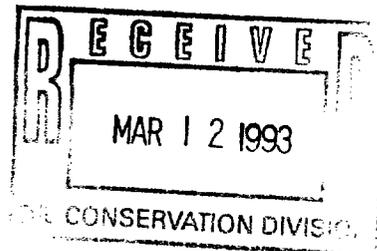


STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 10659

**APPLICATION OF MERIDIAN OIL, INC.**  
FOR APPROVAL OF A NON-STANDARD  
PRORATION AND SPACING UNIT,  
LEA 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 51810  
Midland, TX 79710  
ATTN: Tom O'Donnell

**ATTORNEY**

W. Thomas Kellahin  
KELLAHIN AND KELLAHIN  
P.O. Box 2265  
Santa Fe, NM 87504  
(505) 982-4285

**OPPOSITION OR OTHER PARTY**  
(Name, Address, and Phone)

**ATTORNEY**

**N/A**

**STATEMENT OF CASE**

APPLICANT

Meridian Oil Inc. seeks approval of a 160-acre non-standard spacing unit consisting of the E/2E/2 of Section 7, T26S, R37E, NMPM, Lea County, New Mexico for a well to be drilled therein and dedicated to the Rhodes Yates-Seven Rivers Gas Pool.

The W/2E/2 and the W/2 of Section 7 is current within the boundary of the Scarborough Yates-Seven Rivers Pool.

This proposed Non-Standard Proration Unit is controlled by Meridian Oil Inc. and is located such that its western boundary is contiguous to the eastern boundary of the Scarborough Pool while part of the eastern boundary of the proposed Non-Standard Proration Unit is contiguous with part of the western boundary of the Rhodes Pool.

Meridian has contacted the working interest owner of the W/2E/2 of Section 7 to discuss the formation of 2 standard 160-acre spacing units and to which pool said units would be dedicated.

Meridian believes that the E/2E/2 of Section 7 is a logical extension of the Rhodes Pool, while the working interest owner of the W/2E/2 of Section 7 prefers to have his acreage continue to be dedicated to the Scarborough Pool.

The affected working interest owner has no objection to the deletion of his acreage from the proposed Meridian Non-Standard Proration Unit. Approval of Meridian's request will allow acreage within the "buffer" zone between two existing pools to be developed and dedicated to a Pool.

Well is the Rhodes Pool have limited capacity to drain 160 acre standard spacing units and often effectively drain only 80-acres. Approval of this application will not impair correlative rights and will prevent waste.

Pre-Hearing Statement  
Case No. 10659  
Page 3

OPPOSITION OR OTHER PARTY

N/A

**PROPOSED EVIDENCE**

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Tom O'Donnell Petroleum Engineer	20 Minutes	5 Exhibits

OPPOSITION OR OTHER PARTY

WITNESSES	EST. TIME	EXHIBITS
N/A		

**PROCEDURAL MATTERS**

None applicable at this time.

Respectfully submitted,

KELLAHIN AND KELLAHIN,

BY: 

W. Thomas Kellahin  
Post Office Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285  
ATTORNEYS FOR MERIDIAN OIL INC.