROPOSED EVIDENCE

The applicant, Meridian Oil Inc., served its Pre-Hearing Statement on January 5, 1996.

OPPOSITION OR OTHER PARTY

Hartman, an interested party, intends to present the following exhibits in opposition to Meridian's application:

1. March 30, 1953 Communitization Agreement covering the E/2 Section 23, T31N, R9W, NMPM 320 acre proration unit.
2. April 10, 1953 Operating Agreement.

These agreements are attached as Exhibits A and B to Hartman's Intervention and Motion to Dismiss which was filed in this matter on November 28, 1995, and are incorporated herein by reference. Other exhibits may be offered depending upon the proof offered by Meridian in support of its Application.

Hartman intends to call Dana Delventhal of Redwolf Production, Inc. Ms. Delventhal is a petroleum engineer. Hartman anticipates her testimony will take 15 minutes.

STATEMENT OF THE CASE

Hartman opposes the application of Meridian Oil Inc. for compulsory pooling and approval of an unorthodox gas well location for the proposed Seymour Well No. 7A. The 320 acre proration unit is dedicated to the Seymour No. 7 well. By the 1953

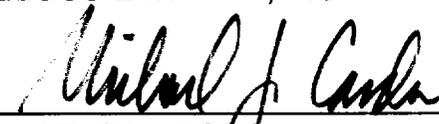
Communitization Agreement and Operating Agreement, the interest owners authorized the drilling of one well and one well only on the subject 320 acre proration unit. That well was drilled and is known as the Seymour No. 7. Neither the Communitization Agreement nor the Operating Agreement provide for "additional operations," "additional wells" or any similar terms or conditions by which Meridian can propose the Seymour 7A well. NMSA 1978 § 70-2-17(C) does not authorize compulsory pooling where the owners have already agreed to pool their interests. The Communitization Agreement and Operating Agreement control the means by which the property can be developed. Alternatively, if NMOCD authorizes the drilling of the proposed well, the drilling should be conducted pursuant to the terms and conditions of the existing Operating Agreement and without any penalty provisions for non-consent.

PROCEDURAL MATTERS

The Division must decide the issue of the legal insufficiency of Meridian's Application before scheduling and holding an evidentiary hearing on the merits of the Application. In addition, Meridian has failed to give Hartman and other interest owners sufficient opportunity and time to review the AFE regarding the proposed Seymour No. 7A well.

Respectfully submitted,

GALLEGOS LAW FIRM, P.C.

By 

J.E. GALLEGOS
MICHAEL J. CONDON

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Attorneys for Hartman

CERTIFICATE OF SERVICE

I hereby certify that I have caused a true and correct copy of the foregoing to be hand-delivered on this 10th day of January, 1996 to the following:

Tom Kellahin
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Santa Fe, NM 87501

William F. Carr
Post Office Box 2208
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MICHAEL J. CONDON